



SUNWAY[®]
REIT

ANNUAL REPORT 2019

**EMBRACING INNOVATION
EXPANDING HORIZON**

ABOUT THE REPORT



EMBRACING INNOVATION EXPANDING HORIZON

Innovation is all about finding new ways, new possibilities and new opportunities to continue building our legacy. We innovate to discover better solutions to meet the evolving needs of our stakeholders. Together, let us broaden our vision by embracing innovations to expand the horizon of Sunway REIT in a flourishing digital world of tomorrow.

Please refer to the website <http://www.sunwayreit.com/investor-relations/>



Full Version



Abridged Version

DISCLAIMER:

This annual report may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed or implied in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; cost of capital and capital availability including availability of financing in the amounts and the terms necessary to support future business; availability of real estate properties; competition from other companies; changes in operating expenses including employee wages, benefits and training, property expenses, government and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements which are based on the Manager's current view of future events. Past performance is not necessarily indicative of its future performance and that unit price and investment returns may fluctuate.

SUNWAY REIT ANNUAL REPORT 2019

Sunway REIT continues the journey of integrated reporting as we believe it is essential for us to share the Sunway REIT story beyond financial performance. Essentially, we share Sunway REIT's business model which demonstrates our value creation to stakeholders through our strategic leveraging on our six capitals. We also discussed our risk management in mitigating potential adverse impacts to the business. We hope that through this all stakeholders can have a better appreciation of our business, risk management and commitment to sustainability.

MAIN GOVERNING REGULATIONS AND GUIDELINES

- The Securities Commission Guidelines on Listed Real Estate Investment Trusts
- Bursa Malaysia Main Market Listing Requirements
- Capital Markets and Services Act 2007
- Securities Commission Licensing Handbook
- The Malaysian Code on Corporate Governance 2017
- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities 2001
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- Global Reporting Initiatives (GRI) Standards



PRINTED VERSION

Please contact irsunreit@sunway.com.my to request for a printed copy of the annual report. For environmental preservation, we encourage the use of online version.



ONLINE VERSION

<http://www.sunwayreit.com/investor-relations/>

NAVIGATION, LINKS AND LEGENDS



Connect to more information within this report



Connect to more information online at <http://www.sunwayreit.com>



The Manager



Property Level / Business Unit Management Team



Residual Risk Rating



Connect to more information in the Sustainability Statement



Risk Trend



VITAL ATTRIBUTES



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7TH ANNUAL GENERAL MEETING



Grand Congress,
Level 12, Sunway Resort Hotel & Spa,
Persiaran Lagoon, Bandar Sunway,
47500 Subang Jaya
Selangor Darul Ehsan, Malaysia



Wednesday
2 October 2019
3.00pm



VITAL ATTRIBUTES



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REFRESHING OUR VALUES

We are ever synergised and committed to enhance stakeholder value through Sustainable Growth, Environmental Stewardship and Community Engagement.

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UNITHOLDERS' INFORMATION

SNAPSHOT VIEW



RETAIL

61%

HOTEL

21%

OFFICE

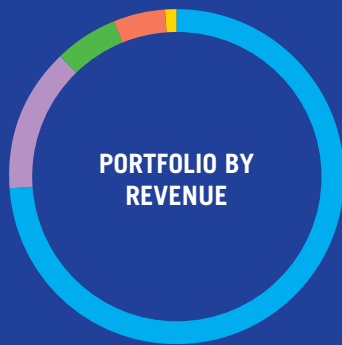
6%

SERVICES

11%

INDUSTRIAL & OTHERS

1%



RETAIL

74%

HOTEL

14%

OFFICE

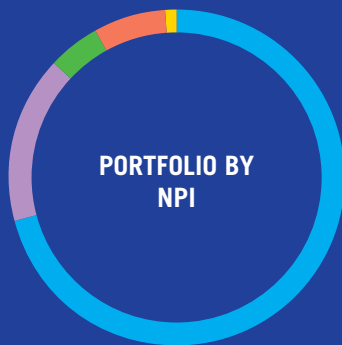
6%

SERVICES

5%

INDUSTRIAL & OTHERS

1%



RETAIL

71%

HOTEL

16%

OFFICE

5%

SERVICES

7%

INDUSTRIAL & OTHERS

1%



PROPERTY VALUE

RM8.05 billion



GROSS REVENUE

RM580 million



MARKET CAPITALISATION

RM5.51 billion




GROSS FLOOR AREA
15.7
million sq.ft.




NET PROPERTY INCOME
RM440
million




TOTAL RETURN
10.7%



NO. OF ASSETS
17



DISTRIBUTION YIELD
5.1%



DPU
9.59sen

KEY MILESTONES



Completion of the refurbishment of Sunway Resort Hotel & Spa Grand Ballroom and Meeting Rooms



SUNREIT Perpetual Bond
Establishment of Perpetual Note Programme of RM10 billion in nominal value

First M-REIT to establish perpetual note programme with the first issuance fully subscribed upon being made available in the market



Completion of the acquisition of Sunway university & college campus



CORPORATE PROFILE

Sunway Real Estate Investment Trust (Sunway REIT) has a distinctive portfolio and is one of the largest diversified real estate investment trusts (REITs) in Malaysia with assets that are strategically located across award-winning integrated townships in key locations within Klang Valley, Penang and Perak.

Sunway REIT was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) on 8 July 2010 with an initial market capitalisation of RM2.4 billion. As at 30 June 2019, the market capitalisation of Sunway REIT stood at RM5.5 billion. Sunway REIT is a component of FTSE-Bursa Malaysia Mid 70 Index, FTSE4Good Bursa Malaysia Index, Bursa Malaysia REIT Index, FTSE EPRA/NAREIT Global REIT Index, FTSE EPRA/NAREIT Global Index, FTSE EPRA/NAREIT Asia ex Japan Index, FTSE EPRA/NAREIT Asia Pacific Index, FTSE EPRA/NAREIT Emerging REIT Index, MSCI Malaysia Small Cap Index and GPR APREA Composite REIT Index – Malaysia.

From an initial portfolio of 8 assets, Sunway REIT has grown to 17 assets comprising 4 retail malls, 6 hotels, 4 offices, a medical centre, an education asset and an industrial property. The property value has grown by more than 100% from the initial RM3.46 billion to RM8.05 billion as at 30 June 2019.

The Sponsor, Sunway Berhad (Sunway), is an established and reputable conglomerate group with a market capitalisation of RM8.27 billion as at 30 June 2019. Sunway has been reclassified from the Trading/Services sector to the Industrial Products & Services sector, pursuant to Bursa Malaysia Securities' revamp of the sectorial classification for companies listed on the Main Market.

Sunway REIT's assets are primarily located in Sunway City, Selangor, Malaysia's first Green Building Index (GBI) certified sustainable integrated township master planned and developed by the Sponsor. The assets located in Sunway City are Sunway Pyramid Shopping Mall, Sunway Resort Hotel & Spa, Sunway Pyramid Hotel, Sunway Clio Property, Menara Sunway, Sunway Medical Centre (Tower A & B) and Sunway university & college campus.

In FY2019, Sunway REIT made its maiden acquisition of an education asset, Sunway university & college campus, which is in line with the trust's new growth strategy and investment in emerging markets. Sunway university & college campus is located within the integrated township of Sunway City and is a leading not-for-profit private university with state-of-the-art teaching and research facilities.

The success of Sunway City is replicated in Sunway City Ipoh, Perak; the first integrated township in Southeast Asia with five FIABCI accolades, where SunCity Ipoh Hypermarket is located. On the mainland of Penang, Sunway REIT owns Sunway Carnival Shopping Mall and Sunway Hotel Seberang Jaya. In FY2015, Sunway REIT added two assets into the portfolio, namely Wisma Sunway in Shah Alam, Selangor and Sunway Hotel Georgetown, marking our maiden foray into Penang Island.

Sunway REIT owns four properties in Kuala Lumpur, namely, Sunway Tower and the remaining three which constitute part of the 3-in-1 integrated development, Sunway Putra, consisting of Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.

In the Industrial & Others segment, Sunway REIT owns Sunway REIT Industrial – Shah Alam 1 in Section 23, Shah Alam, Selangor, which is a prime industrial hub, that is predominantly occupied by established multinational logistics and manufacturing companies.

Sunway REIT's key investment objective is to provide unitholders with exposure to a diverse portfolio of authorised investments that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit.



