

# Malaysia REITs

# POSITIVE

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## Tourism-driven uplift, portfolio refresh to sustain yield

### POSITIVE stance supported by income visibility

We maintain a POSITIVE stance on the Malaysia REIT sector into 2026, supported by resilient fundamentals, a stable rate environment and tourism-led demand recovery. While earnings growth is expected to normalise after a strong 2025, income visibility remains high on healthy occupancies, positive rental reversions and prudent balance sheet management. We forecast CY26E earnings growth of -9% YoY, led by retail and hospitality, with Pavilion REIT and CLMT as our top picks. The key downside risk is uncertainty over the WHT concession, with potential post-tax yield compression of -50-100bps if not extended.

### Stable rates sustain attractive yield spreads

The macro backdrop remains supportive following Bank Negara Malaysia's 25bps OPR cut in Jul 2025, with policy expected to stay stable through 2026. This provides visibility on financing costs and supports yield assets. With c.42% of sector borrowings on floating rates and gearing in the mid-30% range, refinancing risk remains manageable. Valuations stay attractive, with a CY26E net DPU yield of ~5.6%, offering a ~230bps spread over the 10-year MGS, supported by recurring income and high payout ratios. The lapsed WHT concession, pending appeal, remains a key overhang on post-tax investor yields.

### Retail and hospitality lead earnings growth

Retail and hospitality are the key earnings drivers into 2026, supported by sustained footfall, AELs and the tourism upcycle under Visit Malaysia 2026. Industrial assets continue to provide stable, long-tenure income and portfolio diversification, while the office segment remains structurally challenged by oversupply, with performance increasingly driven by asset quality, tenant profile and lease structure. Across the sector, active portfolio rejuvenation via AELs, selective acquisitions and asset recycling remains a key lever for sustaining medium-term DPU growth.

### ESG differentiation increasingly matters

Our ESG assessment shows wide dispersion in ESG maturity, with larger and more diversified REITs generally scoring above average on stronger governance, clearer sustainability roadmaps and improving environmental metrics. Sunway REIT ranks the highest, supported by robust governance, broader ESG disclosures and a higher proportion of green-certified assets. YTL REIT scores the lowest, reflecting more limited quantitative targets and weaker environmental disclosures. While gaps persist particularly in renewable energy adoption and decarbonisation pathways ESG risks remain manageable and are gradually improving across the sector.

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### Abbreviations

AELs - asset enhancement initiatives  
DPU - dividend per unit  
ESG - Environmental, Social, and Governance  
MGS - Malaysian Government Securities  
OPR - Overnight Policy Rate  
WHT - Withholding Tax

Stock	Bloomberg code	Mkt cap (USD'm)	Rating	Price (LC)	TP (LC)	Upside (%)	Price/DPU (x)		P/B (x)		Div yld (%)	
							26E	27E	26E	27E	26E	27E
KLCCP Staped G	KLCCSS MK	3,951	Hold	8.88	9.00	6	20.6	19.6	1.1	1.1	4.8	5.1
IGB REIT	IGBREIT MK	2,482	Buy	2.84	2.96	8	22.7	21.9	2.1	2.1	4.4	4.6
Pavilion REIT	PREIT MK	1,780	Buy	1.84	2.05	16	18.9	18.6	1.3	1.2	5.3	5.4
Sunway REIT	SREIT MK	1,735	Buy	2.39	2.31	1	24.1	23.2	1.5	1.5	4.1	4.3
Axis REIT	AXRB MK	991	Buy	1.99	2.30	20	20.6	19.5	1.2	1.2	4.9	5.1
YTL Hosp. REIT	YTLREIT MK	479	Buy	1.14	1.35	25	15.3	13.2	0.7	0.6	6.5	7.6
CLMT	CLMT MK	472	Buy	0.66	0.76	23	14.1	14.0	0.7	0.7	7.1	7.2
Sentral REIT	SENTRAL MK	233	Buy	0.79	0.88	19	13.3	13.2	0.7	0.7	7.5	7.6
Al-Salam REIT	SALAM MK	67	Hold	0.47	0.47	4	18.3	11.9	0.4	0.4	5.5	8.4

# 1. Expect CY26E earnings growth of ~9.3%

We maintain a POSITIVE stance on the Malaysia REIT (M-REIT) sector heading into 2026, underpinned by resilient operating fundamentals, a stable interest rate environment, and a visible recovery in tourism-driven demand. While sector earnings growth is expected to moderate from 2025’s strong rebound, income visibility remains high, supported by healthy occupancies, positive rental reversions, and disciplined capital management.

We forecast CY26E sector earnings growth of ~9.3% YoY (vs CY25E: 12.2%), driven primarily by retail and hospitality assets, while industrial REITs continue to provide defensive yield support of ~5%. Office fundamentals remain challenging at the market level, although income risk is mitigated for REITs with long-term and triple-net lease structures.

From a valuation perspective, the sector continues to offer CY26E net DPU yield of ~5.6%, translating into a yield spread of approximately 234bps over the 10-year MGS, which remains compelling in a stable-rate environment. Balance sheets are generally well-managed, with sector average gearing in the mid-30% range, providing flexibility for selective acquisitions and asset enhancement initiatives (AEIs).

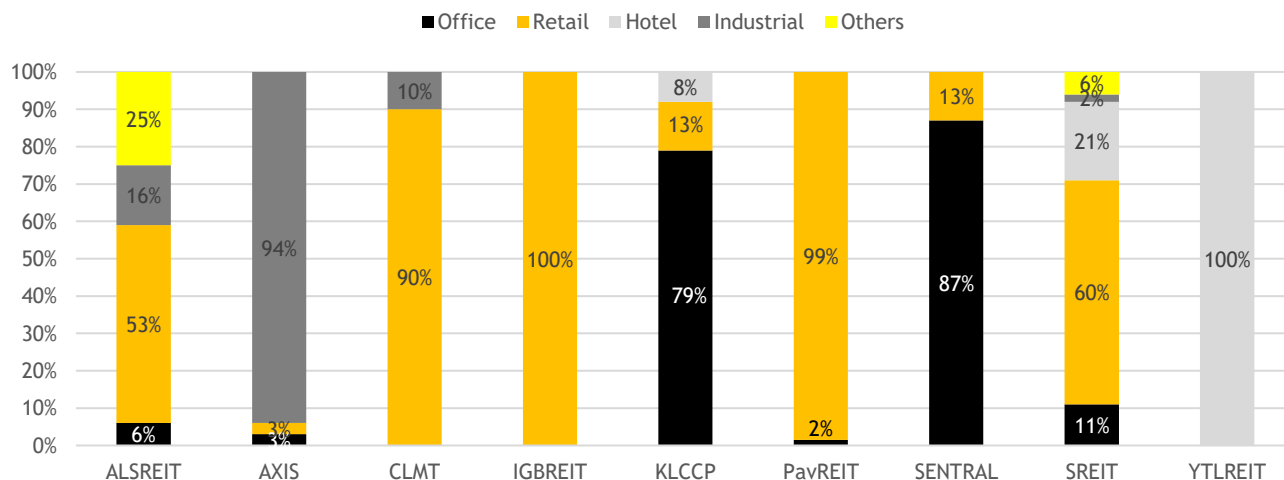
The key macro swing factor for 2026 remains policy clarity on the 10% withholding tax (WHT) concession for REIT distributions. While this does not affect underlying REIT cash flows, it influences post-tax investor yields and, by extension, sector valuations. Our base case assumes policy continuity, in line with historical precedent. If the concession is not renewed and distributions revert to a 24% corporate tax, sector net yields could compress by ~50-100bps, with the average CY26E net DPU yield declining to ~4.8% from ~5.6%. Under this scenario, Sentral REIT offers the highest CY26E net yield at ~6.4%, while Sunway REIT is the lowest at ~3.5%.

Sector preferences for 2026 continue to favour REITs with:

- dominant, well-located retail assets,
- visible tourism and hospitality exposure,
- and portfolio rejuvenation optionality through AEIs or selective acquisitions.

Pavilion REIT and CapitaLand Malaysia Trust (CLMT) remain our preferred exposures within M-REIT under our coverage.

**Fig 1: M-REITs’ asset segments by NLA (as at 9M25)**



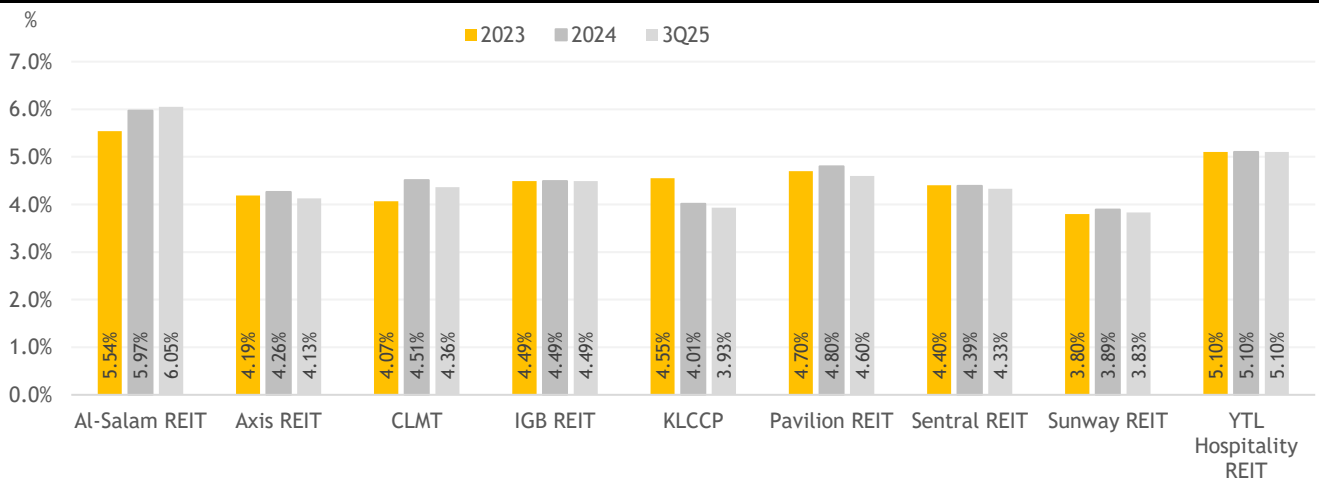
Source: Maybank IBG Research

## 2. Stable monetary policy supports income visibility

Following Bank Negara Malaysia’s 25bps OPR cut in July 2025 to 2.75%, monetary policy is an accommodative stance. Our Economics Team expect OPR to remain unchanged through 2026, as inflation pressures moderate and growth normalises. This provides a supportive backdrop for yield assets and improves earnings visibility for REITs with higher floating-rate exposure.

Across the sector, approximately 42% of sector borrowings are on floating rates, implying manageable sensitivity to interest rate movements. Financing costs have stabilised in the 3.8%-4.6% range, while sector-wide interest coverage ratios remain healthy at around 3.7x. With average gearing of ~34%, most REITs retain balance sheet headroom for organic and inorganic growth.

**Fig 2: M-REIT average financing rate for 2023-3Q25**



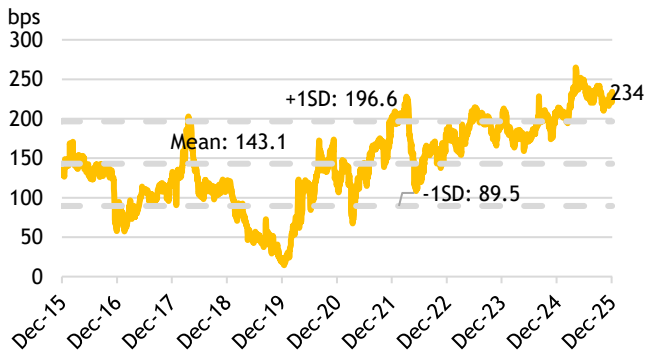
Source: Company, Maybank IBG Research

## 3. Yield spreads remain compelling

Despite the sector’s positive performance in 2025, M-REIT valuations remain reasonable. At a CY26E net DPU yield of ~5.6%, the sector continues to trade at a meaningful premium over the 10-year MGS yield (~3.4%-3.5%), implying a yield spread of ~234bps. While absolute yields in some regional markets are higher, Malaysia REIT yields are now broadly comparable to Singapore and remain attractive given stable domestic rates, improving fundamentals and scope for further yield compression, notwithstanding near-term uncertainty surrounding the WHT appeal.

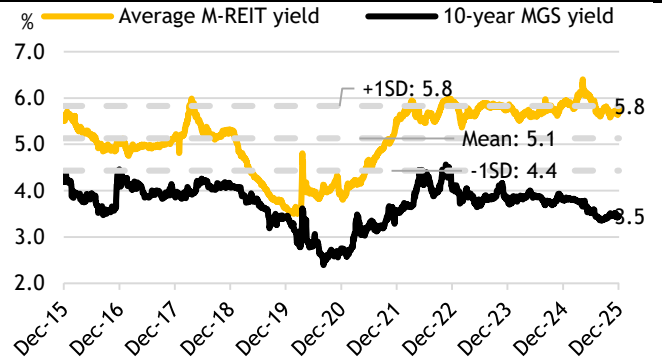
Importantly, this yield support is underpinned by recurring rental income, high portfolio occupancies, and payout ratios above 90%.

**Fig 3: Average M-REIT net yield vs. 10-year MGS yield**



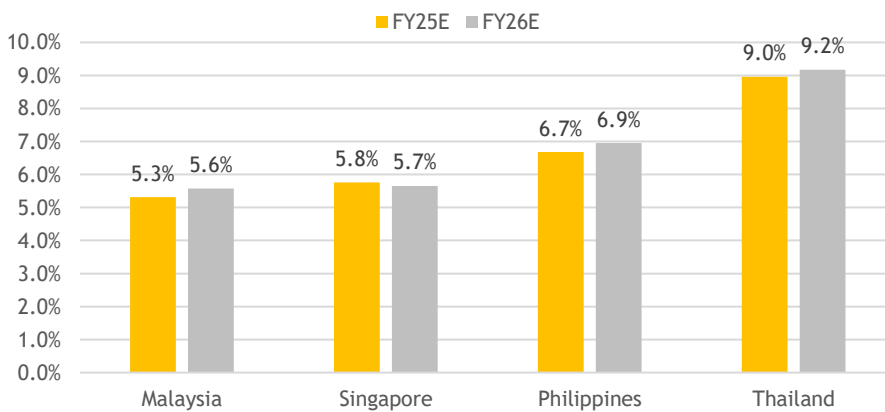
Source: Bloomberg, Maybank IBG Research

**Fig 4: Net yield spread (M-REIT net yield vs. 10-year MGS yield)**



Source: Bloomberg, Maybank IBG Research

**Fig 5: Average dividend yields for regional REITs under our coverage**



Source: Maybank IBG Research, Factset 6 Jan

## 4. Policy watch: Withholding tax (WHT)

A key policy overhang entering 2026 is the expiry of the 10% final WHT concession on REIT distributions. Historically, the concession has been rolled over to support capital market competitiveness, and our base case assumes the policy continuity.