PURPOSE

- Empowering businesses
- Curating experiences
- Enriching lives

VISION

To be a leading diversified REIT in Malaysia committed to enhancing stakeholder value
– Sustainable Growth, Environmental Stewardship and Community Engagement

MISSION

To deliver sustainable income distribution over the long-term through responsible business strategies supported by adaptive innovation solutions, management and sustainability practices



CORE VALUES

INTEGRITY

We believe in doing the right thing at all times:

- We conduct ourselves in an honest and trustworthy manner
 - We act professionally, ethically and honourably
 - We ensure our actions are consistent with our words

HUMILITY

We believe in being humble, polite and respectful:

- We never stop learning
- We care for and respect people and the environment
- We seek first to understand, then to be understood

EXCELLENCE

We take pride in all that we do:

- We strive to deliver high quality products and services
- We continuously innovate and improve for greater progress
 - We seek to inspire others to excel



KEY GROWTH STRATEGIES

To shift from retail-focused REIT to diversified REIT

To embark on opportunity-led acquisition, turnaround, redevelopment and divestment

To expand investment exposure into emerging growth sub-sectors and capitalise on global mega trends

To diversify geographically in and out of Malaysia – independently or in collaboration with Sponsor with focus on integrated development

OUR BUSINESS MODEL

OUR INPUTS

- 1 FINANCIAL CAPITAL**
 Our operations are typically funded by debt and equity. Our capital management strategy produces an optimal funding structure and debt profile.
Financial Review and Capital Management in Management Discussion & Analysis sections
- 2 MANUFACTURED CAPITAL**
 We are a diversified REIT with a portfolio of 17 properties in Malaysia
- 3 INTELLECTUAL CAPITAL**
 The Manager's skills and expertise in managing REIT, coupled with the strong Sunway and Sunway REIT brands, are integral parts of our Intellectual capital.
Profile of Board of Directors, Management Team & Key Personnel sections
- 4 HUMAN CAPITAL**
 Our employees work in cohesion for the benefit of our stakeholders. We engage external service providers to complete the human capital ecosystem.
- 5 NATURAL CAPITAL**
 We seek to efficiently manage, reduce and recycle resources, and embark on renewable energy to reduce our impact on the environment.
Sustainability Statement section
- 6 SOCIAL & RELATIONSHIP CAPITAL**
 We believe in engaging and maintaining strong relationships with our key stakeholders, namely the Sponsor, Trustee, Property Manager, Business Unit Management Teams, Investment Communities, Media, Unitholders, Board of Directors, Business Partners and Authorities.
Message from the Chairman, Management Discussion & Analysis, Investor and Media Relations and Sustainability Statement sections

WHAT WE DO



WHERE WE OPERATE



OUR COMPETITIVE ADVANTAGES

- Diversified asset portfolio
- Prudent risk management
- Experienced and diverse backgrounds & skill sets

VALUE WE CREATE FOR OUR STAKEHOLDERS

UNITHOLDERS

We endeavour to deliver a sustainable DPU over the long-term horizon and are committed to 100% of distributable income. Our ability to generate sustainable returns is demonstrated through our track record and strong Sponsor.

2019: **DPU: 9.59 sen**
10.7% total return
RM109 million Fair value gain

CUSTOMERS / TENANTS / LESSEES

We offer a strong value proposition with emphasis on long-term relationships, superior service and safety.

2019: **Collectively, houses more than 1,300 tenants in the retail malls and offices**

ENVIRONMENT

Through managing our environmental stewardship, we create a positive impact on the environment.

2019: **2.2% Reduction in energy consumption**
4.4% Reduction in CO₂e emission

EMPLOYEES

We develop a motivated team by offering a holistic career development programme to unleash the full potential of the Manager's employees.

2019: **24 Training hours per employee**
83% employee retention rate

GOVERNMENT, INDUSTRY AFFILIATIONS & COMMUNITIES

We uphold the best practice for compliance structure and corporate governance in business operations. This allows us to actively contribute to the overall industry and capital market development and continuously engage with the communities.

2019: **Female on Board: 43%**
Voluntary disclosure of Corporate Governance Report
Chairman of Malaysian REIT Managers Association (MRMA)

BUSINESS PARTNERS

We believe in strong long-term relationships with business partners, with high levels of integrity and fairness to all parties.

2019: **Periodic engagement sessions with our business partners on a quarterly basis**



Sponsor / Vendors

Sell properties | Sales proceeds

PURPOSE:

- Empowering Businesses
- Curating Experiences
- Enriching Lives

supported by adaptive innovative solutions, management and sustainability practices

SUSTAINABILITY FOCUS AREAS:

- Responsible business practices
- Continuous engagement with key business stakeholders
- Process and resource efficiency
- Environmental stewardship
- Giving back to the communities



Expertise



Property Manager

Trustee

Fees



Business Unit Management Teams

HOW WE WILL GET THERE

Diversify

Invest in emerging growth sub-sectors

Acquire, redevelop, turnaround, divest

Property development / Built-to-suit opportunities

Embrace ESG

Progressive mindset, innovative processes

Strong relationship with tenants

Sunway Brand synergy

Performance track record

Responsible & sustainable business practices

THE POWER OF SUNWAY CITY

Sunway City is Malaysia's iconic powerhouse and premier tourist destination. Harnessing the boundless synergy of an integrated development, Sunway City embraces innovation and sustainability to deliver a unique, world-class, smart and sustainable experience for its visitors and the local community.

Sunway City's aspiration of being the national model of a smart and sustainable city is achieved by walking the talk and providing top-notch infrastructure and innovative solutions to the community. It is a fully Wi-Fi enabled city with a pioneering state-of-the-art eco-friendly public transportation system, the Bus Rapid Transit (BRT).

Sunway City is the home to Sunway REIT, one of the leading diversified REITs in Malaysia. Two-thirds of Sunway REIT's properties have flourished in this city and created significant value for its stakeholders, in line with Sunway REIT's purpose of empowering businesses, curating experiences and enriching lives. Sunway REIT's properties in Sunway City are leading properties in the five respective industries which they operate in – retail, hospitality, office, education and healthcare with its office property being the headquarters to its renowned conglomerate Sponsor, Sunway Berhad.

CORE DIFFERENTIATORS



CONNECTIVITY, INTEGRATION & SYNERGY

- Houses 950 tenants in retail and commercial properties
- 42 million visitations to Sunway City per year
- Fully Wi-Fi enabled



CHAMPIONING SUSTAINABILITY

- First REIT in the country to implement food composting for the hotel and mall
- Ecowalk and Canopywalk promote green mobility and reduce carbon footprint
- Maiden photovoltaic solar panel along the Ecowalk generates renewable energy



INFRASTRUCTURE & TRANSPORTATION

- Bus Rapid Transit (BRT) system
- Partnership with GRAB Malaysia to offer car hailing services. The First Grab lounge launched in the region for the comfort of customers



INNOVATIVE BUSINESS APPROACH

- Initiatives such as the Find-Your-Car-Kiosk, Shoppers Relations Management and Robotic Cognitive Assessment (RCA) improve efficiency in work processes



REALISING VALUE

COMPRISES

75%

OF SUNWAY REIT'S
PROPERTY VALUE

105%

INCREASE IN PROPERTY VALUE
SINCE IPO (JULY 2010)

83%





INCREASE IN NET PROPERTY
INCOME SINCE IPO (JULY 2010)

OUR PROPERTIES IN SUNWAY CITY

1	Sunway Pyramid Shopping Mall
2	Sunway Clio Property
3	Sunway university & college campus
4	Sunway Medical Centre (Tower A & B)
5	Menara Sunway
6	Sunway Resort Hotel & Spa
7	Sunway Pyramid Hotel

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an important aspect for Sunway REIT in identifying and understanding the expectations of our diverse spectrum of stakeholders. Sunway REIT proactively engages its stakeholders, through multi-faceted platforms or mediums across the business value chain. These engagements are undertaken at both the Manager and property levels. In addition, Sunway REIT discussed its strategies in addressing the expectations of stakeholders as shown below.

STAKEHOLDERS	HOW WE ENGAGE	THEIR EXPECTATIONS	HOW WE ADDRESS THEIR EXPECTATIONS
<p>Investment Community (Unitholders, Analysts, Fund Managers)</p> <p>Level of engagement</p> 	<p>Proactively engage with the investment community through multiple channels of communication as detailed below (but not limited to):</p> <ul style="list-style-type: none"> • Statutory announcement • Annual General Meeting • Analyst briefing • Investor roadshow • Unitholders' meeting • Sunway REIT website • Retail investors workshop • One-on-one management meetings • Social media 	<ul style="list-style-type: none"> • Stable and sustainable distribution income • Solid operational and financial performance • Astute business strategies • Effective implementation of identified business strategies • Integrity and transparency • Strong corporate governance • Prudent risk management 	<ul style="list-style-type: none"> • Voluntary disclosure on earnings outlook, business strategies and segmental outlook on a quarterly basis to facilitate the investment community in making informed investment decisions • Timely communication on material developments through analyst briefings, media releases, announcements and social media • Robust risk management framework with periodic evaluations to encompass the latest potential risks identified with corresponding mitigating action plans <p> For more information, please refer to Investor and Media Relations and Risk Management sections</p>
<p>Media</p> <p>Level of engagement</p> 	<p>Regular engagement with the media community via the following medium (but not limited to):</p> <ul style="list-style-type: none"> • Media conference • Media interview • Media release • Sunway REIT website • Social media 	<ul style="list-style-type: none"> • Market and business performance outlook and strategies • Immediate notification of financial releases and material developments • Transparency in communication • Industry thought leaders' opinions 	<ul style="list-style-type: none"> • Regular communication via media interviews to share business strategies and outlook • Timely communication for material developments via media conferences, media releases and social media • Sharing of key opinion leaders' views through interviews <p> For more information, please refer to Investor and Media Relations section</p>

STAKEHOLDER ENGAGEMENT

STAKEHOLDERS	HOW WE ENGAGE	THEIR EXPECTATIONS	HOW WE ADDRESS THEIR EXPECTATIONS
<p>Existing and Potential Tenants</p> <p>Level of engagement</p> 	<p>Engage with existing and potential tenants through regular meetings, feedback sessions, tenant surveys, networking events and social media</p>	<ul style="list-style-type: none"> • Responsiveness of Business Unit Management Teams to tenants' requests and feedback • Tenant engagement and support • Safety and security of the premises and facilities • Efficient buildings • Business ethics and integrity 	<ul style="list-style-type: none"> • All requests and feedbacks are reviewed and attended to by the Business Unit Management Teams • Provide marketing support • Ensure operational health and safety practices and continuous endeavours in improving building efficiency through efficient energy, water and green practices • Adherence to best practices, highest standards of business integrity and commitment to integrity pact <p> For more information, please refer to Sustainability Statement section</p>
<p>Board Of Directors & Employees</p> <p>Level of engagement</p> 	<p>Engagement through team meetings, team building activities, annual appraisals and surveys</p>	<ul style="list-style-type: none"> • Fair remuneration and professional human resource practices • Diversity and inclusivity • Equal career development and progression opportunities • Knowledge and skills enhancement • Work-life balance • Safe, healthy and conducive workplace environment 	<ul style="list-style-type: none"> • Benchmarking with market remuneration packages and practices • Career needs and plans are deliberated during performance appraisal sessions with follow-through on career development programmes tailored for employees • Training programmes, job rotation, special project assignments to provide opportunities for skills and knowledge enhancement • Flexible working hours and a culture that promotes transparent communication • Active employees engagement activities • Practise diversity and inclusivity by ensuring unbiased opportunities are offered regardless of gender, ethnicity and background <p> For more information, please refer to Sustainability Statement section</p>