In a downside scenario where the concession lapses and distributions revert to marginal tax rates (up to ~24%), post-tax yields for affected investors could compress by ~50-100bps, and could weigh on sector valuations, in our view. That said, this remains an investor-level tax issue and does not alter REITs' underlying distributable income or asset cash flows.

Fig 6: Malaysia REITs - Net DPU yield sensitivity under withholding tax scenarios

Companies	Current price (MYR)	Gross DPU yield			Current 10% WHT Net DPU yield			Assume 24% corporate tax Net DPU yield		
		CY25E	CY26E	CY27E	CY25E	CY26E	CY27E	CY25E	CY26E	CY27E
Al-Salam REIT	0.48	4.7	6.0	9.3	4.3	5.4	8.3	3.6	4.6	7.0
Axis REIT	1.94	5.6	5.5	5.8	5.0	5.0	5.2	4.2	4.2	4.4
Capitaland Malaysia 1	0.66	7.2	7.9	8.0	6.5	7.1	7.2	5.5	6.0	6.0
IGB REIT	2.91	4.1	4.8	5.0	3.7	4.3	4.5	3.1	3.6	3.8
KLCCP Stapled Group	8.95	5.1	5.1	5.3	4.8	4.8	5.1	4.4	4.4	4.7
Pavilion REIT	1.84	5.4	5.9	6.0	4.9	5.3	5.4	4.1	4.5	4.5
SENTRAL REIT	0.79	8.3	8.4	8.5	7.4	7.6	7.6	6.3	6.4	6.4
Sunway REIT	2.37	5.3	4.6	4.8	4.8	4.2	4.3	4.0	3.5	3.7
YTL Hospitality REIT	1.14	7.0	7.9	8.2	6.3	7.1	7.4	5.3	6.0	6.2
<b>Average</b>		<b>5.9</b>	<b>6.2</b>	<b>6.8</b>	<b>5.3</b>	<b>5.6</b>	<b>6.1</b>	<b>4.5</b>	<b>4.8</b>	<b>5.2</b>

Source: Maybank IBG Research, Factset 6 Jan

\* Net DPU yields assume continuation of the current 10% WHT vs reversion to a 24% corporate tax upon expiry of the WHT concession.

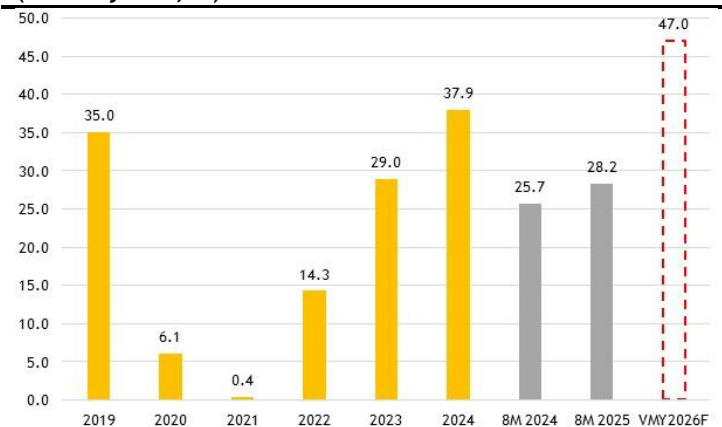
## 5. Tourism-led growth: Visit Malaysia 2026

The government targets 47m tourist arrivals under Visit Malaysia 2026. Key spending categories e.g. shopping, F&B, and accommodation will indirectly benefit Sunway REIT, Pavilion REIT, CLMT and KLCCP which have large retail and hotel exposure in urban and tourist zones.

Retail REITs continue to benefit from robust consumer demand, with footfall recording above pre-pandemic norms. Tenant sales growth has moderated slightly, particularly for luxury categories, due to a more selective consumer spending, but is expected to stabilise. Positive rental reversions should persist, driven by ongoing AEs and a continued shift toward experiential and service oriented and F&B concepts.

Hospitality REITs are set for YoY improvements in 2026, underpinned by rising international arrivals and a busy MICE calendar driven aligned with Visit Malaysia 2026.

Fig 7: Visitors (Tourists + Excursionists) Arrivals to Malaysia (Annually/YTD, m)

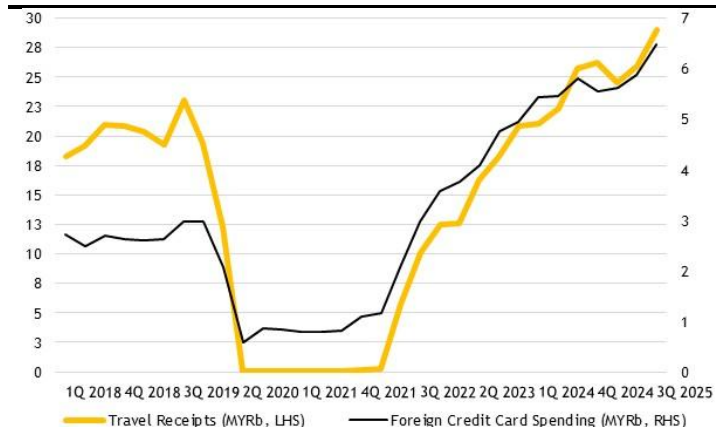


Notes:

- 1) Tourists = Arrive and stay at least overnight
- 2) Excursionists = Same-day visitors / Day-tripper

Source: Tourism Malaysia

Fig 8: Indicators of Foreign Tourist Spending in Malaysia



Source: DOSM, MoF

## 6. Portfolio rejuvenation and asset recycling

Portfolio recycling remains a key strategic focus across major REITs, with several players executing or evaluating initiatives aimed at enhancing long-term income resilience and portfolio relevance.

- *Pavilion REIT* is integrating its newly acquired hotel asset, providing incremental diversification to its income base.
- *Axis REIT* continues to expand its industrial footprint, with a MYR1.27bn acquisition pipeline currently in advanced stages.
- *Sunway REIT* is developing a new hotel atop Sunway Carnival Mall, partially offset by the disposal of Sunway Seberang Jaya Hotel.
- *CapitaLand Malaysia Trust (CLMT)* is progressively increasing its industrial and logistics exposure to 11.5% of assets under management (AUM) from 7.9% currently.
- *IGBREIT* has completed the acquisition of Mid Valley Southkey, Johor, enhancing its retail portfolio scale and geographic diversification.
- *Al-Salam REIT* is undertaking asset repositioning initiatives at KOMTAR JBCC mall, aimed at improving occupancy and earnings sustainability.

Collectively, we believe these initiatives would help keep portfolios relevant, strengthen tenant mix, and support medium-term DPU growth. Focusing on REITs with quality assets for future earnings generation would be a key consideration, in our view.

On the corporate front, 2026 could see the REIT-ing of selected retail and commercial assets by developers. We view potential new listings or asset injections a positive development for the REIT sector, as they could broaden investable options and reinvigorate investor interest in Malaysia REITs.

## 7. Sector outlook

### 7.1 Retail segment

Retail remains the largest segment within the M-REIT sector, and fundamentals continue to hold up well despite cost pressures and incoming supply. According to NAPIC, national shopping complex occupancy stood at 78.6% in 3Q25, marginally lower than the 1Q25 peak but still higher YoY, underscoring sustained space utilisation across most submarkets.

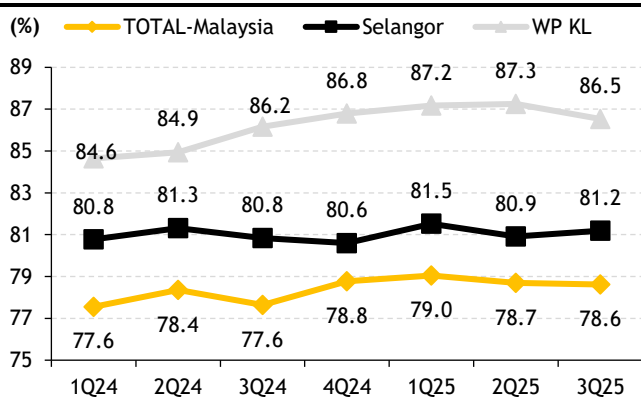
Kuala Lumpur and Selangor continue to anchor demand, recording occupancy rates of 86.5% and 81.2%, respectively. In contrast, Johor and Pulau Pinang recorded more moderate occupancy levels (71%-74%), reflecting a combination of higher available space and greater exposure to less dominant retail centres. Importantly, prime malls continue to outperform, with consistently high occupancies and strong leasing momentum, while weaker-performing assets remain more sensitive to tenant composition and turnover.

Looking ahead to 2026, retail supply in Kuala Lumpur is expected to expand meaningfully, with over 1.2-1.3m sq ft of new space scheduled for completion, including both city-centre and suburban malls. City centre's upcoming malls, Ombak KLCC and 118 Mall, are both slated to open by 2026. This is likely to push vacancy rates marginally higher and intensify competition, particularly for older or poorly differentiated assets. As a result, rental performance will remain differentiated, favouring landlords with dominant catchments, strong tenant mixes, and active asset enhancement initiatives (AEIs).

While the implementation of the 8% sales and service tax (SST) on rental and leasing in Jul 2025 had increased tenant operating costs, landlords have generally prioritised occupancy stability over aggressive rental hikes. From 1 Jan 2026, the SST rate has been reduced to 6%, alongside a higher sales exemption threshold of MYR1.5m (from MYR1.0m previously), which should partially ease cost pressures on smaller tenants. Retail REITs under our coverage continue to record positive rental reversions, although we expect the pace of growth to moderate in 2026 as cost sensitivities persist. Overall, retail REIT earnings are expected to remain resilient, supported by sustained footfall, tourism inflows, and ongoing space reconfiguration toward experiential, F&B-led concepts.

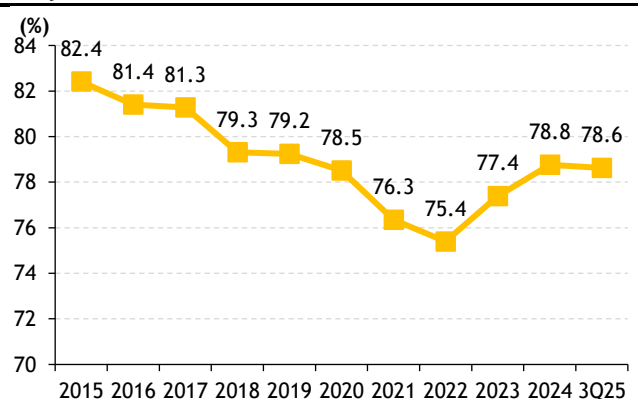
Retail REIT exposure: Pavilion REIT (BUY, TP MYR2.05), IGB REIT (BUY, TP MYR2.96), Sunway REIT (BUY, TP MYR2.31), CLMT (BUY, TP MYR0.76) and KLCCP (HOLD, TP MYR9.00), with performance driven by asset dominance, AEs and tourism-linked demand.

**Fig 9: Retail space occupancy in shopping complexes by key states**



Source: National Property Information Centre (NAPIC)

**Fig 10: Average shopping complexes occupancy rate in Malaysia**



Source: National Property Information Centre (NAPIC)

**Fig 11: Occupancy rates (%) of M-REITs' malls**

Mall	M-REIT	FY19	FY20	FY21	FY22	FY23	FY24	3Q25
Suria KLCC	KLCCP	99.0	97.0	93.0	92.0	96.0	99.0	98.0
Pavilion KL Mall	PavREIT	98.0	96.5	90.2	92.0	95.2	97.1	96.0
Pavilion Bukit Jalil	PavREIT	-	-	-	-	88.1	89.7	90.0
DA MEN Mall	PavREIT	71.7	68.9	62.3	73.0	73.4	72.9	100.0
Intermark Mall	PavREIT	97.1	85.7	83.6	87.0	89.8	92.9	95.0
Elite Pavilion Mall	PavREIT	95.0	83.2	86.4	92.0	95.9	97.8	94.0
Mid Valley Megamall	IGBREIT	99.0	99.0	99.6	99.9	100.0	100.0	100.0
The Gardens Mall	IGBREIT	99.0	92.0	99.5	100.0	100.0	100.0	100.0
Sunway Pyramid	SunREIT	97.2	97.0	98.0	97.0	98.0	97.0	98.0
Sunway Carnival	SunREIT	96.7	89.1	95.0	93.0	97.0	95.0	98.0
Sunway Putra Mall	SunREIT	91.1	93.3	93.0	91.0	92.0	93.0	94.0
SunCity Ipoh Hypermarket	SunREIT	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sunway 163 Mall	SunREIT	-	-	-	-	-	100.0	99.0
Sunway Kluang Mall	SunREIT	-	-	-	-	-	-	99.0
Sunway REITs Hypermarkets	SunREIT	-	-	-	-	-	-	100.0
AEON Mall Seri Manjung	SunREIT	-	-	-	-	-	-	100.0
Gurney Plaza	CLMT	99.8	98.6	94.4	98.2	99.2	99.9	98.8
Queensbay Mall	CLMT	-	-	-	-	99.3	99.5	99.3
The Mines	CLMT	90.5	85.2	76.6	79.0	80.0	79.4	86.0
Sungei Wang Plaza	CLMT	82.0	64.2	61.0	64.5	87.2	86.4	87.0
East Coast Mall	CLMT	99.5	97.4	96.7	98.2	98.7	99.6	99.5
3 Damansara	CLMT	92.8	81.2	74.4	79.0	82.7	80.0	84.3
KOMTAR JBCC Mall	ALSREIT	60.0	57.0	48.0	53.0	63.0	69.0	70.0
@Mart Kempas	ALSREIT	99.0	96.0	97.0	97.0	98.0	97.0	97.0

Source: Company, Maybank IBG Research



## 7.2 Hospitality segment

We expect the hospitality segment to offer higher YoY earnings growth within the sector heading into 2026. Based on NAPIC data, Malaysia had approximately 297,000 hotel rooms across more than 3,600 properties as at 3Q25, with Kuala Lumpur accounting for the largest concentration of supply.

Occupancy rates have continued to recover steadily, with national averages approaching pre-pandemic levels, supported by visa-free entry arrangements for key source markets, a rebound in business travel, and a full MICE calendar. Urban and integrated locations have been the primary beneficiaries of this recovery, with average room rates (ADR) and revenue per available room (RevPAR) showing sustained improvement.