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



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STAKEHOLDER ENGAGEMENT

STAKEHOLDERS	HOW WE ENGAGE	THEIR EXPECTATIONS	HOW WE ADDRESS THEIR EXPECTATIONS
<p>Regulators and Industry Affiliations</p> <p>Level of engagement</p> 	<p>Active engagement with regulators and relevant authorities that may have implications on the REIT industry and capital market. Proactive participation and play an active role in industry affiliations</p>	<ul style="list-style-type: none"> • Compliance with rules and regulations • Keep abreast with policies, regulatory and governance matters • Contribute to the betterment of the REIT industry and capital market 	<ul style="list-style-type: none"> • Adherence and compliance to all regulations governing M-REITs • Active role in Malaysian REIT Managers Association (MRMA) and to spearhead initiatives through MRMA • Investors education workshops <p> For more information, please refer to Sustainability Statement section</p>
<p>Communities</p> <p>Level of engagement</p> 	<p>Community engagement via social sustainability initiatives</p>	<ul style="list-style-type: none"> • Responsible corporate citizen which gives back to the community • Creating mutually beneficial community through the economic, environment and social pillars 	<ul style="list-style-type: none"> • Identify and implement meaningful CSR programmes for the community, such as The Good Shop • Improved infrastructure in the surrounding vicinities • Green landscaping and mobility to reduce carbon footprint <p> For more information, please refer to Sustainability Statement section</p>
<p>Suppliers and Contractors</p> <p>Level of engagement</p> 	<p>Build a core team of reliable suppliers and contractors who deliver quality products and services at the best value through a transparent procurement process</p>	<ul style="list-style-type: none"> • Fair treatment • Safe working environment • Professional and transparent procurement processes 	<ul style="list-style-type: none"> • Professional procurement policies and practices • Ensure safe environment for vendors and contractors to operate <p> For more information, please refer to Sustainability Statement section</p>

MATERIAL FACTORS

In this financial year, we revamped the materiality survey in facilitating us to determine and analyse the material factors that are of importance to Sunway REIT. The materiality survey encapsulated a comprehensive coverage of factors which may have implication to Sunway REIT's business model, leadership, risk management, economic contribution, environment, social and governance.



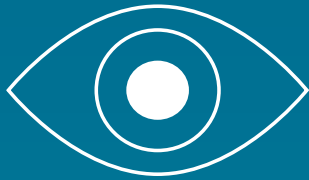
For more information, please refer to Risk Management and Materiality Matters sections

MATERIAL FACTORS	RISKS	OPPORTUNITIES	SOLUTIONS
Financial Performance – Sustainable DPU Growth	<p>Risk of the REIT delivering lower DPU arising from softer business performance from assets arising from:</p> <ul style="list-style-type: none"> • Moderation in macro-economic environment • Weak consumer spending • Subdued business sentiment • Oversupply in the property sub-sectors exerting pressure on occupancy and rental rates • Disruptive business trends such as online shopping 	<p>Acquisition opportunities may prevail in challenging property market condition</p>	<ul style="list-style-type: none"> • Capitalise on the business synergies among properties in Sunway City • Identify asset enhancement initiatives opportunities to maintain/improve the business performance of the properties • Yield-accretive acquisitions to expand the income stream <p> For more information, please refer to Management Discussion & Analysis, A Conversation with the CEO & Detailed Market Report sections</p>
Capital Structure – Optimisation Of Leverage Ratio and Debt Profile	<p>Risk of high leverage and inability to deleverage. Sunway REIT's leverage in FY2019 has marginally decreased to 37.9% (FY2018: 38.6%)</p>	<ul style="list-style-type: none"> • Equity fund raising opportunities to deleverage to increase debt headroom for future acquisitions and asset enhancement initiatives • Capitalise on the prevailing low interest rate regime to secure attractive financing rates which in turn enhances yield 	<ul style="list-style-type: none"> • Expand the pool of financiers to support the fund-raising opportunities <p> For more information, please refer to Management Discussion & Analysis section</p>
Customers and Tenants Safety, Privacy and Welfare	<p>Concerns on safety and security, privacy, customer service, business ethics and practices which may have bearings on business and reputational risks</p>	<ul style="list-style-type: none"> • Establish strong differentiating factors to appeal to customers to continue to support the business. • Brand equity – The Sunway Brand 	<ul style="list-style-type: none"> • Ensure optimal operational efficiencies with regular maintenance of the premises. • Asset enhancement initiatives to upgrade aged properties • Protection if personal information through Personal Data Protection Act (PDPA) • Best-in-class customer service and marketing support <p> For more information, please refer to Risk Management and Sustainability Statement sections</p>
Business Ethics and Corporate Governance	<p>Integrity risk, reputational risk, regulatory risk</p>	<ul style="list-style-type: none"> • Maintains high standard of business conducts • Benchmark against best practices to continuously enhance Sunway REIT's governance practices 	<ul style="list-style-type: none"> • In addition to existing business practices and policies, Sunway Group will be embarking on Anti-Corruption and Bribery Policy in which to be shared in FY2020 Annual Report <p> For more information, please refer Management Discussion & Analysis, Risk Management and Sustainability Statement sections</p>
Environmental Stewardship	<p>Environmental cost leading to negative impact to the planet. Being a major energy consumer, the properties are contributing to greenhouse gas (GHG) emission</p>	<p>Leverage on Sunway Group's sustainability initiatives to benefit Sunway REIT's properties, such as striving towards Sustainable Smart City status in Sunway City</p>	<ul style="list-style-type: none"> • Incorporate environmental considerations when Sunway REIT undertakes asset enhancement initiatives on its properties • Business Unit Management Teams continuously identify opportunities to improve operational efficiency in reducing carbon footprint <p> For more information, please refer to Investment Review, Operations Review and Sustainability Statement sections</p>



STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVES



Measured by property value or market capitalisation

Property Value

5-year Average Total Return

5-year DPU CAGR

TARGETS FY2025



Top 3 M-REITs

RM13 - RM15 billion

8% to 12%

3% to 5%

CURRENT ACHIEVEMENT



Ranked 2nd by property value
Ranked 4th by market capitalisation¹

RM8.05 billion

10.8%

2.8%²

¹ Market-driven unit price

² Lower than target due to loss of income from refurbishment of Sunway Putra in FY2013 - FY2015 and Sunway Pyramid Hotel in FY2016 - FY2017

CORPORATE INFORMATION

MANAGER

Sunway REIT Management Sdn Bhd (Company No. 806330-X)

PRINCIPAL PLACE OF BUSINESS OF THE MANAGER

Level 15, Menara Sunway, Jalan Lagoon Timur,
Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan
Contact No: (603) 5639 8889
Fax No: (603) 5639 8001

REGISTERED OFFICE OF THE MANAGER

Level 16, Menara Sunway, Jalan Lagoon Timur,
Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan
Contact No: (603) 5639 8889
Fax No: (603) 5639 9507

BOARD OF DIRECTORS OF THE MANAGER

Chairman, Independent Non-Executive Director
Tan Sri Ahmad Bin Mohd Don

Senior Independent Non-Executive Director
Elvin A/L Berty Luke Fernandez

Independent Non-Executive Directors
Tengku Nurul Azian Binti Tengku Shahrman
Yeo Kar Peng

Non-Independent Non-Executive Directors
Ng Sing Hwa
Sarena Cheah Yean Tih, *s.m.s.*

Chief Executive Officer, Non-Independent Executive Director
Dato' Jeffrey Ng Tiong Lip

AUDIT COMMITTEE

Elvin A/L Berty Luke Fernandez (Chairman)
Tan Sri Ahmad Bin Mohd Don
Ng Sing Hwa
Tengku Nurul Azian Binti Tengku Shahrman
Yeo Kar Peng

NOMINATION AND REMUNERATION COMMITTEE

Tengku Nurul Azian Binti Tengku Shahrman (Chairperson)
Tan Sri Ahmad Bin Mohd Don
Elvin A/L Berty Luke Fernandez
Sarena Cheah Yean Tih, *s.m.s.*
Yeo Kar Peng

RISK MANAGEMENT COMMITTEE

Ng Sing Hwa (Chairman)
Tan Sri Ahmad Bin Mohd Don
Elvin A/L Berty Luke Fernandez
Tengku Nurul Azian Binti Tengku Shahrman
Yeo Kar Peng

INVESTMENT APPRAISAL WORKING GROUP

Dato' Jeffrey Ng Tiong Lip (Chairman)
Sarena Cheah Yean Tih, *s.m.s.*
(Alternate: Clement Chen Kok Peng)
Irene Sin May Lin
Raymond Ng Meng Chun

RISK MANAGEMENT WORKING GROUP

Dato' Jeffrey Ng Tiong Lip (Chairman)
Sarena Cheah Yean Tih, *s.m.s.* (Alternate: Wai Sow Fun)
Irene Sin May Lin
Samantha Khoo May Lin
Elis Leong Woon Yue

SUSTAINABILITY WORKING GROUP

Dato' Jeffrey Ng Tiong Lip (Chairman)
Sarena Cheah Yean Tih, *s.m.s.* (Alternate: Loo Hoey Theen)
Irene Sin May Lin
Cheng Jew Keng
Chan Hoi Choy (Alternate: Kevin Tan Gar Peng)
Andre Scholl
Crystal Teh Lay Ling

COMPANY SECRETARIES OF THE MANAGER

Tan Kim Aun (MAICSA 7002988)
Ong Wei Leng (MAICSA 7053539)

TRUSTEE

RHB Trustees Berhad (Company No. 573019-U)
Level 10, Tower One, RHB Centre,
Jalan Tun Razak, 50400 Kuala Lumpur
Contact No: (603) 9280 5933
Email: rhbt.reits@rhbgroup.com

PROPERTY MANAGER

Zerin Properties Urus Harta (Reg No. PM(3) 0040)
Level 1, Block B, Damansara Office Complex,
Jalan Dungun, Damansara Heights,
50490 Kuala Lumpur

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Public Bank Berhad

AUDITOR

Messrs BDO PLT (LLP0018825-LCA & AF 0206)
Level 8, BDO @ Menara CenTARa,
360 Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur
Contact No: (603) 2616 2888
Fax No: (603) 2616 3190 / 3191

REGISTRAR

Sunway Management Sdn Bhd (Company No. 50661-X)
Level 16, Menara Sunway, Jalan Lagoon Timur,
Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan
Contact No: (603) 5639 8889
Fax No: (603) 5639 9507

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: SUNREIT
Stock Code: 5176

WEBSITE

<http://www.sunwayreit.com>

INVESTOR RELATIONS

Contact No: (603) 5639 8864
Email: irsunreit@sunway.com.my



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SALIENT FEATURES

NAME OF FUND	SUNWAY REIT
Type of Fund	Income and Growth
Category of Fund	Real Estate Investment Trust
Duration of Fund/ Termination Date	<p>The earlier of:</p> <ul style="list-style-type: none"> • the occurrence of the Termination Events as listed in the Deed; • the 999 years after the date of the registration of the Deed dated 20 May 2010; or • the date on which the Fund is terminated by the Manager in such circumstance as set out in the Deed
Investment Objective	To provide the Unitholders with an exposure to a diversified portfolio of authorised investments that will provide stable cash distributions with the potential for sustainable growth of the net asset value per unit
Investment Policy	At least 75% of the Fund's total asset value must be invested in real estate and/or single purpose companies at all times, and not more than 25% of the total asset value is invested in non-real estate, cash, deposit and/or money market instruments
Key Acquisition Criteria	<ul style="list-style-type: none"> • Retail and mixed-use asset • High growth cities and township in Malaysia • Compatibility and synergistic to asset portfolio
Distribution Policy	<ul style="list-style-type: none"> • 100% distributable income since FP2011 to FY2019 and at least 90% for each subsequent financial year • Quarterly distribution
Revaluation Policy	Annually by independent registered valuer
Gearing Policy	Not exceed 50% of the Fund's total asset value

NAME OF FUND **SUNWAY REIT**

Performance Benchmark

- FTSE Bursa Malaysia Mid 70 Index
- Bursa Malaysia REIT Index
- FTSE4Good Bursa Malaysia Index
- FTSE EPRA/NAREIT Global REIT Index
- FTSE EPRA/NAREIT Global Index
- FTSE EPRA/NAREIT Asia ex Japan Index
- FTSE EPRA/NAREIT Asia Pacific Index
- FTSE EPRA/NAREIT Emerging REIT Index
- GPR APREA Composite REIT Index - Malaysia
- MSCI Malaysia Small Cap Index

Manager's Fees

- Base Fee : 0.3% per annum of total asset value
- Performance Fee : 3% per annum of net property income, but before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement
- Acquisition Fee : 1% of acquisition price
- Divestment Fee : 0.5% of sale price

Trustee's Fee : Up to 0.015% per annum of the Fund's net asset value subject to a maximum limit of RM700,000 per annum

Financial Year End : 30 June

Board Lot : 100 units per board lot

Listing : Main Market of Bursa Malaysia Securities Berhad

Stock Name : SUNREIT

Stock Code : 5176

Date of Listing : 8 July 2010

Initial Public Offering Price

- RM0.88 - retail
- RM0.90 - institutional



AWARDS AND RECOGNITION



Sunway REIT emerged as the **Gold Winner for NACRA Best Integrated Reporting 2018**. The award recognises the endeavour of a company to communicate how an organisation's strategy, governance, performance and prospects in the context of the external environment leads to the creation of value over the short, medium and long term that goes beyond the reporting of mere financial performance but involves the communication of the business strategies and business models which are of interest to the stakeholders.



Sunway Malls was awarded with the **Motherhood Choice 2019 - Malaysia's Family Friendly Mall Operator** in a competition that was judged on votes from their readers. A successful shopping mall caters to people of all walks of life and Sunway Pyramid Shopping Mall does it best by having a wide variety of shopping outlets, different avenues for activities, a great assortment of food and beverage restaurants and most importantly, first-class services and amenities.



Sunway REIT clinched **Gold Award for Governance and Investor Relations and Best CEO for Property** at **The Asset Award 2018**.



Sunway Putra Mall received the **AUTISM CHAMPION** certificate recognition on World Autism Awareness Day which was presented by NASOM and endorsed by the Ministry of Women, Family and Community Development.

INDICES REPRESENTATION



FTSE Bursa Malaysia Mid 70 Index
Bursa Malaysia REIT Index



FTSE4Good Bursa Malaysia Index



GPR APREA Composite REIT Index – Malaysia



FTSE EPRA / NAREIT Global REIT Index
FTSE EPRA / NAREIT Global Index
FTSE EPRA / NAREIT Asia ex Japan Index
FTSE EPRA / NAREIT Asia Pacific Index
FTSE EPRA / NAREIT Emerging REIT Index



MSCI Malaysia Small Cap Index



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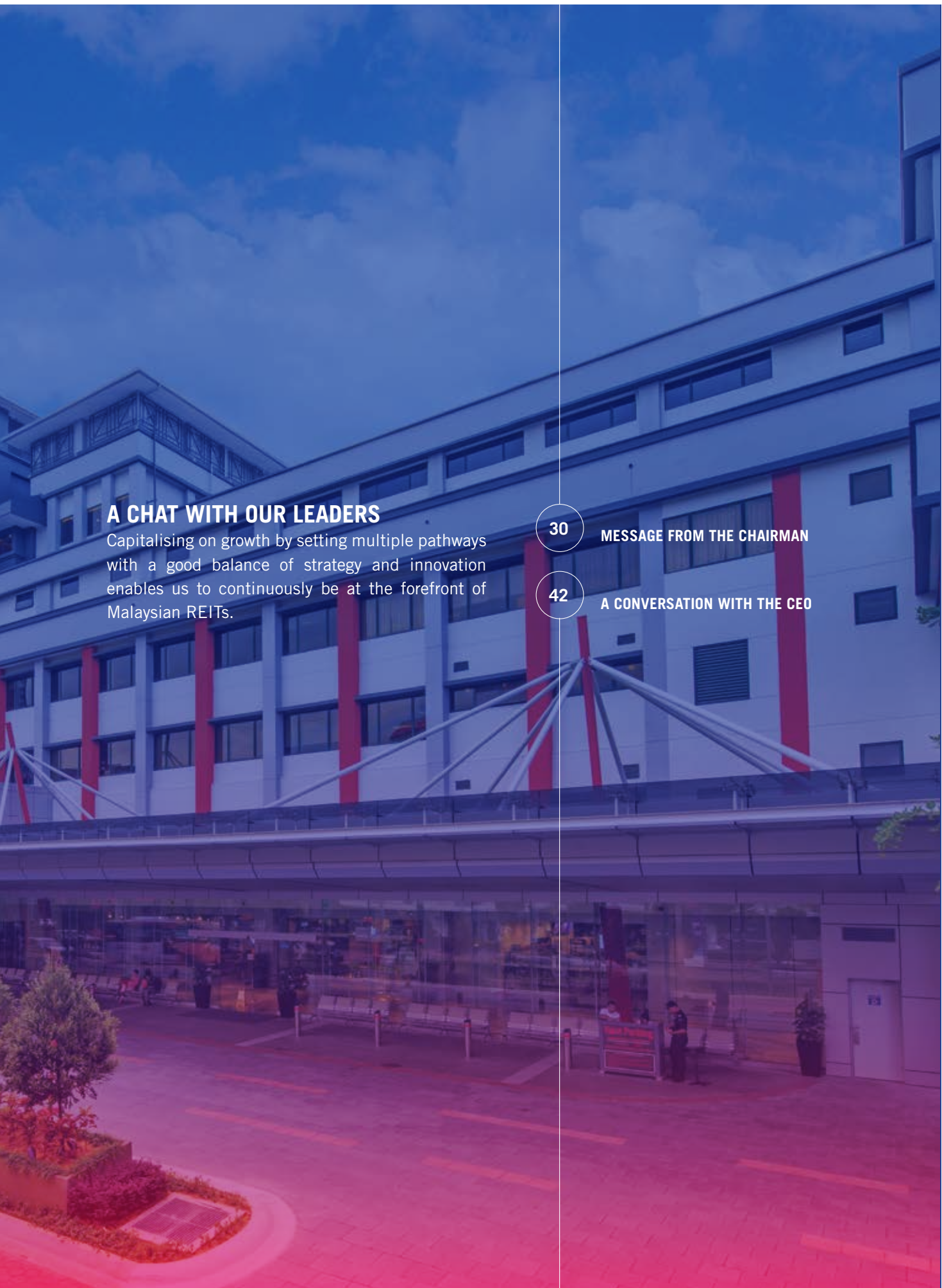
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A CHAT WITH OUR LEADERS

Capitalising on growth by setting multiple pathways with a good balance of strategy and innovation enables us to continuously be at the forefront of Malaysian REITs.