While new hotel supply remains in the pipeline, upcoming developments are predominantly mid-scale and brand-managed, and are expected to be absorbed by improving demand conditions. Importantly, supply growth remains manageable relative to the anticipated increase in tourist arrivals under Visit Malaysia 2026, which targets a meaningful uplift in international visitor arrivals.

For hospitality-focused REITs, operating leverage remains high, as incremental improvements in occupancy and room rates are expected to translate into disproportionately stronger earnings growth in 2026. We expect hospitality REITs to deliver YoY earnings expansion, particularly for assets located in prime urban and tourism-driven nodes.

Within our coverage, Sunway REIT and KLCCP (Mandarin Oriental Kuala Lumpur) are well positioned to capture upside from stronger business and leisure travel, given their exposure to integrated, high-traffic locations. Meanwhile, YTL Hospitality REIT and Pavilion REIT's hotel assets, which are largely under master lease arrangements, benefit from more defensive and stable income profiles, offering earnings protection while still participating in the broader recovery.

Hospitality REIT exposure: YTLREIT (BUY, TP MYR1.35), Sunway REIT (BUY, TP MYR2.31) and KLCCP (HOLD, TP MYR9.00), with earnings supported by tourism recovery and defensive income from master lease arrangements.

**Fig 12: Existing supply of hotel rooms by star rating in Malaysia**

State	Total		5-Star		4-Star		3-Star	
	No of hotels	No of rooms	No of hotels	No of rooms	No of hotels	No of rooms	No of hotels	No of rooms
WP Kuala Lumpur	269	51,293	38	15,556	44	13,160	37	8,402
Johor	495	34,062	9	2,530	23	7,426	49	7,513
Selangor	211	26,781	21	8,322	22	5,691	34	4,829
Pulau Pinang	252	25,583	20	5,372	29	7,552	32	4,233
Other states	2,418	159,507	70	19,645	116	26,016	266	37,902
<b>TOTAL - MALAYSIA</b>	<b>3,645</b>	<b>297,226</b>	<b>158</b>	<b>51,425</b>	<b>234</b>	<b>59,845</b>	<b>418</b>	<b>62,879</b>

Source: National Property Information Centre (NAPIC)



### 7.3 Industrial segment

Industrial assets continue to play a defensive and stabilising role within REIT portfolios, underpinned by sustained logistics demand, supply chain reconfiguration, and the continued expansion of e-commerce activities. NAPIC data indicates that while national industrial overhang remains elevated in certain states, Johor has recorded a notable decline in overhang units, reflecting improving take-up in strategic industrial corridors.

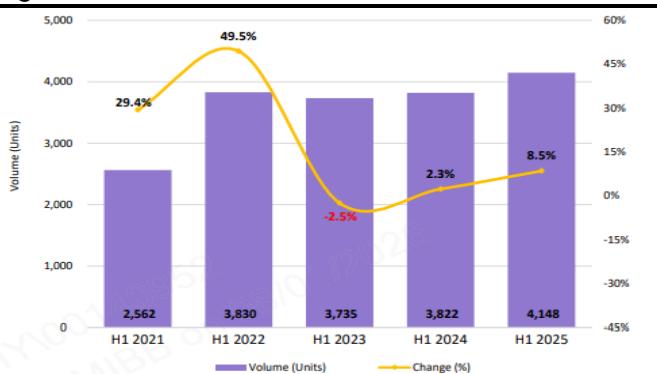
Selangor remains the most active industrial market across existing, incoming, and planned supply, supported by its central location, strong connectivity, and well-established logistics infrastructure. Industrial property prices have continued to trend higher, particularly for warehouses and modern logistics facilities, driven by rising land costs and the limited availability of well-located industrial land. These dynamics continue to support rental stability and asset valuations for quality industrial assets.

From a REIT perspective, acquisition activity remains selective and disciplined, with a clear emphasis on yield-accretive assets supported by long-term leases and strong tenant credit profiles. Within our coverage, Axis REIT continues to actively expand its industrial footprint, with an acquisition pipeline of approximately MYR1.27bn across Selangor, Penang, and Johor, currently at various stages of evaluation and execution (see <Expanding presence to northern Malaysia>). These acquisitions are expected to further strengthen income visibility and enhance portfolio resilience.

Meanwhile, CLMT continues to expand its industrial and logistics exposure in line with its portfolio diversification strategy, following the forward purchase acquisition of five high-specification industrial facilities in i-TechValley, Iskandar Puteri, Johor, from subsidiaries of AME Elite Consortium, for MYR220.8m (see <Acquisition of Johor industrial assets>). The gradual increase in industrial assets is expected to enhance income stability and reduce reliance on the retail segment over the medium term.

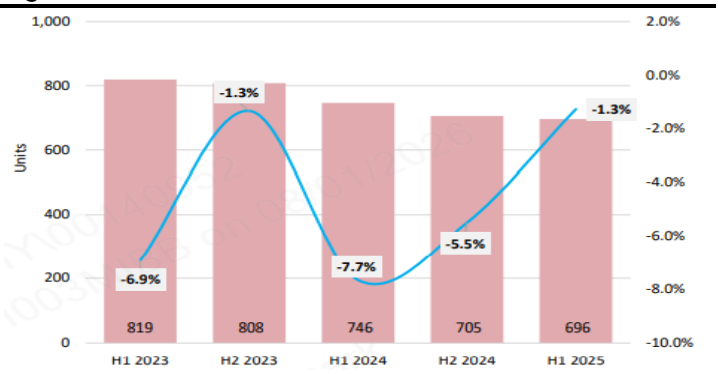
Industrial REIT exposure: Axis REIT (BUY, TP MYR2.30) and CLMT (BUY, TP MYR0.76), both benefiting from expanding industrial and logistics portfolios across Selangor, Johor and Penang.

**Fig 13: Industrial Transactions Volume 1H21 - 1H25**



Source: National Property Information Centre (NAPIC)

**Fig 14: Industrial Unsold Units 1H23 - 1H25**



Source: National Property Information Centre (NAPIC)

### 7.4 Office segment

According to NAPIC, national purpose-built office occupancy stood at 71.9% in 3Q25, reflecting persistent oversupply, particularly in Kuala Lumpur and Selangor. Availability rates remain elevated, with these two markets accounting for the largest quantum of vacant space.

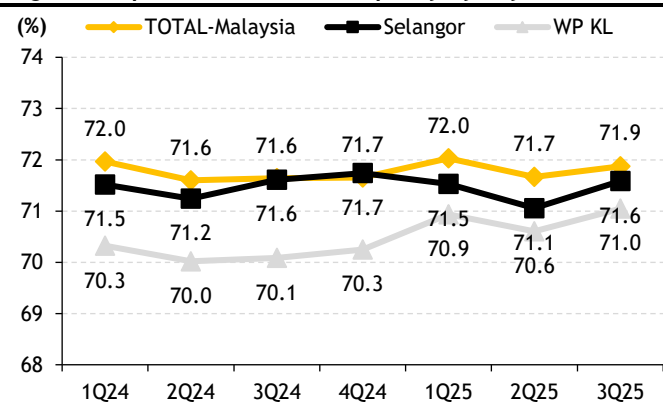
New completions continue to enter the market, with c.1.67m sq ft of additional office supply in 1H25 (Fig. 17). Leasing demand, however, remains increasingly concentrated in Grade A, ESG-compliant buildings, driven by multinational corporations (MNCs) establishing regional hubs and consolidating into higher-quality office spaces.

For office-heavy REITs, income risk is partially mitigated by long-term and triple-net lease structures, particularly for assets leased to high-quality tenants. KLCCP, for instance, benefits from long-tenure leases across its office portfolio, which provides stable and predictable cash flows. As a result, while market-level fundamentals remain soft, REIT-level cash flows are more resilient than headline occupancy data suggests.

That said, rental growth prospects remain limited, and any meaningful recovery at the sector level is likely to be gradual and asset-specific, rather than cyclical. Office REIT performance in 2026 will therefore depend heavily on asset quality, tenant profile, and lease structure, rather than expectations of a broad-based market upturn.

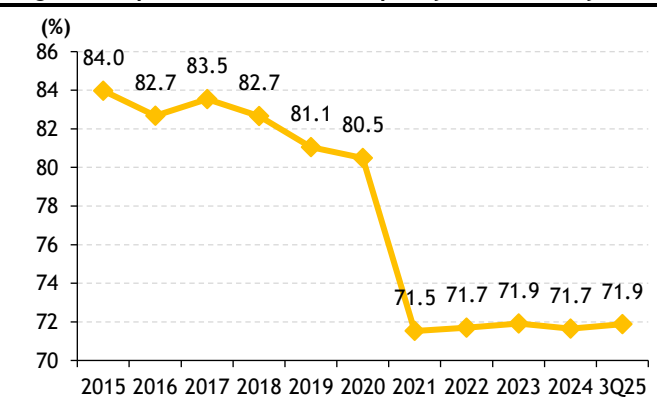
Office REIT exposure: KLCCP (HOLD, TP MYR9.00) and Sentral REIT (BUY, TP MYR0.88), with income stability underpinned by long-term and triple-net lease structures despite a soft office market.

**Fig 15: Purpose-built office occupancy by key states**



Source: National Property Information Centre (NAPIC)

**Fig 16: Purpose-built office occupancy rate in Malaysia**



Source: National Property Information Centre (NAPIC)

**Fig 17: New office buildings completed in 1H25**

Bil.	State	Name of Complex	Location	Category	Net Lettable Area (s.m)
1.	WP Kuala Lumpur	The Exchange TRX Campus Office	Jalan Tun Razak	Private Building	25,529
2.	WP Kuala Lumpur	Oxley Towers	Jalan Ampang	Private Building	33,000
3.	Selangor	Sunway Square Corporate Tower 1	Jalan Lagoon Selatan, Bandar Sunway	Private Building	40,180
4.	Selangor	Sunway Square Corporate Tower 2	Jalan Lagoon Selatan, Bandar Sunway	Private Building	50,074
5.	Sarawak	Unifor Complex	Jalan Ong Tiang Swee, Kuching	Government Building	6,989
	<b>Total</b>	<b>5 complexes</b>			<b>155,772</b>

Source: National Property Information Centre (NAPIC)

Fig 18: Occupancy rates (%) of M-REITs' office assets

Office building/tower	M-REIT	FY19	FY20	FY21	FY22	FY23	FY24	3Q25
PETRONAS Twin Towers *	KLCCP	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Menara 3 PETRONAS *	KLCCP	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Menara ExxonMobil	KLCCP	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Menara Dayabumi *	KLCCP	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Pavilion Office Tower	PavREIT	85.8	86.0	79.0	73.0	72.0	75.0	82.0
Menara Sunway	SunREIT	95.0	97.0	97.0	93.0	90.0	96.0	94.0
Sunway Tower	SunREIT	20.0	33.0	32.0	27.0	38.0	42.0	43.0
Sunway Putra Tower	SunREIT	82.0	86.0	83.0	86.0	80.0	73.0	67.0
Wisma Sunway	SunREIT	94.0	100.0	100.0	100.0	100.0	100.0	94.0
The Pinnacle Sunway	SunREIT	99.0	100.0	84.0	98.0	99.0	100.0	97.0
Axis Business Park	Axis	90.0	82.0	81.0	82.0	87.0	90.0	82.0
Crystal Plaza	Axis	77.0	46.0	46.0	100.0	100.0	86.0	92.5
Menara Axis	Axis	78.0	73.0	76.0	48.0	54.0	54.0	54.0
Wisma Kemajuan	Axis	76.0	73.0	71.0	58.0	71.0	64.0	73.0
Axis Business Campus	Axis	85.0	75.0	75.0	75.0	75.0	75.0	69.0
Fonterra HQ	Axis	85.0	85.0	85.0	85.0	85.0	85.0	85.0
Quattro West	Axis	43.0	100.0	100.0	100.0	100.0	100.0	100.0
Strateq Data Centre	Axis	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Axis Vista	Axis	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Axis Technology Centre	Axis	50.0	52.0	52.0	75.0	92.0	92.0	94.3
Wisma Academy Parcel	Axis	70.0	71.0	72.0	78.0	81.0	75.0	81.5
Sentral Building 1 - DHL	Sentral	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sentral Building 2 - DHL	Sentral	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sentral Building 3 - BMW	Sentral	91.0	91.0	80.0	68.0	68.0	68.0	68.0
Sentral Building 4 - City University	Sentral	100.0	100.0	100.0	0.0	0.0	100.0	100.0
Wisma Sentral Inai	Sentral	90.0	83.0	83.0	0.0	0.0	0.0	0.0
Platinum Sentral	Sentral	84.0	84.0	80.0	96.0	97.0	97.0	98.0
Menara Shell	Sentral	95.0	99.0	92.0	99.0	99.0	82.0	88.0
Menara CelcomDigi	Sentral	-	-	-	-	100.0	100.0	100.0
Menara KOMTAR	ALSREIT	89.0	86.0	86.0	89.0	93.0	80.0	90.0

Source: Company, Maybank IBG Research, \*triple net lease, ^long term leases

## 8. ESG positioning

Our ESG assessment of Malaysia REITs highlights a wide dispersion in ESG maturity, with scores ranging from the low-30s to high-70s. Larger, diversified REITs generally score above the sector average, supported by stronger governance structures, more comprehensive disclosures and clearer sustainability roadmaps. In contrast, smaller and hospitality-focused REITs remain earlier in their ESG journey, with governance frameworks in place but weaker quantitative environmental outcomes and limited long-term target visibility.

Governance is the most consistent strength across the sector, underpinned by board independence, sustainability oversight and increasing alignment with TCFD-style reporting. ESG score differentiation is increasingly driven by quantitative environmental performance, particularly trends in energy and emissions intensity, waste diversion rates, green-certified asset penetration and the adoption of renewable energy. REITs demonstrating tangible YoY improvements in these metrics and clearer ESG-linked management incentives tend to score meaningfully above average.

That said, structural ESG gaps remain. Renewable energy penetration is still low across most portfolios, Scope 3 emissions coverage is uneven, and formalised portfolio-level decarbonisation pathways remain underdeveloped for several names. As a result, ESG profiles for mid-tier REITs remain largely governance-led rather than outcome-driven, with execution risk around medium-term environmental targets.

Looking ahead, we view ESG risks for Malaysia REITs as manageable and gradually improving, with ESG leaders likely to continue widening the gap. Further sector-wide ESG uplift will hinge on accelerated renewable energy deployment, broader green certification coverage and clearer net-zero execution frameworks. Over time, we expect ESG differentiation to play a more meaningful role in valuation support, funding access and institutional investor preference, reinforcing ESG leadership as an increasingly important quality filter within the sector.

A detailed breakdown of our ESG scoring framework, company-level scores and underlying quantitative and qualitative metrics is set out in *Appendix*.