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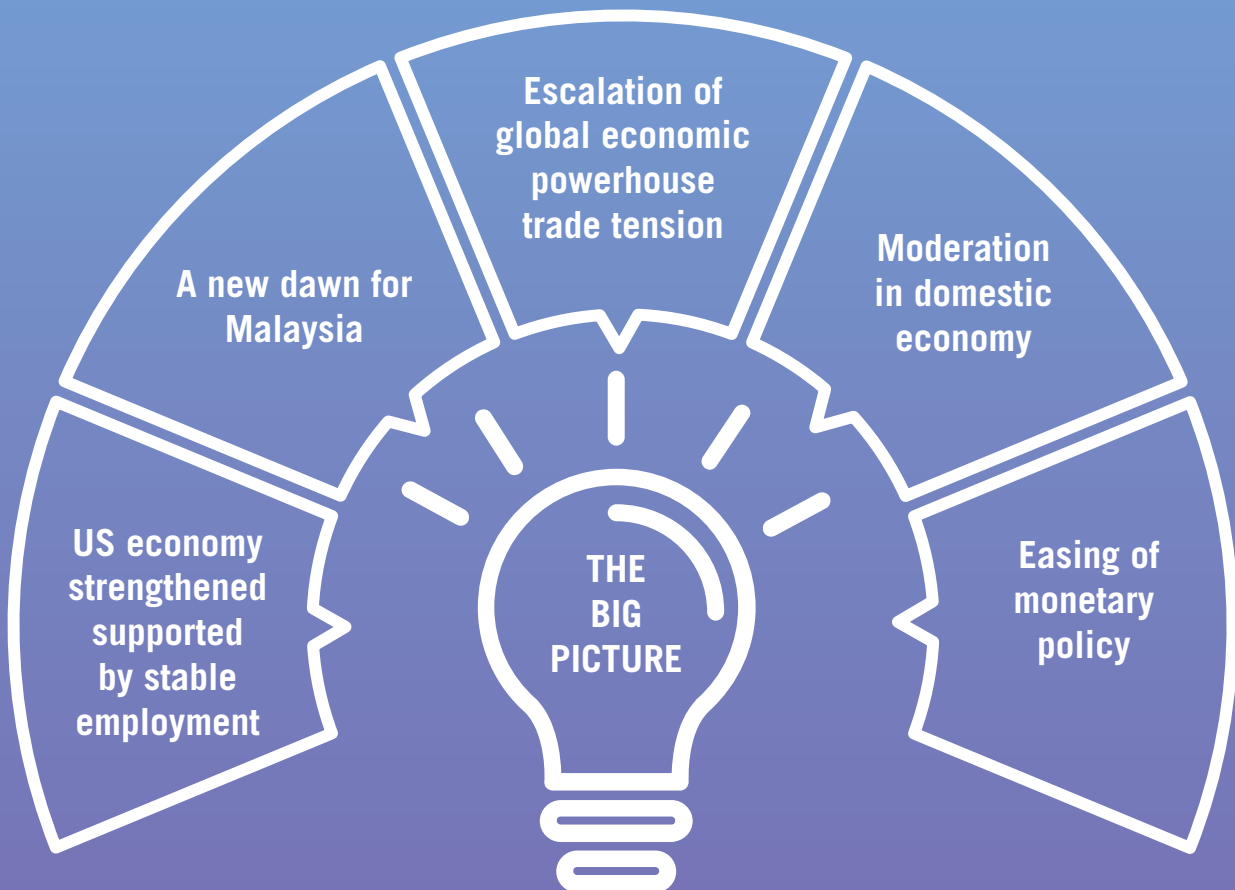
UNITHOLDERS' INFORMATION

MESSAGE FROM THE CHAIRMAN



Dear Valued Stakeholders,

It is an honour for me to serve the Board of Directors since the inception of Sunway REIT. I am blessed to be part of the Sunway REIT's growth story which has emerged to be more resilient through its diversity. As the first decade of Sunway REIT's journey approaches its final year, we initiated TRANSCEND25 (TC25), a programme that formulates the strategic roadmap to capitalise on the diversity of Sunway REIT into a future-proof trust. On behalf of the Board of Directors, it is my pleasure to share key highlights of Sunway REIT in FY2019.



MESSAGE FROM THE CHAIRMAN

A decade long recovery from the Global Financial Crisis has placed global economy on a firmer footing. Global economy expanded by 3.6% year-on-year (y-o-y) in CY2018. Meanwhile, the world's largest giant economy, the United States (US) grew by 2.2% y-o-y in CY2018 with further pick-up in momentum in the first quarter of CY2019 (1Q CY2019) to 3.2% y-o-y. Unemployment rate slid to its decade low of 3.8%, reaffirming a stable job market. US growth was achieved despite trade protectionism policy by the Trump administration. Nevertheless, escalation in trade tension between the two economic powerhouse has caused disruption in global trade flow and trade activities around the world.

On the domestic front, Malaysia saw a new dawn following the unprecedented fall of the 61 years United Malays National Organisation (UMNO) led coalition government. The shift in the political landscape has inevitably led to uncertainties in economic policies amidst fiscal consolidation and reform. Exodus of funds triggered volatility in the equity market.

The Malaysian economy moderated to 4.7% y-o-y in CY2018 and softened further to 4.5% y-o-y in 1Q CY2019, largely reliant on domestic demand. Benign inflationary pressure provided room for easing of monetary policy in support of growth. In May 2019, Bank Negara Malaysia (BNM), the Central Bank of Malaysia, trimmed the Overnight Policy Rate (OPR) by 25bps to 3.00%. The move is in line with the expected US Federal Reserve's (Fed) direction moving forward.

The higher degree of uncertainties in geo-political tension, both global and domestic, coupled with softening economic fundamentals, have resulted in channeling of funds to safe haven investments such as Malaysian Real Estate Investment Trusts (M-REITs). The M-REITs industry performed relatively stable in FY2019. The distribution yield compressed marginally from 6.44% as at 30 June 2018 to 6.41% as at 30 June 2019. The top 5 large market capitalisation M-REITs traded at more compressed levels of 5.32% as at 30 June 2018 and 5.28% as at 30 June 2019.

DELIVERING SUSTAINABLE VALUE

The spectre of global whirlwind coupled with the fluidity in the domestic landscape and the underlying operating landscape succumbed to higher degree of uncertainties. This was further challenged by existing structural issue of oversupply in the property sub-sectors. Notwithstanding the challenges, the Manager alongside with the Business Unit Management Teams have relentlessly strived to continuously deliver sustainable value to stakeholders.

At the start of the financial year, we cautioned unitholders on a potential dip in the distribution per unit (DPU) in FY2019, due to loss of income during the refurbishment of the Grand Ballroom and Meeting Rooms of Sunway Resort Hotel & Spa for a period of 4 months and the soft hospitality sector outlook.

On behalf of the Board, I am pleased to share that Sunway REIT managed to outperform and deliver higher DPU in FY2019 albeit by a marginal quantum compared to FY2018. For FY2019, Sunway REIT delivered a DPU of 9.59 sen, versus 9.57 sen in FY2018. Distribution yield compressed from 5.4% as at 30 June 2018 to 5.1% as at 30 June 2019 on the back of appreciation in unit price. For FY2019, Sunway REIT delivered a total return of 10.7%, outperforming the FTSE Bursa Malaysia Composite Index (FBM KLCI) total return of 2.1%. In addition, Sunway REIT maintained a 100% distribution policy since IPO, a commitment which we adhered to our unitholders.

Acquisition during the year has contributed to an increase in property value by 10.5% to RM8.05 billion in FY2019. The gain in property value was attributed to the acquisition amounting to RM0.55 billion and the remaining was contributed by fair value gain and capital expenditure. The net asset value (NAV) per unit attributable to unitholders increased correspondingly from RM1.4566 to RM1.4905.



For more information, please refer to A Conversation with the CEO and Management Discussion & Analysis sections



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TRANSCEND 2025

As the first decade of Sunway REIT’s journey approaches its final year, we initiated TRANSCEND25 (TC25), a programme that formulates the strategic roadmap to capitalise on the diversity of Sunway REIT into a future-proof trust.

This project involved multifaceted groups which contributed to the formulation of the mid-term strategy and I am humbled to lead the groups of Board of Directors, the Manager and Business Unit Management Teams in collaboration with Monash University Malaysia. We would like to take this opportunity to express our sincere gratitude to all parties for their contribution in this project.

From the top-down approach, the Vision and Mission statements were aligned to the objectives of TC25 with a further introduction of “The Purpose” for Sunway REIT.

In the subsequent sections of this report, we will share in greater depth TC25 Goals and Targets alongside with the key enablers.



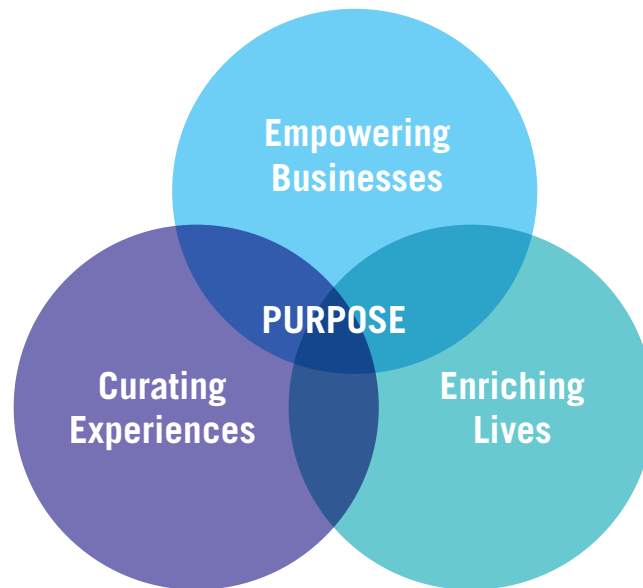
For more information, please refer to A Conversation with the CEO section

OUR VISION

To be the leading diversified REIT in Malaysia committed to enhancing stakeholder value - Sustainable Growth, Environmental Stewardship and Community Engagement.

OUR MISSION

To deliver sustainable income distribution over the long-term through responsible business strategies supported by adaptive innovation solutions, management and sustainability practices.



KEY PILLARS OF TC25



MESSAGE FROM THE CHAIRMAN

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Unitholders of Sunway REIT are pre-dominantly institutionalised unitholders. It is our obligation to be equitable to our unitholders where the interests of both institutional and minority unitholders are safeguarded. We engage our unitholders through multiple communication platforms to proactively seek feedback from unitholders in relation to business strategies, financial performance, capital management strategies, corporate governance practices and risk management.

We take pride in our commitment in promoting corporate governance best practices to protect the interests of all stakeholders. We continue to go above and beyond the minimum statutory requirements. In FY2019, we continue to voluntarily disclose the Corporate Governance Report, to benchmark the Manager and Sunway REIT's level of governance and compliance with the Malaysia Code of Corporate Governance 2017 (MCCG 2017).

Inclusivity and diversity remain as an agenda that is very close to our hearts. In order to achieve a balanced and comprehensive representation on the Board, we continuously reviewed the competitiveness of the Board to strengthen their competencies in the scopes of business, investment, finance and capital management, legal and compliance, risk management and sustainability. We are pleased to welcome Ms. Yeo Kar Peng on board as an Independent Non-Executive Director. Her appointment is indeed another milestone where the Board achieved majority in Independent Directors as recommended in Practice 4.1 of the MCCG 2017. In addition, the female on Board percentage has increased from 34% to 43% in FY2019, significantly above the 30% required by MCCG 2017.

FEMALE REPRESENTATION OF THE REIT MANAGER

The Board of Directors



Key Management



All Employees



Our accountability and commitment towards stakeholders motivated us to introduce new initiatives to enhance the effectiveness of Board Oversight through discipline and diligent process enhancements. In this respect, the Manager aligned the Deed and Policy Manual with the MCCG 2017, the Listed REIT Guidelines and the Listing Requirements. In addition, revision was made to the Board Charter and the Terms of Reference (TOR) of the Nomination and Remuneration Committee (NRC) incorporating assessment of the independence of Independent Directors who have served more than 9 years to ensure that they continued to act objectively and independently.

Pursuant to the establishment of the Risk Management Committee (RMC), we strengthened risk governance supervision and surveillance by adopting the three layers of defence across business units, the Manager and Group Internal Audit Department (GIAD). We look forward to introducing new risk management initiatives in the coming year.



For more information, please refer to Corporate Governance Overview Statement and Risk Management sections

RAISING OUR COMMITMENT IN SUSTAINABILITY

Today, the United Nations (UN)-backed Principle for Responsible Investment (PRI) is a global initiative in excess of 1,600 members representing over USD70 trillion assets under management. PRI's role is to advance the integration of Economic, Social and Governance (ESG) into analysis and investment decision making.

In line with global investors' trend, Sunway REIT, in its 4th year of its sustainability journey, has accelerated its sustainability endeavour. This year, we focused on further improvement in the governance structure and reporting standards with continuous rollout of sustainability projects. Driven by the aspiration to excel in this area, we engaged an external consultant to provide guidance and evaluate Sunway REIT's compliance standards, best practices, gap analysis and opportunities for future improvement.



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Sunway REIT has definitely achieved several key milestones in this financial year. One of the key areas of focus was waste management in order to align to UN SDG 12: Responsible Consumption and Production. To demonstrate our commitment in achieving this goal, Sunway REIT has invested in composting machines for the hotels in Sunway City and Sunway Pyramid Shopping Mall. The machines will convert food waste into compost and at the same time, reduce waste to landfill. This year, we also implemented the rainwater harvesting project at Menara Sunway and Sunway Pyramid Shopping Mall.

Under the social pillar, Sunway REIT partnered with The Good Shop, an impact aggregator platform, to help impact makers achieve greater self-sustainability and awareness through nurturing social entrepreneurs at Sunway Pyramid Shopping Mall.

The testament to our sustainability commitment is reaffirmed through Sunway REIT's representation in the FTSE4Good Bursa Malaysia Index, since 2016.



For more information, please refer to Sustainability Statement section

INDUSTRY LEADERSHIP

Sunway REIT's commitment to the REIT industry and capital market development is a blueprint in our sustainability agenda under the economic pillar. The commitment is demonstrated through Sunway REIT's Chief Executive Officer, Dato' Jeffrey Ng's leadership position in the Malaysian REIT Managers Association (MRMA). The MRMA is a platform for the voice of the M-REITs industry to embark on initiatives and engage with regulatory bodies as well as Government agencies to enhance competitiveness and promote growth of the industry.

This year, the association initiated an innovative affordable rental homes proposal to the Government to address the socio-economic prosperity of the B40 population in the country. The proposal, premised on rental homes, offers an alternative perspective to home ownership for the B40 community. In addition to that, MRMA will be hosting an inaugural REIT Conference with APREA to create a platform to grow awareness of M-REITs.



For more information, please refer to Corporate Governance Overview Statement section

OUTLOOK FOR FY2020

The outlook for the remainder of CY2019 remains cautious stemming from unresolved trade tensions leading to uncertainties in global trade and investment activities. The International Monetary Fund (IMF) has trimmed projected global growth from moderate to 3.2% in CY2019 (April forecast: 3.3%) and 3.5% in CY2020 (April forecast: 3.6%). In response to rising global risks, accommodation in global monetary policy is expected, to be led by the US. The Fed Fund Rate has remained unchanged in 1H CY2019 followed by a recent 25bps cut in July 2019.

On the domestic front, Bank Negara Malaysia (BNM) maintained Malaysia's gross domestic product (GDP) projection of 4.3% to 4.8% in CY2019. The downside risk to the projection is premised on the uncertainties in the global and domestic environment as well as intensified trade tensions which may cause uncertainties in Malaysia's external trade.

Headline inflation is expected to remain benign in CY2019, averaging between 0.7% to 1.7% after incorporating some cost pass-through from domestic cost factors. Underlying inflation is expected to remain contained, supported by sustained expansion in economic activity in the absence of strong demand pressure. The trajectory of headline inflation will be dependent on global oil prices and policy measures. Following a 25bps cut in the Overnight Policy Rate (OPR) in May 2019, the Monetary Policy Committee (MPC) has maintained the OPR at 3.00% in July 2019. Taking guidance from global interest rate trends, particularly the Fed Fund Rate, the MPC maintained an accommodative monetary policy stance to support economic activities and ensure that the stance is conducive to sustainable growth amidst a benign inflationary environment.

Taking the above trajectory into consideration, we remain agile to the challenges to balance the prevailing risks and opportunities in order to continue to achieve long-term value creation for our stakeholders.



For more information, please refer to A conversation with the CEO section

MESSAGE FROM THE CHAIRMAN

RECOGNITION FOR EXCELLENCE

In pursuit of long-term value creation to stakeholders above and beyond financial performance, Sunway REIT believes in continuous improvement in adoption of best practices beyond minimum statutory requirements. In an increasingly challenging operating landscape, Sunway REIT believes that communication is critical to engage stakeholders to provide insights and better appreciation of Sunway REIT's direction. This demonstrates the Manager's aspiration in maintaining high level of disclosures and transparency.

We are humbled that these endeavours were appreciated and recognised by our stakeholders and awarding bodies. At the National Annual Corporate Report Awards 2018 ("NACRA"), Sunway REIT was bestowed the Gold Award for NACRA Best Integrated Reporting 2018. This award is indeed a major motivation for Sunway REIT in our maiden integrated report and places Sunway REIT in the same league with listed organisations with large market capitalisation in the stock exchange.

In an international recognition, Sunway REIT was awarded the Gold Award for The Asset Corporate Awards 2018, for excellence in Corporate Governance and Investor Relations while Dato' Jeffrey Ng clinched The Best CEO Award 2018 for the Property Industry.

We wish to express our sincere gratitude to the regulatory bodies, the esteemed awarding bodies and all stakeholders for their acknowledgement. We are encouraged by these recognitions and committed to continuously deliver superior results in all our pursuits.

IN APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to our management team, valued employees of the Manager and members of the Board. Through your unwavering commitment and dedication, I am pleased that we have persevered well through the numerous challenges with stride. I am confident that the leadership, diversity and talent of the Board and management team will bring us to achieve greater milestones in the coming years and I truly look forward to that.

Our achievement will not be attainable without the support of our stakeholders. I would like to extend our heartfelt gratitude to our valued stakeholders - unitholders, trustee, property manager, business unit management teams, business partners, fellow analysts and investment community and members of the press for their continuous support and trust in Sunway REIT.

Yours sincerely,

Tan Sri Ahmad Bin Mohd Don
Chairman
Sunway REIT Management Sdn Bhd
8 August 2019



Please refer to Board of Directors section for the profile of the Chairman. The role of the Chairman is discussed in Corporate Governance Overview Statement



Chairman's training record and further corporate governance related information are available in <http://www.sunwayreit.com>



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PERUTUSAN PENGERUSI



Pihak Berkepentingan yang dihormati,

Saya amat berbesar hati dapat berkhidmat untuk Lembaga Pengarah sejak penubuhan Sunway REIT. Saya bertuah menjadi sebahagian daripada cerita pertumbuhan Sunway REIT yang telah muncul lebih berdaya tahan melalui kepelbagaian yang memberangsangkan. Kini Sunway REIT berada di tahun terakhir dekad pertama sejak penubuhannya. Oleh itu, kami memulakan TRANSCEND25 (TC25), sebuah program yang merangka pelan strategik untuk memanfaatkan kepelbagaian Sunway REIT supaya menjadi amanah yang kekal relevan untuk masa depan. Bagi pihak Lembaga Pengarah, saya amat berbesar hati untuk berkongsi sorotan utama Sunway REIT pada TK2019.