**Fig 19: Summary of ESG scores - Malaysia REITs**

Company*	Sustainalytics Risk Score (Updated)	Sustainalytics Risk Rating (Updated)	MIBG ESG Score (Updated)	MIBG ESG Score (Previous)
Al-Salam REIT	N/A	N/A	49	N/A
Axis REIT	9.9	Negligible	70	59
Capitaland Malaysia Trust	N/A	N/A	64	62
IGB REIT	15.9	Low	59	56
KLCCP Stapled Group	13.5	Low	65	60
Pavilion REIT	11.5	Low	68	N/A
Sentral REIT	N/A	N/A	48	N/A
Sunway REIT	12.5	Low	77	71
YTL Hospitality REIT	N/A	N/A	32	N/A

\*In alphabetical order

Source: Sustainalytics, Maybank IGB Research, Company

## 9. Top picks: Pavilion REIT and CLMT

Pavilion REIT and CLMT are our top picks for 2026, offering the strongest combination of earnings visibility, operational momentum and valuation appeal within the M-REIT sector.

- **Pavilion REIT (PREIT MK, BUY, CP: MYR1.84, TP: MYR2.05)**

Pavilion REIT remains the prime retail beneficiary of Malaysia's tourism upcycle, with Visit Malaysia 2026 expected to drive sustained footfall and tenant sales across Pavilion KL and Pavilion Bukit Jalil. Higher tourist mix continues to support luxury retail spending and high-margin advertising and promotion income, while the REIT's hospitality assets provide predictable, contracted rental income under long-term master lease arrangements. We see further upside from tenant remixing and operating leverage as visitor traffic normalises above pre-pandemic levels.

**Fig 20: Financial summary (Pavilion REIT)**

FYE Dec (MYR m)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	724	846	916	965	980
Net property income	499	523	577	613	622
Core net profit	285	310	366	401	408
Core EPU (sen)	7.8	8.5	9.3	10.2	10.3
Core EPU growth (%)	(3.3)	8.4	9.9	9.1	1.6
Net DPU (sen)	8.1	8.4	9.0	9.7	9.9
Net DPU growth (%)	7.6	3.7	6.7	8.7	1.5
P/NTA (x)	0.9	1.1	1.3	1.3	1.2
Net DPU yield (%)	6.7	5.4	4.9	5.3	5.4
ROAE (%)	6.3	6.2	6.9	7.0	6.9
ROAA (%)	3.7	3.4	3.9	4.1	4.1
Debt/Assets (x)	0.38	0.37	0.34	0.34	0.33

Source: Company, Maybank IBG Research

- **CLMT (CLMT MK, BUY, CP: MYR0.66, TP: MYR0.76)**

CLMT offers a differentiated proposition anchored by some of Malaysia's most resilient outstation malls—Gurney Plaza, Queensbay Mall, and East Coast Mall—which remain key retail nodes with strong shopper traffic and healthy occupancy. Earnings visibility is supported by ongoing AElS at Gurney Plaza, 3 Damansara, and The Mines, which are expected to enhance tenant mix depth, strengthen NLA productivity and uplift rents. Rising exposure to industrial/logistics assets further adds income stability and medium-term growth optionality, reducing reliance on pure retail cycles.

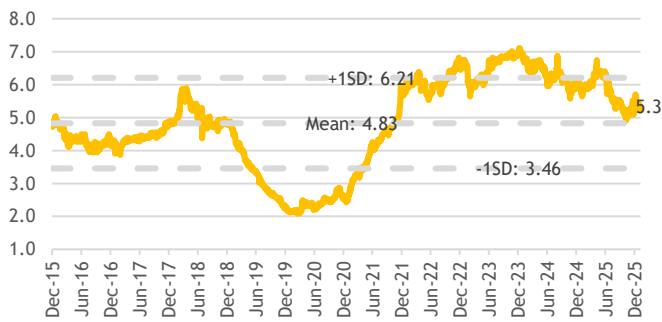
**Fig 21: Financial summary (CLMT)**

FYE Dec (MYR m)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	395	455	472	489	493
Net property income	217	264	280	297	300
Core net profit	108	133	155	171	173
Core EPU (sen)	4.1	4.6	5.0	5.1	5.2
Core EPU growth (%)	3.0	13.6	7.3	2.7	0.9
Net DPU (sen)	3.8	4.2	4.2	4.6	4.7
Net DPU growth (%)	4.0	11.5	1.1	9.8	0.9
P/NTA (x)	0.6	0.7	0.7	0.7	0.7
Net DPU yield (%)	6.7	6.2	6.5	7.1	7.2
ROAE (%)	6.3	6.6	5.1	5.4	5.5
ROAA (%)	2.4	2.6	2.9	3.1	3.1
Debt/Assets (x)	0.42	0.41	0.40	0.40	0.40

Source: Company, Maybank IBG Research

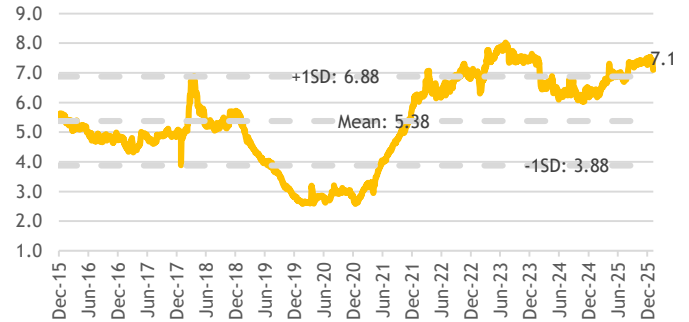
CY26E yields stand at 5.3% for Pavilion REIT and 7.1% for CLMT, offering compelling total return potential supported by visible catalysts and improving operational trajectories.

**Fig 22: Pavilion REIT - 12M forward net dividend yield**



Source: Maybank IBG Research

**Fig 23: CLMT - 12M forward net dividend yield**



Source: Maybank IBG Research

## 10. Key risks

(i) Slower consumer spending and weaker tourism if global conditions deteriorate, (ii) cost pressures (utilities, service tax expansion to rentals, potential electricity tariff adjustments), (iii) office oversupply and retail competition in suburban markets, and (iv) policy uncertainty around WHT renewal (base case: extended).

## Appendix 1: ESG scores

### **Al-Salam REIT: 49 (New)**

This is our inaugural ESG score for Al-Salam REIT. While governance and disclosure practices are relatively well established, supported by a standalone Board Sustainability Committee, ESG-linked management KPIs and TCFD-aligned reporting, quantified environmental performance indicators continue to trend weaker, with rising absolute emissions and deteriorating intensity metrics. Further improvement in ESG score would likely require clearer environmental reduction targets, portfolio-level energy efficiency gains, broader green asset coverage and stronger board diversity outcomes.

### **Axis REIT: 70 (from 59 previously)**

Axis REIT's overall ESG score improves to 70 (previously: 59), reflecting stronger quantitative performance in FY24, particularly on environmental efficiency metrics and green asset certification progress and partly offset by weaker visibility on long-term sustainability targets. Social indicators remain mixed, with training hours per employee relatively stable, but LTIFR rising to 2.45 in FY24 (FY23: zero), reflecting isolated safety incidents during the year. Governance metrics are broadly stable.

### **Capitaland Malaysia Trust: 64 (from 62 previously)**

CLMT scores 64, improving from the prior score of 62. The uplift is driven by stronger quantitative disclosures and continued progress in green-certified assets, alongside robust governance practices, TCFD-aligned reporting and ESG-linked management incentives. While absolute emissions and the lack of portfolio-level renewable energy adoption continue to cap the quantitative score, we view CLMT's ESG risks as manageable and on an improving trajectory, with further upside contingent on clearer execution in renewable energy deployment and Scope 3 emissions management.

### **IGB REIT: 59 (from 56 previously)**

The improvement in ESG score to 59 reflects better transparency, stronger social metrics and consistent governance execution, while environmental progress remains gradual. Meaningful upside to ESG scoring would require clearer energy intensity reduction tracking, renewable energy adoption, and formalised decarbonisation pathways, which could also enhance long-term valuation perception and funding optionality.

### **KLCCP Stapled Group: 65 (from 60 previously)**

KLCCP Stapled Group scores 65, represents an improvement from its previous score of 60, driven mainly by stronger governance outcomes and clearer long-term ESG targets, partially offset by weaker YoY environmental intensity metrics. Key areas for further ESG uplift include improving asset-level environmental efficiency, increasing renewable energy adoption, enhancing waste diversion rates, and formalising ESG-linked remuneration metrics, which could support a higher ESG score over time.



**Pavilion REIT: 68 (New)**

Pavilion REIT achieved an overall ESG score of 68 on first-time assessment. Its quantitative ESG performance reflects steady improvement trends, albeit from a lower base. Environmentally, carbon intensity improved meaningfully, supported by higher renewable electricity adoption and operational efficiency initiatives. In our view, it demonstrates an improving ESG profile, particularly in governance, social, and medium-term environmental targets with further upside contingent on broader green certification coverage, higher waste diversion rates, and clearer net-zero execution pathways.

**SENTRAL REIT: 48 (New)**

Sentral REIT scores an overall ESG rating of 48, below the sector average. This reflects improving quantitative disclosure and solid governance foundations, offset by limited forward-looking ESG targets. Operational ESG disclosure is adequate, with stable energy intensity but higher emissions driven by increased activity and Scope 3 inclusion, while social indicators remain comparatively stronger, supported by high female workforce representation. Overall, the ESG profile is governance-led and operationally focused, with clearer medium-term environmental targets and broader green asset penetration needed for further improvement.

**Sunway REIT: 77 (from 71 previously)**

Sunway REIT scores 77 (previously 71), driven mainly by stronger quantitative environmental performance, including higher waste diversion rates, stable energy and water intensity metrics, and a higher proportion of green-certified buildings (37%). Governance remains a key strength, supported by a stable and independent Board and explicit linkage of sustainability KPIs to senior management remuneration. That said, environmental targets remain a medium-term execution risk, with renewable energy penetration still low at 1.83% versus a 40% target by 2030. Overall, we view Sunway REIT's ESG profile as well-governed and improving, with further upside dependent on accelerated progress toward long-term decarbonisation and renewable energy goals.

**YTL Hospitality REIT: 32 (New)**

YTLREIT scores 32, below the sector average, reflecting moderate ESG disclosures and governance, partly offset by limited quantitative targets and external benchmarking. It disclosed Scope 1 and 2 emissions and recorded improvements in emissions intensity and waste diversion in FY25, but gaps remain, including the absence of Scope 3 data, renewable energy metrics and green-certified assets. Social indicators are mixed. Overall, YTLREIT's ESG profile is developing, with scope for improvement through clearer target-setting, enhanced disclosures and participation in recognised ESG benchmarks.

# Al-Salam REIT



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Risk Rating & Score <sup>1</sup>	N/A
Score Momentum <sup>2</sup>	N/A
Last Updated	N/A
Controversy Score <sup>3</sup>	N/A

## Business Model & Industry Issues

- Al-Salam REIT is a Shariah-compliant diversified REIT listed on Bursa Malaysia, managed by JLG REIT Managers Sdn Bhd. The REIT focuses on owning and managing income-producing commercial real estate assets across retail, F&B, office, industrial and education segments, with a portfolio of 54 properties primarily located in Johor and key towns across Malaysia.
- Its business model exposes the portfolio to ESG-related risks typical of mature retail and commercial assets, including energy intensity, ageing building stock, and tenant sustainability expectations.
- As a Shariah-compliant REIT, it adheres to the guidelines, rulings and decisions issued by the Securities Commission Malaysia, including compliance on financing structures, tenant activities, and operational practices. Governance oversight is further strengthened by the presence of a dedicated Shariah Committee, alongside Board-level Audit & Risk and Sustainability Committees.
- Relative to large-cap peers, Al-Salam REIT remains at an earlier stage of ESG maturity, with fewer quantified long-term environmental targets and no formal net-zero commitment to date. However, it has made tangible progress in strengthening governance, improving ESG disclosures (aligned with TCFD), and integrating sustainability considerations into asset management and tenant engagement.

### Material E issues

- Two assets are GBI-certified: KOMTAR JBCC and Menara KOMTAR (certification achieved in FY24), represent c.41.7% of total portfolio value as at FY24.
- 1 rooftop solar PV system installed at Pasaraya Komuniti @Mart Kempas generating 441MWh in FY24 (FY23: 408 MWh).
- The substantial increase of the total GHG emissions recorded in FY24 was attributed to the inclusion of waste generation, business travel and a higher number of employees participating in the commuting survey for Scope 3 GHG emissions.
- 3R (Reduce, Reuse, Recycle) programme implemented across key assets.

### Material S issues

- Board gender composition in FY24: Female 13% (FY23: 14%).
- Total training hours: FY24: 844 (FY23: 920)
- Zero reported work-related fatalities in FY24
- FY24: 2 male employees took and returned from parental leave
- Community investment: MYR163k in FY24 (FY23: MYR267k). Beneficiaries reached: 13,460 in FY24 (FY23: 3,191).

### Key G metrics and issues

- Total Board composition: Independent Directors: 50% (4 out of 8), Non-Independent Directors: 50% (4 out of 8)
- Women Directors: 13% of the Board in FY24 (FY23: 14%). However, it remains below the 30% MCCG benchmark, and the Board age profile is concentrated above 50 years.
- As at FY24, Al-Salam REIT demonstrates partial alignment with MCCG 2021 best practices, particularly in terms of board independence and separation of oversight roles, though board-level gender diversity remains below the 30% benchmark.
- Clear separation of oversight responsibilities is maintained at Board level. Dedicated Board Committees include: Board Audit & Risk Committee, Board Sustainability Committee, Board Nomination & Remuneration Committee, and Board Investment Committee.
- Sustainability-related KPIs are embedded into Board and Senior Management performance evaluations, in line with MCCG 2021 recommendations.
- External auditor: KPMG PLT, appointed since FY15 (c.10 consecutive years).
- Ethics & compliance: Anti-Bribery & Corruption Policy and Whistleblowing Policy in place.
- 100% of operations underwent corruption risk assessments in FY24.
- Zero reported corruption incidents in FY24.
- Cybersecurity & data protection: Personal Data Protection Policy implemented. Zero reported data privacy or cybersecurity breaches in FY24.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

# Al-Salam REIT



## REITs

Quantitative Parameters (Score: 19)						
	Particulars	Unit	2022	2023	2024	SREIT MK (2024)
E	Scope 1 GHG emissions	tCO2e	12	20	27	12
	Scope 2 GHG emissions	tCO2e	20	24	28	59,523
	<b>Total</b>	<b>tCO2e</b>	<b>31</b>	<b>44</b>	<b>55</b>	<b>59,535</b>
	Scope 3 GHG emissions	tCO2e	12,016	18,291	1,113,782	119,989
	<b>Total</b>	<b>tCO2e</b>	<b>12,047</b>	<b>18,335</b>	<b>1,113,837</b>	<b>179,524</b>
	GHG intensity (Scope 1 and 2)	tCO2e/MYR m rev	0.44	0.57	0.70	0.20
	Energy intensity	GJ/MYR m rev	3.40	4.88	6.00	0.27
	Energy generated from renewable	MWh	192	408	441	4,075
	Annual water use intensity	ML/MYR m rev	1.97	2.18	N/A	2.17
	Waste diverted away from landfill	%	N/A	N/A	8%	9%
Green certification of properties	number	N/A	N/A	2	8	
S	% of women in workforce	%	46%	40%	N/A	87%
	% of women in management roles	%	33%	40%	45%	82%
	Tenant satisfaction rating	rating	82.0	83.0	96.0	N/A
	Lost time injury rate	rate	7.69	4.00	0.00	0.29
	Training hours/employee	hours	22.8	36.8	36.7	38.0
G	Independent directors on the Board (tenure <10 years)	%	55.6%	57.1%	50.0%	57%
	Female directors on the Board	%	11.1%	14.3%	12.5%	43%
	Distribution to shareholders	%	100.0%	100.0%	100.0%	100%

Qualitative Parameters (Score: 83)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes. The company has formulated a sustainability framework and established a separate Board Sustainability Committee supported by a sustainability management committee.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>Yes. ESG KPIs integrated into senior management performance reviews per MCCG 2021.</i>
c) Does the company follow TCFD framework for ESG reporting?	<i>Yes. Disclosures aligned with Task Force on Climate-related Financial Disclosures (TCFD).</i>
d) Does the company do green leasing, or have plans to start green leasing, or participate in GRESB?	<i>Yes. Green Lease programme implemented; preliminary GBI assessment for key assets in progress.</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>Implementation of 3R (Reduce, Reuse, Recycle) programme; tenant waste segregation; energy efficiency initiatives through asset enhancement works (AEIs), including upgrades to lighting systems and building services to reduce electricity consumption.</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>No.</i>

Target (Score: 75)			
Particulars		Target	Achieved
Reduction on energy consumption		-30%	8%
Women on board of directors by 2027		30%	13.0%
Maintain client satisfaction score of at least 85		85	96
GHG emissions reduction target		N/A	N/A
<b>Impact</b>			
NA			
<b>Overall Score: 49</b>			
As per our ESG matrix, Al-Salam REIT has an overall score of 49.			

ESG score	Weights	Scores	Final Score
Quantitative	50%	19	9
Qualitative	25%	83	21
Target	25%	75	19
<b>Total</b>			<b>49</b>

As per our ESG assessment, Al-Salam REIT recorded an overall ESG score of 49, below average, in our view, driven by weaker quantitative performance and limited progress against long term targets. This is partly offset by strong qualitative governance and disclosure practices. (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

# Axis REIT



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Risk Rating & Score <sup>1</sup>	9.9 (Negligible)
Score Momentum <sup>2</sup>	-2.4
Last Updated	26 May 2025
Controversy Score <sup>3</sup> (Updated: 11 Jan 2022)	0 - No reported incidents

## Business Model & Industry Issues

- Axis REIT is Malaysia’s leading industrial-focused REIT, owning and managing a diversified portfolio of logistics warehouses, manufacturing facilities, office-industrial assets and hypermarkets across key industrial and consumption corridors nationwide.
- Its core strategy centres on long-term income generation through active asset management, with an emphasis on modern, purpose-built industrial and logistics assets that cater to multinational, export-oriented and domestic supply chain tenants under predominantly long-term lease structures.
- It operates under a Shariah-compliant framework, adhering to the guidelines and rulings of the Securities Commission Malaysia, including compliance on financing structures, tenant activities and income purification, which supports access to a broader investor base.
- The Manager’s sustainability approach is broadly aligned with Malaysian REIT peers, supported by Board-level oversight via a standalone Sustainability Committee, alignment with recognised reporting frameworks (TCFD, GRI, FTSE4Good, GRESB), and the gradual adoption of green leasing practices and environmental efficiency initiatives across the portfolio.

### Material E issues

- As at FY24, it has six green-certified buildings across five properties, including GreenRE Gold, Silver and Bronze certifications. New certifications achieved during FY24 included Axis Aerotech Centre @ Subang (GreenRE Bronze) and Axis Mega Distribution Centre Phases 1 and 2 (GreenRE Silver and Gold).
- In FY24, total energy consumption declined 1.2% YoY to 13.75m MJ (FY23: 13.92m MJ), despite the inclusion of an additional multi-tenanted property during the year.
- GHG emissions decreased 2.2% YoY to 3,079 tCO<sub>2</sub>e in FY24 (FY23: 3,147 tCO<sub>2</sub>e). Correspondingly, GHG intensity improved YoY.
- Water consumption increased 2.9% YoY to 106,710 m<sup>3</sup> in FY24 (FY23: 103,728 m<sup>3</sup>) due to higher occupancy and an expanded portfolio growth.
- Waste diverted from landfill increased 5.2% YoY to 44,920 kg (FY23: 42,710 kg).

### Material S issues

- There were 2 lost-time injury cases in FY24 (FY23: nil), resulting in a Lost Time Incident Rate (LTIR) of 2.45 (FY23: 0)
- Total training hours in FY24 amounted to 891 hours, a decline from 958 hours in FY23,
- Annual Tenant Satisfaction Survey score improved to 7.62/10 in FY24, exceeding its internal target of 7.
- It has conducted 11 on-site human rights assessments on registered key vendors in FY24 (FY23: not disclosed), with zero reported breaches.

### Key G metrics and issues

- The Board comprises 6 Directors (excluding 3 Alternate Directors), made up of: Independent Non-Executive Directors: 2 / 6 (33%); Non-Independent Directors (Executive & Non-Executive): 4 / 6 (67%)
- Female representation stood at 50% of the Board in FY24 (3 out of 6 Directors), unchanged from FY23, and exceeding the MCCG 2021 minimum guideline of 30%
- It maintains a clear separation of oversight responsibilities at Board level, supported by dedicated Board Committees comprising: Board Audit & Risk Committee, and Board Sustainability Committee
- Sustainability initiatives and ESG KPIs are embedded in the performance evaluation of the Board and Senior Management, aligned with MCCG 2021.
- KPMG PLT (Messrs KPMG) has been its external auditor since listing.
- Ethics & compliance: Axis-REIT maintains formal policies on business ethics and anti-bribery and corruption.
- No substantiated cases of bribery or corruption were reported in FY24.
- Zero reported cybersecurity breaches were recorded in FY24 (FY23: zero), supported by ongoing IT risk management controls and staff awareness programmes.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company’s exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company’s enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company’s score since the last update - a **negative** integer indicates a company’s improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

## Axis REIT

ESG@MAYBANK IBG

## REITs

Quantitative Parameters (Score: 81)						
	Particulars	Unit	2022	2023	2024	SREIT MK (2024)
E	Scope 1 emissions	tCO2e	3	29	30	12
	Scope 2 emissions	tCO2e	3,141	2,906	2,867	59,523
	<b>Total</b>	<b>tCO2e</b>	<b>3,141</b>	<b>2,935</b>	<b>2,897</b>	<b>59,535</b>
	Scope 3 emissions	tCO2e	N/A	212	182	119,989
	<b>Total emissions</b>	<b>tCO2e</b>	<b>3,141</b>	<b>3,147</b>	<b>3,079</b>	<b>179,524</b>
	GHG intensity (Scope 1+2)	tCO2e/sq ft	0.00	0.00	0.00	0.20
	Energy intensity	MJ/sq ft	14.79	13.42	13.16	0.27
	Share of renewable energy usage	%	N/A	N/A	N/A	1.84%
	Annual Water Use Intensity	m3//sq ft	0.10	0.10	0.11	2.17
	Waste diverted away from landfill	%	3.6%	3.5%	3.8%	9.0%
Green certified buildings	number	1	2	6	8	
S	% of women in workforce	%	41%	39%	37%	87%
	% of women in management roles	%	10%	10%	10%	82%
	Lost time injury frequency rate (LTIFR)	rate	0	0	2.45	0.29
	Training hours/employee	hours	8.4	12.0	11.4	38.0
G	Independent directors on the Board (tenure <10 years)	%	42%	22%	33%	57%
	Female directors on the Board	%	42%	50%	50%	43%
	Tenant satisfaction rating	number	7.49	7.61	7.62	N/A
	Distribution to shareholders	%	100.3%	99.9%	99.8%	100%

Qualitative Parameters (Score: 83)	
a)	Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee? <i>Yes. Axis-REIT has a formal ESG framework with a standalone Board Sustainability Committee, separate from the Board Audit &amp; Risk Committee.</i>
b)	Is the senior management salary linked to fulfilling ESG targets? <i>Yes. Sustainability initiatives and ESG KPIs are embedded in the performance evaluation of the Board and Senior Management, aligned with MCCG 2021.</i>
c)	Does the company follow TCFD framework for ESG reporting? <i>Yes. Axis-REIT aligns its climate-related disclosures with the TCFD framework.</i>
d)	Does the company do green leasing, or have plans to start green leasing, or participate in GRESB? <i>It has implemented a Green Lease programme, covering tenancy agreements that feature ESG considerations. It also participates in GRESB and has engaged consultants for potential GBI certifications.</i>
e)	What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company? <i>Portfolio-wide 3R waste management programme and energy efficiency initiatives at asset level including optimisation of lighting systems, equipment upgrades and energy monitoring to reduce electricity consumption and Scope 2 emissions.</i>
f)	Does carbon offset form part of the net zero/carbon neutrality target of the company? <i>No.</i>

Target (Score: 33)		
Particulars	Target	Achieved
To reduce energy consumption and GHG emissions in 5 years (2022-2026), vs baseline in 2019	-1%/-1%	-14.6%/-14.0%
To reduce water usage at multi-tenanted properties over 5-years (2022-2026), vs baseline in 2019.	-1%	+9.8%
To achieve waste diversion from disposal to landfill over 5-years (2023-2027), vs baseline in 2022	10%	N/A
<b>Impact</b>		
NA		
<b>Overall Score: 70</b>		
As per our ESG matrix, Axis REIT has an overall score of 70.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	81	41
Qualitative	25%	83	21
Target	25%	33	8
<b>Total</b>			<b>70</b>

As per our ESG assessment, Axis REIT scores 70, above average, supported by improving environmental performance and sound governance fundamentals. Further upside would require clearer medium- to long-term decarbonisation targets and stronger qualitative ESG levers (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).



# Capitaland Malaysia Trust

# ESG@MAYBANK IBG

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Risk Rating & Score <sup>1</sup>	N/A
Score Momentum <sup>2</sup>	N/A
Last Updated	N/A
Controversy Score <sup>3</sup>	N/A

## Business Model & Industry Issues

- CapitaLand Malaysia Trust (CLMT) invests in and manages a diversified portfolio of retail, industrial and logistics properties. CLMT draws down on debt facilities to invest in real estate, undertake asset enhancement activities and/or property development, where such activities are closely regulated by Securities Commission of Malaysia.
- As a manager of commercial real estates, CLMT’s ESG strategies are comparable to their peers within the sector, namely on reducing their assets’ environmental impact relating to electricity usages, water usage, and waste management. While there are no specific near-term targets, CLMT is proactively exploring new ‘greener’ avenues and initiatives.
- CLMT has identified and determined 12 material ESG factors, spread across 6 segments; Environmental, Manufactured, Human, Social and Relationship. This also mapped against 8’s United Nation Sustainable Development Goals’ (SDG) and CapitaLand’s Master Plan 2030 targets. Elsewhere, there have been no notable governance issues.

### Material E issues

- Green-certified assets: ~49% of portfolio GFA is green-certified as at FY24 (FY23: ~39%). Certifications include BCA Green Mark GoldPLUS for The Mines and 3 Damansara achieved in FY24.
- Energy & emissions management: 11.2% reduction vs 2019 baseline, 7.85% reduction in energy intensity vs 2019 baseline, 10.63% reduction in water intensity vs 2019 baseline.
- Secured 7.2MW renewable energy allocation under the Corporate Green Power Programme (CGPP) for The Mines.
- Renewable energy adoption forms part of CLMT’s decarbonisation roadmap under CapitaLand Investment’s 2030 Sustainability Master Plan.

### Material S issues

- Zero fatality or permanent disability incidents involving employees or contractors reported in FY24.
- Awarded Bronze - Excellence in Workplace Wellbeing at the HR Excellence Awards 2024.
- Female Board representation increased to 37% in FY24 (FY23: 22%).
- Introduction of green lease clauses for all new and renewed retail leases from FY24.
- Community programmes under #GivingBersama 4.0 benefitted ~2,600 underserved beneficiaries across Penang, Klang Valley, Pahang and Johor.