PERUTUSAN PENERUSI

Pemulihan selama sedekad dari Krisis Kewangan Global telah meletakkan ekonomi global pada kedudukan yang lebih kukuh. Ekonomi global berkembang 3.6% tahun ke tahun (t-k-t) dalam tahun 2018. Sementara itu, ekonomi terbesar di dunia, Amerika Syarikat (AS) berkembang 2.2% t-k-t pada tahun 2018 dan terus meningkat pada suku pertama tahun 2019 sehingga 3.2% t-k-t. Kadar pengangguran menurun kepada tahap terendah bagi dekad ini iaitu 3.8%, mengesahkan pasaran pekerjaan yang stabil. Pertumbuhan AS dicapai walaupun dasar perlindungan perdagangan diambil oleh pentadbiran Trump. Peningkatan dalam ketegangan perdagangan antara dua kuasa ekonomi telah menyebabkan gangguan dalam aliran dagangan global dan aktiviti perdagangan di seluruh dunia.

Di peringkat domestik, Malaysia menyaksikan permulaan era baru berikutan kejatuhan kerajaan gabungan yang diketuai oleh Pertubuhan Kebangsaan Melayu Bersatu (UMNO) setelah memerintah selama 61 tahun. Peralihan landskap politik telah membawa kepada ketidakpastian dalam dasar ekonomi di tengah-tengah penyatuan dan pembaharuan fizikal. Pengeluaran dana mencetuskan ketidakstabilan dalam pasaran ekuiti.

Ekonomi Malaysia menyederhana hingga 4.7% t-k-t dalam tahun 2018 dan terus menurun kepada 4.5% t-k-t dalam suku pertama tahun 2019, sebahagian besarnya bergantung kepada permintaan domestik. Tekanan inflasi yang terkawal telah memberi ruang untuk pelonggaran dasar monetari bagi menyokong pertumbuhan. Pada bulan Mei 2019, Bank Negara Malaysia (BNM) telah mengurangkan Kadar Dasar Semalaman (OPR) sebanyak 25bps kepada 3.00%. Langkah itu adalah sejajar dengan jangkaan masa depan Rizab Persekutuan AS.

Tahap ketidakpastian yang lebih tinggi dalam ketegangan geopolitik global dan domestik, ditambah dengan asas ekonomi yang kurang baik telah menyumbang kepada penyaluran dana ke pelaburan selamat seperti Amanah Pelaburan Hartanah Malaysia (M-REITs). Secara keseluruhannya, industri M-REITs stabil pada TK2019. Hasil edaran dimampatkan secara marginal dari 6.44% pada 30 Jun 2018 hingga 6.41% pada 30 Jun 2019. 5 permodalan pasaran teratas M-REITs didagangkan pada tahap hasil edaran yang lebih mampat sebanyak 5.32% pada 30 Jun 2018 dan 5.28% pada 30 Jun 2019.

MEMBERI NILAI YANG MAMPAN

Kemelut global ditambah pula dengan ketidakstabilan dalam keadaan tempatan, menyebabkan landskap operasi menghadapi tahap ketidakpastian yang lebih tinggi. Keadaan ini turut dicabar oleh isu sedia ada iaitu kelebihan penawaran dalam sub-sektor hartanah. Meskipun menghadapi cabaran, Pengurus bersama dengan pihak pengurusan unit perniagaan terus berusaha untuk memberikan nilai mampan kepada pihak berkepentingan.

Pada permulaan tahun kewangan, kami memaklumkan para pemegang-pemegang unit mengenai kemungkinan penurunan pengagihan seunit (DPU) pada TK2019, disebabkan kehilangan pendapatan akibat pengubahsuaian Dewan Besar dan Bilik Mesyuarat di Sunway Resort Hotel & Spa untuk tempoh 4 bulan dan prospek sektor hospitaliti yang kurang memberangsangkan.

Bagi pihak Lembaga, saya dengan sukacitanya berkongsi bahawa Sunway REIT berjaya menyampaikan DPU yang lebih tinggi pada TK2019 walaupun dengan kuantum yang marginal berbanding TK2018. Bagi TK2019, Sunway REIT menyampaikan DPU sebanyak 9.59 sen, berbanding 9.57 sen dalam TK2018. Hasil edaran dimampatkan dari 5.4% pada 30 Jun 2018 kepada 5.1% pada 30 Jun 2019 disebabkan kenaikan harga unit. Untuk TK2019, Sunway REIT menyampaikan jumlah pulangan sebanyak 10.7%, mengatasi Indeks Komposit FTSE Bursa Malaysia (FBM KLCI) dengan pulangan sebanyak 2.1%. Di samping itu, Sunway REIT mengekalkan dasar pengagihan 100% sejak IPO, satu komitmen yang kami patuhi demi para pemegang-pemegang unit kami.

Perolehan dalam tahun ini telah menyumbang kepada peningkatan nilai hartanah sebanyak 10.5% kepada RM8.05 bilion pada TK2019. Peningkatan nilai hartanah adalah disumbang oleh perolehan berjumlah RM0.55 bilion dan selebihnya disumbangkan oleh keuntungan nilai saksama dan perbelanjaan modal. Nilai aset bersih (NAV) seunit untuk pemegang-pemegang unit meningkat dari RM1.4566 kepada RM1.4905.



Untuk maklumat lanjut, sila rujuk kepada Bicara Bersama Ketua Pegawai Eksekutif dan Perbincangan dan Analisis Pengurusan

TRANSCEND 2025

Sunway REIT kini berada di tahun terakhir bagi dekad pertama, dan kerana itu kami memulakan TRANSCEND25 (TC25), sebuah program yang merangka pelan strategik untuk memanfaatkan kepelbagaian Sunway REIT supaya boleh kekal relevan untuk masa depan.

Projek ini melibatkan pelbagai kumpulan yang menyumbang kepada penggubalan strategi jangka sederhana dan saya berbesar hati diberi peluang untuk memimpin kumpulan Lembaga Pengarah, Pengurus dan pihak pasukan pengurusan unit perniagaan dengan kerjasama Monash University Malaysia. Kami ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada semua pihak atas sumbangan mereka dalam projek ini.

Melalui pendekatan atas ke bawah, Penyataan Visi dan Misi telah diselaraskan dengan objektif TC25 dengan pengenalan selanjutnya Tujuan untuk Sunway REIT.



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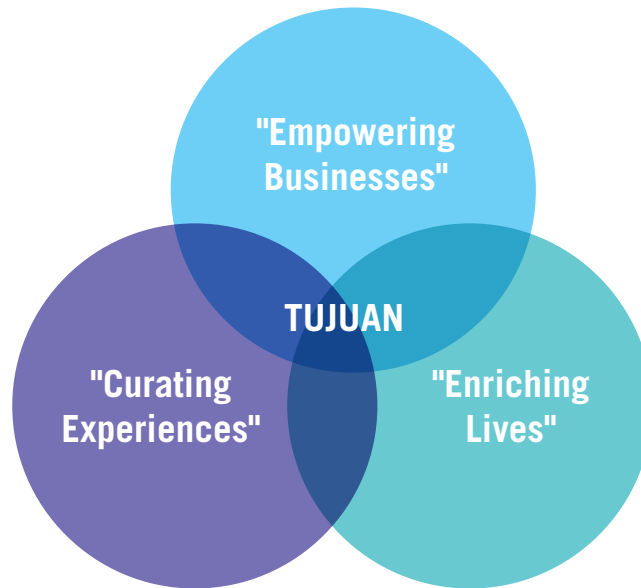
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VISI KAMI

"To be the leading diversified REIT in Malaysia committed to enhancing stakeholder value - Sustainable Growth, Environmental Stewardship and Community Engagement."

MISI KAMI

"To deliver sustainable income distribution over the long-term through responsible business strategies supported by adaptive innovation solutions, management and sustainability practices."



TERAS UTAMA TC25



Sasaran TC25 berserta dengan pembolehubah utamanya akan kami kongsi secara mendalam di seksyen seterusnya dalam laporan ini.



Untuk maklumat lanjut, sila rujuk kepada Bicara Bersama Ketua Pegawai Eksekutif

PERUTUSAN PENERUSI

TADBIR URUS KORPORAT DAN PENGURUSAN RISIKO

Pemegang-pemegang unit institusi membentuk sebahagian besar pemegang-pemegang unit Sunway REIT. Tanggungjawab kami adalah untuk bersikap adil dan saksama kepada pemegang-pemegang unit institusi dan minoriti. Kami melibatkan pemegang-pemegang unit melalui pelbagai saluran komunikasi untuk mendapatkan maklum balas secara proaktif daripada pemegang-pemegang unit mengenai strategi perniagaan, prestasi kewangan, strategi pengurusan modal, amalan tadbir urus korporat dan pengurusan risiko.

Kami berbangga dalam usaha kami yang menggalakkan amalan tadbir urus korporat terbaik untuk melindungi kepentingan semua pihak berkepentingan. Kami terus melakukan yang terbaik dan melebihi keperluan berkanun yang minima. Pada TK2019, kami melaporkan Laporan Tadbir Urus Korporat secara sukarela sebagai titik rujukan bagi tahap tadbir urus dan pematuhan Sunway REIT dengan Kod Tadbir Urus Korporat Malaysia 2017 (MCCG 2017).