### Key G metrics and issues

- Board comprises 8 Directors. Independent Non-Executive Directors form a majority (5 Independent, 3 Non-Independent).
- Female Directors: 37% of the Board in FY24.
- Clear separation between Chairman and CEO roles.
- Dedicated Board Committees in place: Audit & Risk Committee, Board Sustainability Committee (separate from Audit & Risk), and Nominating & Remuneration Committee
- Presence of a standalone Board Sustainability Committee provides formal Board-level accountability for ESG strategy, sustainability targets, risk oversight and disclosures.
- Sustainability-related KPIs embedded into Board and Senior Management performance evaluations, aligned with MCCG 2021.
- External auditor: Deloitte PLT, appointed as CLMT’s external auditor for FY24, replacing Messrs KPMG PLT
- Operates under established ethics, anti-bribery and integrity policies aligned with CapitaLand Investment Group standards.
- No material regulatory breaches, reprimands or governance failures disclosed.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company’s exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company’s enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company’s score since the last update - a **negative** integer indicates a company’s improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

# Capitaland Malaysia Trust REIT



## REITs

Quantitative Parameters (Score: 36)						
	Particulars	Unit	2022	2023	2024	SREIT MK (2024)
E	Scope 1 GHG emissions	tCO2e	1	9	4	12
	Scope 2 GHG emissions	tCO2e	37,635	43,204	47,158	59,523
	Total	tCO2e	37,637	43,214	47,162	59,535
	Scope 3 GHG emissions	tCO2e	23,705	36,131	73,548	119,989
	Total	tCO2e	61,342	79,345	120,710	179,524
	GHG intensity (Scope 1 and 2)	kWh/m2	99.8	94.8	95.9	0.20
	Energy intensity	kWh/m2	150.1	152.8	152.0	0.27
	Water consumption intensity	m3/m2	1.4	1.7	1.7	2.17
	Share of renewable energy usage	%	0%	0%	0%	1.84%
	Recycling rate	%	2.13%	3.14%	4.42%	N/A
Green certification of properties	%	N/A	39%	49%	37%	
S	% of women in workforce	%	48%	49%	50%	87%
	% of women in management roles	%	58%	57%	57%	82%
	Lost time injury frequency rate (LTIFR)	number	1	0	0	0.29
	Training hours/employee	hours	26	39	41	38
G	Independent directors on the Board (tenure <10 years)	%	63%	67%	63%	57%
	Female directors on the Board	%	13%	22%	37%	43%
	Distribution to shareholders	%	100%	100%	100%	100%

Qualitative Parameters (Score: 83)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes. CLMT has a standalone Board Sustainability Committee, separate from the Audit &amp; Risk Committee.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>Yes. Sustainability KPIs are embedded into performance evaluations of the Board and Senior Management, aligned with MCCG 2021.</i>
c) Does the company follow TCFD framework for ESG reporting?	<i>Yes. CLMT aligns its climate-related disclosures with the TCFD framework.</i>
d) Does the company do green leasing, or have plans to start green leasing, or participate in GRESB?	<i>Yes. Green lease clauses introduced for new and renewed retail leases (c.20% coverage excluding Sungei Wang Plaza), GRESB Real Estate Assessment - 3-star rating (first participation).</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>Energy efficiency upgrades and monitoring, renewable energy sourcing via CGPP, and waste reduction and recycling programmes across malls.</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>No.</i>

Target (Score: 100)		
Particulars	Target	Achieved
Reduce carbon emissions intensity from 2019 baseline	-72%	-11.02%
Reduce energy intensity from 2019 baseline	-15%	-7.85%
Electricity consumption from renewable sources	45%	0%
Reduce water intensity from 2019 baseline	-20%	-38.95%
Green all its existing properties	By 2030	49%
<b>Impact</b>		
NA		
<b>Overall Score: 64</b>		
As per our ESG matrix, CLMT has an overall score of 64.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	36	18
Qualitative	25%	83	21
Target	25%	100	25
<b>Total</b>			<b>64</b>

As per our ESG assessment framework, CLMT scores 64, above average. Overall, we view CLMT’s ESG risks as manageable and improving, with further upside contingent on stronger execution in renewable energy and absolute emissions management. (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

# IGB REIT



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Risk Rating & Score <sup>1</sup>	15.9 (Low)
Score Momentum <sup>2</sup>	+0.2
Last Updated	28 Apr 2025
Controversy Score <sup>3</sup> (Updated: 11 Jan 2022)	0 - No reported incidents

## Business Model & Industry Issues

- IGB REIT owned and managed two dominant super-regional retail malls (Mid Valley Megamall and The Gardens Mall) within the Mid Valley City integrated development, with a focus on stable, long-term recurring rental income.
- From an ESG perspective, energy and water intensity are key environmental considerations, reflecting the scale and age profile of its retail assets. Management continues to invest in efficiency upgrades, waste reduction initiatives and water management to mitigate rising utility costs and climate-related risks.
- On the social front, IGB REIT benefits from strong workforce stability, structured training programmes and active community engagement, which support service quality, tenant performance and customer loyalty at its malls.
- Governance practices are broadly in line with large-cap REIT peers, supported by a majority-independent Board and dedicated sustainability oversight, with the REIT’s inclusion in the FTSE4Good Bursa Malaysia Index in 2024 reinforcing improvements in sustainability governance and disclosure.

### Material E issues

- Total carbon footprint in FY24 was 116,068 tCO<sub>2</sub>e vs FY23 +29% increase driven by broader Scope disclosures and higher energy intensity.
- Energy consumption (FY24): 60,730 MWh
- Water consumption (FY24): 659,633 m<sup>3</sup>
- Waste diversion rate (FY24): 8.8%
- Rainwater harvested: 3,120 m<sup>3</sup>

### Material S issues

- Total employees: 361, employee retention: 88% (FY24)
- Total training hours: 11,790, average training hours per employee: 33 hours
- Community investment: MYR1.1m, beneficiaries reached: 33,475 individuals
- Blood donation drive: 23,470 bags collected
- Local supplier spend: 99.83%

### Key G metrics and issues

- Total Board composition (FY24): 6 Directors, comprising Independent Directors: 50% (3/6) and Non-Independent Directors: 50% (3/6).
- Women Directors: 33% of the Board (2/6) in FY24 (unchanged YoY).
- As at FY24, IGB REIT demonstrates broad alignment with MCCG 2021 best practices in terms of Board balance, independence and separation of oversight responsibilities.
- Governance oversight is supported by clearly defined Board Committees, including the Audit & Risk Committee, Nomination Committee, Remuneration Committee, and a standalone Board Sustainability Committee (separate from Audit & Risk).
- The presence of a dedicated Board Sustainability Committee provides formal Board-level accountability for ESG strategy, sustainability risks, performance monitoring and disclosures.
- IGB REIT is audited by PricewaterhouseCoopers PLT since listing in 2012.
- Ethics & compliance: The REIT maintains documented policies on anti-corruption, whistleblowing and code of conduct. No material breaches, regulatory sanctions or adverse findings were disclosed during FY24.
- Cybersecurity & data protection: Zero reported substantiated complaints or breaches relating to customer data privacy or cybersecurity incidents in FY24.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company’s exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company’s enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company’s score since the last update - a **negative** integer indicates a company’s improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

# IGB REIT



## REITs

Quantitative Parameters (Score: 43)						
	Particulars	Unit	2022	2023	2024	SREIT MK (2024)
E	Scope 1 GHG emissions	tCO2e	N/A	2,562	5,515	12
	Scope 2 GHG emissions	tCO2e	N/A	46,015	47,005	59,523
	<b>Total</b>	<b>tCO2e</b>	<b>N/A</b>	<b>48,577</b>	<b>52,520</b>	<b>59,535</b>
	Scope 3 GHG emissions	tCO2e	N/A	67,244	63,548	119,989
	<b>Total</b>	<b>tCO2e</b>	<b>N/A</b>	<b>115,821</b>	<b>116,068</b>	<b>179,524</b>
	GHG intensity	kgCO2e/sq ft	N/A	12.0	12.0	0.20
	Energy intensity	kWh/m2	320	333	326	0.27
	Share of renewable energy usage	%	N/A	N/A	N/A	1.84%
	Annual water use intensity	m3/sq ft	0.071	0.075	0.068	2.17
	Waste diverted away from landfill	%	10.7%	8.3%	8.8%	9.0%
Green certification of properties	%	N/A	N/A	N/A	37%	
S	% of women in workforce	%	N/A	48.8%	48.5%	87%
	% of women in management roles	%	N/A	48.8%	48.8%	82%
	Lost time injury frequency rate (LTIFR)	rate	N/A	0	0	0.29
	Training hours/employee	hours	N/A	17.7	33.0	38.0
G	Independent directors on the Board (tenure <10 years)	%	44.4%	50.0%	50.0%	57%
	Female directors on the Board	%	33.3%	37.5%	42.9%	43%
	Distribution to shareholders	%	98%	98%	98%	100%

Qualitative Parameters (Score: 50)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes. ESG oversight is conducted via a standalone Board Sustainability Committee, separate from the Audit &amp; Risk Committee.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>No.</i>
c) Does the company follow TCFD framework for ESG reporting?	<i>Yes. Climate-related disclosures are aligned with TCFD recommendations.</i>
d) Does the company do green leasing, or have plans to start green leasing, or participate in GRESB?	<i>IGB REIT is exploring certifying its malls to green building standards; however, no certified assets, formal green leasing framework or GRESB participation yet.</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>Energy efficiency via M&amp;E upgrades and LED retrofits, water efficiency through rainwater harvesting, and waste reduction via recycling and composting initiatives.</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>No.</i>

Target (Score: 100)			
Particulars		Target	Achieved
Reduction in Energy Usage Intensity by 2025 and 2030		-5.8% / -9.5%	-5.9%
Diversion rate by 2030		17.5%	8.8%
To achieve zero work-related fatalities annually		0	0
Female representation on Board		30%	42.9%
To achieve zero substantiated complaints concerning human rights violations annually		0	0
<b>Impact</b>			
NA			
<b>Overall Score: 59</b>			
As per our ESG matrix, IGB REIT has an overall score of 59.			

ESG score	Weights	Scores	Final Score
Quantitative	50%	43	21
Qualitative	25%	50	13
Target	25%	100	25
<b>Total</b>			<b>59</b>

As per our ESG matrix, IGB REIT scores an overall ESG score of 59, above average, reflecting incremental improvements in quantitative disclosures and sustained strength in governance and targets, partially offset by limited progress on environmental decarbonisation. (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

# KLCCP Stapled Group





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Risk Rating & Score <sup>1</sup>	13.5 (Low)
Score Momentum <sup>2</sup>	+2.9
Last Updated	16 Jul 2025
Controversy Score <sup>3</sup> (Updated: 27 Jan 2017)	0 - No reported incidents

## Business Model & Industry Issues

- KLCCP Stapled Group (KLCCP) is Malaysia’s largest REIT and the only Stapled Security in the country, comprising KLCCP (KLCC Property Holdings Berhad) and KLCC REIT. KLCC REIT focuses on active asset management and long-term income generation, whilst KLCCP continues to function as the development and strategic investment arm of the Stapled Group.
- KLCCP owns, manages, develops and invests in a portfolio of prime office, retail and hotel assets concentrated within the KLCC Precinct, supported by integrated asset and facilities management services provided by KLCC Urusharta Sdn Bhd (KLCCUH) and KLCC Parking Management Sdn Bhd (KPM).
- As a Shariah-compliant security, KLCCP continues to adhere to the guidelines, rulings and decisions issued by the Securities Commission Malaysia, including compliance relating to financing structures, tenant profiles and operational activities.
- The Group’s ESG strategies remain broadly in line with sector peers, with a focus on reducing electricity and water consumption, managing carbon emissions and improving waste management practices across its office, retail and hotel portfolio.
- As part of the PETRONAS Group, KLCCP aligns its sustainability ambition with PETRONAS’ long-term climate objectives and maintains its aspiration to achieve net-zero carbon emissions by 2050.

### Material E issues

- 70% of portfolio GFA is green-certified, including PETRONAS Twin Towers (GBI Gold), Menara 3 PETRONAS (GBI Silver), and Menara Maxis (GBI Silver/LEED Gold).
- In FY24, KLCCP increased Scope 1 and 2 GHG emissions by 2% vs FY23 due to higher activity levels.
- Ongoing initiatives include waste segregation, recycling programmes and water efficiency measures across retail, office and hospitality assets.
- KLCC Park (50 acres) functions as a key urban green lung, contributing to biodiversity preservation, micro-climate mitigation and community wellbeing.
- The Group published its first TCFD-aligned climate disclosure in 2024.

### Material S issues

- Total training hours (FY24): 48,263 hours**, translating to an average of **48 training hours per employee** (FY23: 41 hours).
- Training spend: MYR2.2m in FY24 on professional training and structured development programmes.
- Women representation: 31% of top management; 56% of Board members
- Overall customer satisfaction score: 88% in FY24.**
- 3,582 volunteer hours contributed in FY24.
- CSR spending: MYR5.3m in FY24 (FY23: MYR4.6m)
- KLCC Park: 50-acre public green space with ~1,700 trees, functioning as a key urban community asset and social anchor.

### Key G metrics and issues

- Total Board composition: Independent Directors: 56%, Non-Independent Directors: 44%
- Women Directors: 56% of the Board (FY23: 50%).
- As at FY24, KLCCP demonstrates strong alignment with MCCG 2021 best practices in terms of board balance, independence and diversity.
- KLCCP maintains a clear separation of oversight responsibilities at Board level. Dedicated Board Committees: Board Audit & Risk Committee, Board Sustainability Committee (separate from Audit & Risk), and Nomination & Remuneration Committee.
- KLCCP has a standalone Sustainability Committee indicates formal Board-level accountability for ESG strategy, targets and disclosures.
- KLCCP is audited by Ernst & Young PLT since FY20.
- Ethics & compliance: Alignment with ISO 37001 Anti-Bribery Management System (ABMS)
- Cybersecurity: Zero reported cybersecurity breaches in FY24.
- Minority shareholder protection: High Board independence and Audit Committee oversight provide structural safeguards

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company’s exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company’s enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company’s score since the last update - a **negative** integer indicates a company’s improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

## KLCCP Stapled Group

# ESG@MAYBANK IBG

### REITs

Quantitative Parameters (Score: 47)						
	Particulars	Unit	2022	2023	2024	SREIT MK (2024)
E	Scope 1 GHG emissions	tCO2e	25	29	15	12
	Scope 2 GHG emissions	tCO2e	30,478	31,699	32,418	59,523
	<b>Total</b>	<b>tCO2e</b>	<b>30,503</b>	<b>31,728</b>	<b>32,433</b>	<b>59,535</b>
	Scope 3 GHG emissions	tCO2e	64,210	65,850	70,079	119,989
	<b>Total</b>	<b>tCO2e</b>	<b>94,713</b>	<b>97,578</b>	<b>102,512</b>	<b>179,524</b>
	GHG intensity	tCO2e/sq ft	7.91	8.16	8.57	0.20
	Energy intensity	kWh/m <sup>2</sup>	111.12	116.42	123.28	0.27
	Share of renewable energy usage	%	0.34%	0.34%	0.31%	1.84%
	Annual water use intensity	m <sup>3</sup> /sq ft	0.09	0.10	0.11	2.17
	Waste diverted away from landfill	%	15.1%	20.7%	11.5%	9.0%
Cases of non-compliance	number	N/A	0	0	0	
Green certification of properties	%	58%	65%	70%	37%	
S	% of women in workforce	%	38%	39%	39%	87%
	% of women in top management roles	%	41%	36%	31%	82%
	Lost time injury frequency rate (LTIFR)	rate	0.00	0.00	0.00	0.29
	Training hours/employee	hours	28.0	41.0	48.0	38.0
G	Independent directors on the Board (tenure <10 years)	%	63%	63%	56%	57%
	Female directors on the Board	%	50%	50%	56%	43%
	Distribution to shareholders	%	92%	92%	92%	100%

Qualitative Parameters (Score: 67)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes. The Group has a standalone Board Sustainability Committee, separate from the Board Audit &amp; Risk Committee.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>No.</i>
c) Does the company follow TCFD framework for ESG reporting?	<i>Yes. KLCCP aligns its disclosures with the TCFD framework and published its first climate-related disclosure in 2024.</i>
d) Does the company do green leasing, or have plans to start green leasing, or participate in GRESB?	<i>Yes. KLCCP participates in GRESB and scored 94/100 (Rating A) for public disclosure in FY24.</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>Energy efficiency and asset-level decarbonisation initiatives, waste segregation and recycling programmes (3Rs), and flexible work arrangements (where applicable) to reduce emissions.</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>No.</i>

Target (Score: 100)			
Particulars		Target	Achieved
Scope 1 & 2 GHG emissions (2019 baseline)		Net zero by 2050	-11%
Organisational Culture Survey score		≥ global benchmark (75)	80
Fatalities		Zero	Zero
Women directors on Board		>30%	56%
Independent directors		>50%	56%
<b>Impact</b>			
NA			
<b>Overall Score: 65</b>			
As per our ESG matrix, KLCCP Stapled Group has an overall score of 65.			

ESG score	Weights	Scores	Final Score
Quantitative	50%	47	23
Qualitative	25%	67	17
Target	25%	100	25
<b>Total</b>			<b>65</b>

As per our ESG assessment, KLCCP Stapled Group scores 65, above average, driven mainly by strong governance discipline and credible long-term targets, but partially offset by weaker YoY environmental intensity metrics. (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

# Pavilion REIT



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<b>Risk Rating &amp; Score<sup>1</sup></b>	11.5 (Low)
<b>Score Momentum<sup>2</sup></b>	<b>-5.8</b>
<b>Last Updated</b>	14 Nov 2025
<b>Controversy Score<sup>3</sup></b> (Updated: 4 Aug 2024)	0 - No reported incidents

## Business Model & Industry Issues

- Pavilion REIT is a Malaysia-listed retail-focused REIT, owning and managing a portfolio of six properties comprising five retail malls and one office tower, with assets primarily located in prime urban and suburban catchments within Greater Kuala Lumpur.
- Its core strategy centres on active asset management of dominant, high-footfall retail malls, including Pavilion Kuala Lumpur, Pavilion Bukit Jalil and Elite Pavilion Mall, complemented by selective asset enhancement initiatives to sustain shopper traffic, tenant demand and long-term rental growth.
- The Manager’s ESG approach is broadly aligned with M-REIT peers, with sustainability considerations embedded into asset management, risk management and capital allocation decisions, supported by structured governance oversight at Board level.
- It has strengthened disclosures in line with TCFD recommendations, achieved green building certification for selected assets (e.g. LEED Gold for Pavilion Tower), and continues to invest in operational efficiencies.
- Its inclusion in the FTSE4Good Bursa Malaysia Index in FY24 reflects its **baseline alignment with recognised ESG standards.**

### Material E issues

- Pavilion Tower achieved LEED Gold certification in FY24.
- Overall Scope 1 & 2 GHG intensity improved to 0.11 tCO<sub>2</sub>e/m<sup>2</sup> in FY24 (FY23: 0.13). Absolute Scope 2 emissions declined to 79,056 tCO<sub>2</sub>e (FY23: 94,757 tCO<sub>2</sub>e), while Scope 3 emissions increased to 49,260 tCO<sub>2</sub>e (FY23: 38,267 tCO<sub>2</sub>e), reflecting expanded tenant electricity coverage.
- Overall Building Energy Intensity (BEI) increased to 301 kWh/m<sup>2</sup>/year in FY24 (FY23: 246), primarily due to full-year inclusion of Pavilion Bukit Jalil and expanded reporting scope to include tenant electricity sold by the REIT.
- Total electricity consumption increased to 150.1 GWh in FY24 (FY23: 125.0 GWh), reflecting higher operational scale and portfolio expansion.
- Renewable electricity usage under the Green Electricity Tariff rose to 45.8 GWh in FY24, up 77% YoY (FY23: 25.9 GWh).

### Material S issues

- Female employees account for c.76% of total employees, broadly stable YoY.
- Female representation at Board level remained at 40% (4 out of 10 Directors) in FY24, vs 36% in FY23 (4 out of 11 Directors).
- Average training hours per employee increased to 16.8 hours in FY24, up from 9.7 hours in FY23 (+73% YoY).
- Zero work-related fatalities for both employees and non-employees in FY24. Lost Time Incident Rate (LTIR) of 0.20, an improvement from 0.68 in FY23.
- In FY24, 192.7 tonnes of food waste were collected, resulting in 23.2 tonnes of compost produced.

### Key G metrics and issues

- Board comprised 10 Directors, with Independent Directors account for 50% of the Board, while Non-Independent Directors represent 50%, in line with MCCG 2021 best practice on Board independence.
- Women Directors represent 40% of the Board in FY24 (FY23: 36%), exceeding the MCCG 2021 recommended minimum of 30%.
- As at FY24, it demonstrates strong alignment with MCCG 2021, particularly in areas of Board balance, independence, gender diversity, and separation of oversight responsibilities.
- It also maintains a clear separation of Board-level oversight through dedicated committees, namely the Board Audit & Risk Committee, Board Nomination & Remuneration Committee, and a standalone Board Sustainability Committee, separate from Audit & Risk.
- Pavilion REIT is audited by KPMG PLT since listing.
- It has established ethics and compliance frameworks, including policies governing business conduct, whistleblowing and anti-corruption.
- Cybersecurity & technology risk: No reported cybersecurity breaches or material technology-related incidents were disclosed during FY24.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company’s exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company’s enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company’s score since the last update - a **negative** integer indicates a company’s improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

## Pavilion REIT

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## REITs

Quantitative Parameters (Score: 53)						
	Particulars	Unit	2022	2023	2024	SREIT MK (2024)
E	Scope 1 emissions	tCO2e	N/A	36	7	12
	Scope 2 emissions	tCO2e	71,336	94,757	79,056	59,523
	<b>Total</b>	<b>tCO2e</b>	<b>71,336</b>	<b>94,793</b>	<b>79,063</b>	<b>59,535</b>
	Scope 3 emissions	tCO2e	15,033	38,267	49,216	119,989
	<b>Total emissions</b>	<b>tCO2e</b>	<b>71,336</b>	<b>133,060</b>	<b>128,279</b>	<b>179,524</b>
	GHG intensity (Scope 1+2)	tCO2e/m <sup>2</sup>	0.19	0.13	0.11	0.20
	Energy intensity	MWh/m <sup>2</sup>	0.25	0.25	0.30	0.27
	Share of renewable energy usage	%	N/A	20.0%	31.0%	1.84%
	Annual Water Use Intensity	m <sup>3</sup> /m <sup>2</sup>	2.8	2.3	2.8	2.17
	Waste diverted away from landfill	%	3.9%	4.5%	6.5%	9.0%
	Cases of non-compliance	number	0	0	0	0
Green certified buildings	number	N/A	N/A	1	8	
S	% of women in workforce	%	77%	75%	76%	87%
	% of women in management roles	%	71%	75%	67%	82%
	Tenant satisfaction rating	rating	N/A	75	75	N/A
	Lost time injury frequency rate (LTIFR)	rate	0.00	0.68	0.20	0.29
	Training hours/employee	hours	7.6	9.7	16.8	38.0
G	Independent directors on the Board (tenure <10 years)	%	17%	36%	50%	57%
	Female directors on the Board	%	33%	36%	40%	43%
	Distribution to shareholders	%	100%	100%	100%	100%

Qualitative Parameters (Score: 67)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes. Pavilion REIT has a formal Sustainability Policy. Oversight is provided by a standalone Board Sustainability Committee, separate from the Board Audit &amp; Risk Committee.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>No.</i>
c) Does the company follow TCFD framework for ESG reporting?	<i>Yes. Pavilion REIT aligns its climate-related disclosures with the TCFD framework and has stated its intention to fully adopt the TCFD recommendations and/or IFRS S1 and S2 by FY27.</i>
d) Does the company do green leasing, or have plans to start green leasing, or participate inGRESB?	<i>It participates in green building initiatives, with LEED Gold certification for Pavilion Tower, and continues to enhance tenant engagement on sustainability practices.</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>Energy efficiency initiatives and monitoring, waste segregation and recycling programmes, and water conservation via rainwater harvesting.</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>No.</i>

Target (Score: 100)		
Particulars	Target	Achieved
To reduce Scope 2 carbon emissions compared to FY19 levels by 2030	-20%	-5.5%
To reduce carbon intensity for scope 1 and 2 by 2030, compared to FY19	-20%	-50%
Renewable electricity by all Pavilion REIT assets by 2040	50%	31%
To reduce water consumption by 2030 compared to FY19	-2%	-9.5%
Female participants at board level	30%	40%
Net Zero Carbon (Scope 1 & 2)	by 2050	N/A
<b>Impact</b>		
NA		
<b>Overall Score: 68</b>		
As per our ESG matrix, Pavilion REIT has an overall score of 68.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	53	26
Qualitative	25%	67	17
Target	25%	100	25
<b>Total</b>			<b>68</b>

As per our ESG assessment, Pavilion REIT achieved overall ESG score of 68, above average. Performance reflects steady quantitative improvement from a lower base and strong target-setting, underpinned by clear, quantified medium- and long-term ESG ambitions (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

# SENTRAL REIT



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Risk Rating & Score <sup>1</sup>	N/A
Score Momentum <sup>2</sup>	N/A
Last Updated	N/A
Controversy Score <sup>3</sup>	N/A

## Business Model & Industry Issues

- Sentral REIT is a Malaysia-listed office-focused REIT, managed by Sentral REIT Management Sdn Bhd, with an investment mandate centred on owning and managing income-producing commercial properties, primarily office assets located in key urban and decentralised business hubs including KL Sentral, Cyberjaya, Mont’ Kiara and Penang.
- The REIT’s portfolio is predominantly office-based, resulting in ESG exposure that is largely driven by energy consumption, carbon emissions, tenant behaviour and asset efficiency, particularly for decentralised office assets.
- As a pure-play REIT with no development exposure, Sentral REIT’s long-term value preservation depends on sustained asset relevance, operating cost efficiency and alignment with evolving sustainability expectations from tenants, regulators and capital providers, particularly for non-CBD office assets such as those in Cyberjaya.
- ESG oversight is embedded at Board level through separate Board Audit & Risk Committee and Board Sustainability Committee, in line with MCCG 2021 best practices and aligns its sustainability disclosures with the TCFD framework.

### Material E issues

- As at FY24, 22% of properties are green-certified asset (FY23: 12.5%).
- Total energy consumption increased to 27.8 GWh in FY24 (FY23: 27.0 GWh), driven by higher occupancy and the inclusion of Menara CelcomDigi and Lotus’s Penang for a full-year contribution.
- Energy intensity remained stable at 117 kWh/m<sup>2</sup> in FY24, unchanged from FY23.
- Total GHG emissions (Scope 1, 2 and 3) increased marginally to 26,281 tCO<sub>2</sub>e in FY24 (FY23: 26,231 tCO<sub>2</sub>e).
- Total water consumption rose to 225,690 m<sup>3</sup> in FY24 (FY23: 131,571 m<sup>3</sup>).
- ~13% of total waste generated was diverted from landfill.

### Material S issues

- Overall workforce gender mix: 65% female, 35% male.
- Senior management gender mix: 57% female, 43% male.
- Majority of senior management aged 30-50 years (86%), with 14% above 50 years.
- Average training hours per employee in FY24: 36.7 (FY23: 36.2).
- Total community investment: MYR187k in FY24 (FY23: MYR197k). Total beneficiaries: 205 individuals, focused on external communities.

### Key G metrics and issues

- Board comprises 7 Directors. Independent Non-Executive Directors form the majority (c.57%).
- Female Directors: 14% of the Board in FY24 (FY23: 13%).
- There is a clear separation of roles between the Board and Management.
- Board supported by dedicated committees including: Audit & Risk Committee, Sustainability Committee and Nomination & Remuneration Committee
- 100% of employees received anti-bribery and anti-corruption training in FY24.
- Zero confirmed incidents of corruption or regulatory non-compliance disclosed.
- Zero substantiated complaints relating to customer data breaches or losses in FY24.
- Data protection and cybersecurity risks monitored under existing risk management frameworks.
- 89% of procurement spending sourced from local suppliers in FY24 (FY23: 91%).
- 100% of service providers underwent performance appraisal and met minimum score thresholds.
- Ernst & Young PLT has served as Sentral REIT’s external auditor since listing.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company’s exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company’s enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company’s score since the last update - a **negative** integer indicates a company’s improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).



# SENTRAL REIT

## ESG@MAYBANK IBG

### REITs

Quantitative Parameters (Score: 50)						
	Particulars	Unit	2022	2023	2024	SREIT MK (2024)
E	Scope 1 emissions	tCO2e	N/A	21	16	12
	Scope 2 emissions	tCO2e	11,632	8,874	11,104	59,523
	<b>Total</b>	<b>tCO2e</b>	<b>11,632</b>	<b>8,895</b>	<b>11,119</b>	<b>59,535</b>
	Scope 3 emissions	tCO2e	N/A	12,438	15,162	119,989
	<b>Total emissions</b>	<b>tCO2e</b>	<b>N/A</b>	<b>21,333</b>	<b>26,281</b>	<b>179,524</b>
	GHG intensity (Scope 2)	tCO2e/m <sup>2</sup>	0.07	0.06	0.11	0.20
	Energy intensity	kWh/m <sup>2</sup>	101.2	117.4	116.8	0.27
	Share of renewable energy usage	%	N/A	N/A	N/A	1.84%
	Annual Water Use Intensity	m <sup>3</sup> /m <sup>2</sup>	0.91	0.75	1.04	2.17
	Cases of non-compliance	number	0	0	0	0
	Waste diverted away from landfill	%	N/A	N/A	13.1%	9.0%
Green certified buildings	number	2	3	3	8	
S	% of women in workforce	%	70%	67%	65%	87%
	% of women in top management roles	%	67%	63%	57%	82%
	Lost time injury frequency rate (LTIFR)	rate	0.0	0.0	0.0	0.29
	Training hours/employee	hours	34.7	36.2	36.7	38.0
G	Independent directors on the Board (tenure <10 years)	%	50%	63%	57%	57%
	Female directors on the Board	%	17%	13%	14%	43%
	Distribution to shareholders	%	99%	98%	95%	100%

Qualitative Parameters (Score: 67)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes, with ESG oversight provided by a standalone Board Sustainability Committee, which is separate from the Board Audit &amp; Risk Committee.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>Yes. Sustainability KPIs are embedded into Board and Senior Management performance evaluations, aligned with MCCG 2021.</i>
c) Does the company follow TCFD framework for ESG reporting?	<i>Yes. ESG disclosures are aligned with TCFD recommendations.</i>
d) Does the company do green leasing, or have plans to start green leasing, or participate in GRESB?	<i>No green leasing framework or participation in GRESB has been disclosed as at FY24.</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>3R waste management programme, energy and water efficiency initiatives e.g. LED lighting upgrades and HVAC optimisation.</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>No.</i>

Target (Score: 25)		
Particulars	Target	Achieved
Reduction YoY in energy consumption	-2%	-1%
Reduction YoY in water consumption	-2%	+71.5%
The board having female directors by 2026	30%	14%
CO2 emissions reduction/net zero target	N/A	N/A
<b>Impact</b>		
NA		
<b>Overall Score: 48</b>		
As per our ESG matrix, SENTRAL REIT has an overall score of 48.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	50	25
Qualitative	25%	67	17
Target	25%	25	6
<b>Total</b>			<b>48</b>

As per our ESG assessment, SENTRAL REIT scores an overall ESG rating of 48, below average, reflecting a mix of improving quantitative disclosure, solid governance foundations and limited forward-looking target ambition, in our view. (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

# Sunway REIT

# ESG@MAYBANK IBG

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<b>Risk Rating &amp; Score<sup>1</sup></b>	12.5 (Low)
<b>Score Momentum<sup>2</sup></b>	+4.2
<b>Last Updated</b>	24 Oct 2025
<b>Controversy Score<sup>3</sup></b> (Updated: 10 Dec 2022)	0 - No reported incidents

## Business Model & Industry Issues

- Sunway REIT is one of Malaysia’s largest and most diversified M-REITs, focusing on the ownership and active management of income-producing real estate assets across retail, hotel, office, industrial and services segments, with assets primarily located within established Sunway integrated townships and key urban centres.
- They benefits from strong integration with the broader Sunway ecosystem, particularly in Sunway City Kuala Lumpur, which supports tenant demand, footfall generation and operational synergies.
- Its environmental strategy is guided by a formal Green Building Roadmap 2034, with a stated aspiration to achieve 100% green-certified buildings by 2034. As at FY24, 37% of total gross floor area is green-certified, reflecting ongoing progress through building retrofits, energy-efficiency initiatives and green design standards for newly acquired assets.
- On the social front, it places emphasis on tenant engagement, workforce well-being and community integration, supported by its industry-first Green Lease Partnership Programme, which promotes responsible energy, water and waste practices among tenants. Participation rates reached 100% for hotel lessees and 91% for retail and office tenants in FY24.
- Relative to sector peers, Sunway REIT’s ESG positioning is broadly in line to above average among Malaysian REITs, underpinned by high adoption of sustainability-linked financing (98% of borrowings in FY24), improving green building penetration and enhanced transparency. These initiatives help mitigate long-term risks associated with higher operating costs, climate transition pressures and access to capital.

### Material E issues

- Green-certified assets: 8 buildings, representing 37% of total GFA (FY23: 35%).
- New certifications in FY24: GreenRE Platinum - Sunway University, GreenRE Gold - Sunway Putra Hotel and GreenRE Silver (Provisional) - Sunway Pier.
- Building Energy Intensity (BEI) - FY24 actual vs target: Retail: 289 kWh/m<sup>2</sup>/year (target: 323), Office: 133 kWh/m<sup>2</sup>/year (target: 138), Hotel: 217 kWh/m<sup>2</sup>/year (target: 267)
- Renewable energy generation: 4,075 MWh generated in FY24 (1.83% of electricity consumption)
- Waste diversion rate: 9% diverted from landfill (FY23: 8%)

### Material S issues

- Green Lease participation (FY24): Hotels: 100%, Retail & Office: 91%, Industrial: 40%
- Tenant ESG capacity building: Conducted Simplified ESG Disclosure Guide (SEDG) workshops for retail and office tenants
- Health & safety: No fatal workplace incidents disclosed in FY24
- Community engagement: Assets embedded within integrated townships supporting access to retail, education and hospitality services

### Key G metrics and issues

- The Board comprises 7 Directors, with Independent Non-Executive Directors forming a majority (c. 57% Independent, 43% Non-Independent).
- Women Directors: 43% of the Board in FY24.
- As at FY24, Sunway REIT demonstrates alignment with MCCG 2021 best practices, particularly in relation to board balance, independence, diversity and separation of roles between the Board and Management.
- Clear separation of oversight responsibilities at Board level, supported by dedicated Board Committees, namely Board Audit & Risk Committee, Board Sustainability Committee (separate from Audit & Risk) and Nomination & Remuneration Committee.
- The presence of a standalone Board Sustainability Committee reflects formal Board-level accountability for ESG strategy, sustainability targets, risk oversight and disclosures.
- Sustainability-related KPIs are embedded into Board and Senior Management performance evaluations, in line with MCCG 2021 guidance and reinforcing accountability for ESG outcomes.
- External auditor: Sunway REIT is audited by Ernst & Young PLT, a long-established external auditor.
- Ethics & compliance: It operates under established ethics and compliance frameworks, including anti-bribery and integrity policies aligned with recognised standards across the Sunway Group.
- Cybersecurity: No material cybersecurity breaches or incidents were disclosed in FY24, with technology and information security risks monitored under existing risk management frameworks.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company’s exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company’s enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company’s score since the last update - a **negative** integer indicates a company’s improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

# Sunway REIT



## REITs

Quantitative Parameters (Score: 63)						
	Particulars	Unit	2022	2023	2024	KLCCSS MK (2024)
E	Scope 1 GHG emissions	tCO2e	11	14	12	15
	Scope 2 GHG emissions	tCO2e	56,827	45,156	59,523	32,418
	<b>Total</b>	<b>tCO2e</b>	<b>56,838</b>	<b>45,170</b>	<b>59,535</b>	<b>32,433</b>
	Scope 3 GHG emissions	tCO2e	113,647	115,999	119,989	70,079
	<b>Total</b>	<b>tCO2e</b>	<b>170,485</b>	<b>161,169</b>	<b>179,524</b>	<b>102,512</b>
	GHG intensity	tCO2e/m2	0.19	0.18	0.20	8.57
	Energy intensity	MWh/m <sup>2</sup>	0.26	0.28	0.27	123.28
	Share of renewable energy usage	%	1.69%	11.09%	1.84%	0.31%
	Annual water use intensity	m3/m <sup>2</sup>	2.11	2.20	2.17	0.11
	Waste diverted away from landfill	%	4.0%	8.1%	9.0%	11.5%
	Cases of non-compliance	number	0	0	0	0
	Green certification of properties	%	33.0%	35.0%	37.0%	70%
S	% of women in workforce	%	71%	87%	87%	39%
	% of women in management roles	%	N/A	N/A	82%	31%
	Lost time injury frequency rate (LTIFR)	rate	-	0.48	0.29	0.00
	Training hours/employee	hours	30.0	35.0	38.0	48.0
G	Independent directors on the Board (tenure <10 years)	%	57%	57%	57%	56%
	Female directors on the Board	%	43%	43%	43%	56%
	Distribution to shareholders	%	96%	100%	100%	92%

Qualitative Parameters (Score: 83)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes. Board Sustainability Committee is separate from Board Audit &amp; Risk Committee.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>Yes. Sustainability KPIs are embedded in performance assessments of the Board and Senior Management.</i>
c) Does the company follow TCFD framework for ESG reporting?	<i>Aligned with TCFD and adopted IFRS S2 climate-related disclosures in FY24.</i>
d) Does the company do green leasing, or have plans to start green leasing, or participate in GRESB?	<i>Green Lease Partnership Programme implemented and GRESB 4-star rating (FY24), vs 3-star in FY23. Maintained 'A' rating for Public Disclosure.</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>Green building certifications &amp; energy-efficient retrofits, portfolio-wide 3R waste management programme, and tenant engagement via green leases and ESG training.</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>No.</i>

Target (Score: 100)		
Particulars	Target	Achieved
Net zero carbon emissions	By 2050	N/A
Green-certified buildings by 2034	100%	37%
Electricity from renewable energy sources by 2030	40%	1.83%
Waste diverted from landfill by 2030	40%	9.0%
Green Lease participation by 2030	100%	Retail & Office 91%, Hotels 100%, Industrial 40%
MSCI ESG rating by 2030	'A' and above	'A'
GRESB rating by 2030	5-star	4-star
<b>Impact</b>		
NA		
<b>Overall Score: 77</b>		
As per our ESG matrix, Sunway REIT has an overall score of 77.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	63	31
Qualitative	25%	83	21
Target	25%	100	25
<b>Total</b>			<b>77</b>

As per our ESG assessment, Sunway REIT scores 77, well above the average, driven by stronger quantitative environmental and social performance. Overall, we view Sunway REIT's ESG profile as well-governed and improving (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

# YTL Hospitality REIT

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Risk Rating & Score <sup>1</sup>	N/A
Score Momentum <sup>2</sup>	N/A
Last Updated	N/A
Controversy Score <sup>3</sup>	N/A

## Business Model & Industry Issues

- YTL Hospitality REIT operates a geographically diversified hospitality REIT portfolio across Malaysia, Australia and Japan, with income derived from a mix of master leases and operating hotel performance.
- ESG considerations are therefore closely linked to energy consumption, water usage, waste management, labour practices, guest safety and governance oversight, particularly for operating hotels in Australia where the REIT has financial and operational control.
- Environmental factors affect operating costs, insurance, asset competitiveness and long-term asset value, while social factors influence guest satisfaction, workforce stability and brand reputation.
- Governance is a key pillar given the REIT’s integration within the broader YTL Group and reliance on robust Board-level oversight for sustainability and risk management.

### Material E issues

- In FY25, YTL REIT generated 574 tonnes of waste, of which 158 tonnes (c.28%) were diverted from disposal through recycling and recovery initiatives.
- Waste management initiatives include dual-stream recycling systems, food waste segregation and composting, and partnerships with third-party recycling vendors.
- Single-use plastic reduction initiatives include replacement of single-use toiletries with residential-sized amenities, use of reusable glass water bottles, and installation of water refill stations in public areas.
- Sydney Harbour Marriott Hotel became the first Marriott property in Australia to receive Ecotourism Australia Sustainable Tourism Certification in July 2025.

### Material S issues

- Local community investment: c.MYR48,200 spent in FY25, supporting 25 community organisations across education, healthcare, welfare and emergency response initiatives.
- Employee and guest engagement programmes include participation in education and career development, health fundraising, and volunteering activities at operating hotels.
- Guest satisfaction, experience and safety was newly identified as a material ESG issue in FY25.
- Accessibility & inclusivity: operating hotels provide disabled-friendly facilities, accessible entrances, service-animal acceptance, and valet parking for wheelchair users where applicable.
- Community safety initiatives include participation in GoodSAM emergency response programmes and support for local lifesaving and surf safety organisations.

### Key G metrics and issues

- Board-level oversight of sustainability is provided by the Board of Directors, supported by the YTL Group Sustainability Committee and YTL Group Sustainability Division.
- Sustainability matters are discussed at Board level at least once a year, and the Board attended sustainability-related training during FY25.
- The REIT aligns its governance framework with MCCG, Bursa Sustainability Reporting Guide, GRI Standards and TCFD recommendations.
- The YTL Group Code of Conduct and Business Ethics was updated in August 2024, consolidating ESG, anti-bribery and ethical standards.
- Data privacy & cybersecurity: Zero substantiated complaints relating to data breaches were reported in FY25.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company’s exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company’s enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company’s score since the last update - a **negative** integer indicates a company’s improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

## YTL Hospitality REIT

ESG@MAYBANK IBG

## REITs

Quantitative Parameters (Score: 13)						
	Particulars	Unit	2023	2024	2025	SREIT MK (2024)
E	Scope 1 GHG emissions	tCO2e	N/A	1,549	1,206	12
	Scope 2 GHG emissions	tCO2e	N/A	8,016	7,105	59,523
	<b>Total</b>	tCO2e	<b>N/A</b>	<b>9,565</b>	<b>8,311</b>	<b>59,535</b>
	Scope 3 GHG emissions	tCO2e	N/A	N/A	N/A	119,989
	<b>Total</b>	tCO2e	<b>N/A</b>	<b>9,565</b>	<b>8,311</b>	<b>179,524</b>
	GHG intensity	tCO2e/rooms	N/A	2.02	1.69	0.20
	Energy intensity	MW/rooms	N/A	3.6	3.4	0.27
	Share of renewable energy usage	%	N/A	N/A	N/A	1.84%
	Annual water use intensity	m3/m <sup>2</sup>	N/A	3.4	4.5	2.17
	Waste diverted away from landfill	tonnes	N/A	78	158	1,193
Green certification of properties	number	N/A	N/A	N/A	8	
S	% of women in workforce	%	N/A	55%	49%	87%
	% of women in management roles	%	N/A	N/A	N/A	82%
	Lost time injury frequency rate (LTIFR)	rate	N/A	3.7	4.7	0.29
	Training hours/employee	hours	N/A	97	32	38
G	Independent directors on the Board (tenure <10 years)	%	50%	38%	38%	57%
	Female directors on the Board	%	25%	25%	25%	43%
	Distribution to shareholders	%	100%	100%	95%	100%

Qualitative Parameters (Score: 50)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes. Sustainability governance is separate from risk oversight, with Board-level supervision.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>No.</i>
c) Does the company follow TCFD framework for ESG reporting?	<i>No.</i>
d) Does the company do green leasing, or have plans to start green leasing, or participate in GRESB?	<i>No green leasing framework or participation in GRESB.</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>Waste reduction and recycling initiatives, single-use plastic elimination and resource-efficiency &amp; climate-risk management at operating hotels.</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>No.</i>

Target (Score: 50)		
Particulars	Target	Achieved
Aims to achieve carbon neutrality by	2050	N/A
Zero single use plastic (SUP) by	2025	N/A
<b>Impact</b>		
NA		
<b>Overall Score: 32</b>		
As per our ESG matrix, YTLREIT has an overall score of 32.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	13	7
Qualitative	25%	50	13
Target	25%	50	13
<b>Total</b>			<b>32</b>

As per our ESG assessment framework, YTLREIT scores 32, below average. This reflects moderate ESG disclosure quality and governance structures, offset by limited quantitative targets and external benchmarking. (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

## Appendix I

Methodology of our proprietary ESG scoring methodology.

We evaluate the ESG ratings based on quantitative, qualitative and ESG targets. We assign a score for each of these three parameters. The overall rating is based on the weighted average of the scores: quantitative (50%), qualitative (25%) and ESG target (25%).

For the quantitative, qualitative and ESG target, the sub-parameters are assigned a score - '0' for data not available, '+1' for improving trajectory, positive change, 'Yes', better than peers or a positive number if historical is not available and '-1' for declining trajectory, negative change, 'No', lower than peers or a negative number. The total of the scores of all the sub-parameters is divided by the total number of sub-parameters, to derive the score of each of the three parameters.

The sub-parameters may be different for different industries depending on the key areas to monitor for each industry. A company should achieve a minimum score of 50 for an average ESG rating.



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<b>BUY</b>	Return is expected to be above 10% in the next 12 months (including dividends)
<b>HOLD</b>	Return is expected to be between 0% to 10% in the next 12 months (including dividends)
<b>SELL</b>	Return is expected to be below 0% in the next 12 months (including dividends)

### Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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