Inklusif dan kepelbagaian tetap menjadi agenda yang penting bagi kami. Dalam usaha untuk mencapai perwakilan yang seimbang dan komprehensif di dalam Lembaga Pengarah, kami secara berterusan mengaji daya saing Lembaga Pengarah untuk memperkukuhkan kecekapan mereka dalam bidang perniagaan, pelaburan, kewangan dan pengurusan modal, undang-undang dan pematuhan, pengurusan risiko dan kemampuan. Kami dengan sukacitanya menggalakkan perantaraan Cik Yeo Kar Peng sebagai Pengarah Bebas Bukan Eksekutif. Pelantikannya sememangnya mencatatkan satu lagi pencapaian di mana Lembaga Pengarah mencapai majoriti untuk Pengarah Bebas seperti yang dicadangkan dalam Amalan 4.1 MCCG 2017. Di samping itu, peratusan kaum wanita di tahap Lembaga Pengarah meningkat daripada 34% kepada 43% pada TK2019, jauh melebihi 30% yang ditetapkan oleh MCCG 2017.

PERWAKILAN WANITA DALAM PENGURUS

Lembaga Pengarah



Pengurusan Utama



Warga Pekerja



Akauntabiliti dan komitmen kami terhadap pihak berkepentingan mendorong kami untuk memperkenalkan inisiatif baru untuk meningkatkan keberkesanan Pengawasan Lembaga menerusi disiplin dan penambahbaikan proses secara bersungguh-sungguh. Dalam hal ini, Pengurus menyelaraskan Surat Ikatan Amanah dan Manual Dasar Sunway REIT dengan MCCG 2017, Garis Panduan REIT Tersenarai dan Keperluan Penyenaaran. Di samping itu, semakan telah dibuat kepada Piagam Lembaga dan Rujukan Terma (TORs) Jawatankuasa Pencalonan dan Ganjaran (NRC) yang menggabungkan penilaian untuk memastikan Pengarah Bebas yang telah berkhidmat lebih dari 9 tahun supaya terus bertindak secara objektif dan secara bebas.

Selaras dengan penubuhan Jawatankuasa Pengurusan Risiko (RMC), kami mengukuhkan pengawasan dan penyeliaan tadbir urus risiko dengan mengguna-pakai mekanisma pertahanan tiga-lapisan merentasi unit perniagaan, Pengurus dan Jabatan Audit Dalaman Kumpulan (GIAD). Kami berharap dapat memperkenalkan inisiatif pengurusan risiko baru pada tahun yang akan datang.



Untuk maklumat lanjut, sila rujuk seksyen Penyata Tadbir Urus Korporat and Pengurusan Risiko

MENINGKATKAN KOMITMEN KAMI DALAM KEMAMAPAN

Hari ini, Prinsip Pelaburan Bertanggungjawab (PRI) yang disokong oleh Pertubuhan Bangsa-Bangsa Bersatu (UN) adalah inisiatif global yang mempunyai lebih daripada 1,600 ahli dengan aset melebihi USD70 trilion di bawah pengurusannya. Peranan PRI adalah untuk memajukan integrasi Ekonomi, Sosial dan Tadbir Urus (ESG) ke dalam analisis dan proses membuat keputusan berkenaan pelaburan.

Selaras dengan trend pelabur global, Sunway REIT, kini dalam tahun ke-4 dalam usaha kemampuannya, telah mempercepatkan usaha kelestariannya. Pada tahun ini, kami memberi tumpuan kepada peningkatan struktur tadbir urus, piawaian pelaporan dengan pelaksanaan projek kemampuan secara berterusan. Didorong oleh aspirasi untuk mencapai kecemerlangan dalam bidang ini, kami mengundang perunding luar untuk memberikan panduan dan menilai Sunway REIT dalam piawaian pematuhan, amalan terbaik, analisis jurang dan peluang untuk peningkatan masa depan.

Sunway REIT telah berjaya mencapai beberapa pencapaian utama dalam tahun kewangan ini. Salah satu tumpuan utama adalah pengurusan sisa selaras dengan UN SDG 12: Penggunaan dan Pengeluaran Bertanggungjawab. Sunway REIT telah melabur dalam mesin pengkomposan bagi hotel di Sunway City dan Sunway Pyramid Shopping Mall sebagai komitmen kami untuk mencapai matlamat ini. Mesin akan menukar sisa makanan kepada kompos dan pada masa yang sama, mengurangkan sisa ke tapak pelupusan. Pada tahun ini, kami juga melaksanakan projek penuaian air hujan di Menara Sunway dan Sunway Pyramid Shopping Mall.



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Di bawah teras sosial, Sunway REIT, dengan kerjasama The Good Shop, satu platform pengagregat impak, menyokong pencetus impak bagi mencapai kesedaran dan kemampunan diri yang lebih tinggi dengan memupuk usahawan sosial di Sunway Pyramid Shopping Mall.

Bukti komitmen kami terhadap kemampunan diperakui melalui perwakilan Sunway REIT dalam Indeks FTSE4Good Bursa Malaysia, sejak tahun 2016.



Untuk maklumat lanjut, sila rujuk Penyataan Kemampunan

KEPEMIMPINAN INDUSTRI

Komitmen Sunway REIT terhadap industri REIT dan pembangunan pasaran modal adalah rencana terperinci dalam agenda kemampunan kami di bawah teras ekonomi. Kedudukan Ketua Pegawai Eksekutif Sunway REIT, Dato' Jeffrey Ng di tampuk kepimpinan Persatuan Pengurus REIT Malaysia (MRMA) mencerminkan kesungguhan Sunway REIT. MRMA adalah platform untuk industri M-REITs memulakan inisiatif dan melibatkan badan-badan kawal selia serta agensi Kerajaan untuk meningkatkan daya saing dan menggalakkan pertumbuhan industri.

Tahun ini, persatuan tersebut telah mengemukakan cadangan inovatif kepada Kerajaan iaitu rumah sewa berpatutan untuk menangani isu pertumbuhan sosial-ekonomi penduduk B40 di negara ini. Cadangan tersebut berdasarkan konsep rumah sewa, juga menawarkan pilihan selain daripada pemilikan rumah bagi komuniti B40. Di samping itu, MRMA bersama-sama APREA akan mengadakan Persidangan REIT yang pertama untuk mewujudkan satu platform bagi meningkatkan kesedaran mengenai M-REITs.



Untuk maklumat lanjut, sila rujuk kepada Penyata Tadbir Urus Korporat

PROSPEK UNTUK TK2020

Prospek untuk baki tahun 2019 masih dalam keadaan berhati-hati berikutan ketegangan perdagangan yang tidak dapat diselesaikan dan mengakibatkan ketidakpastian dalam perdagangan global dan kegiatan pelaburan. Dana Monetari Antarabangsa (IMF) telah mengurangkan unjuran pertumbuhan global kepada tahap sederhana 3.2% bagi tahun 2019 (ramalan April: 3.3%) dan 3.5% pada 2020 (ramalan April: 3.6%). Dasar-dasar kewangan global yang diterajui oleh AS dijangka akan berubah dan ini adalah tindak balas terhadap peningkatan risiko global. Kadar Dana Fed kekal tidak berubah dalam separuh pertama tahun 2019 diikuti dengan pemotongan kadar sebanyak 25bps pada bulan Julai 2019.

Di peringkat domestik, Bank Negara Malaysia (BNM) mengekalkan unjuran Keluaran Dalam Negara Kasar (KDKN) Malaysia sebanyak 4.3% hingga 4.8% bagi tahun 2019. Risiko negatif terhadap unjuran disebabkan ketidakpastian dalam persekitaran global dan domestik dan peningkatan ketegangan perdagangan yang mungkin menyebabkan ketidakpastian dalam perdagangan luar Malaysia.

Inflasi keseluruhan dijangka kekal terkawal dalam tahun 2019, iaitu secara purata antara 0.7% hingga 1.7% selepas menggabungkan beberapa kos melalui faktor kos domestik. Inflasi dasar dijangka kekal terkandung, disokong oleh perkembangan ekonomi yang berterusan dalam ketiadaan tekanan permintaan yang kukuh. Lintasan inflasi keseluruhan akan bergantung kepada harga minyak sedunia dan langkah-langkah dasar.

Berikutan pemotongan sebanyak 25bps pada Kadar Dasar Semalaman (OPR) pada bulan Mei 2019, Jawatankuasa Dasar Monetari (MPC) mengekalkan OPR pada 3.00% pada bulan Julai 2019. Mengambil petunjuk daripada trend kadar faedah global, terutamanya, Kadar Dana Fed, MPC mengekalkan pendirian dasar monetari yang akomodatif untuk menyokong aktiviti ekonomi dan memastikan pendirian itu kondusif untuk pertumbuhan yang mampan di tengah-tengah persekitaran inflasi yang terkawal.

Dengan mengambil kira trajektori di atas, kami tetap tangkas menghadapi cabaran dan mengimbangi risiko dan peluang yang muncul untuk terus mencapai penciptaan nilai jangka panjang kepada pihak berkepentingan.



Untuk maklumat lanjut, sila rujuk kepada Bicara Bersama Ketua Pegawai Eksekutif

PERUTUSAN PENERUSI

PENGIKTIRAFAN KECEMERLANGAN

Dalam usaha mencapai penciptaan nilai jangka panjang kepada pihak berkepentingan yang melebihi prestasi kewangan, Sunway REIT percaya dalam penambahbaikan yang berterusan dalam penerapan amalan terbaik yang melebihi keperluan berkanun yang minima. Dalam landskap operasi yang semakin mencabar, Sunway REIT percaya bahawa komunikasi adalah penting untuk melibatkan pihak berkepentingan untuk memberikan pandangan dan penghargaan yang lebih baik terhadap arah Sunway REIT. Ini mencerminkan aspirasi Pengurus dalam mengekalkan tahap pendedahan dan ketelusan yang tinggi.

Kami teruja usaha ini dihargai dan diiktiraf oleh pihak berkepentingan dan badan penganugerahan. Pada Anugerah Laporan Korporat Tahunan Kebangsaan 2018 ("NACRA"), Sunway REIT dianugerahkan Anugerah Emas untuk Pelaporan Bersepadu Terbaik NACRA 2018. Anugerah ini sememangnya merupakan motivasi utama untuk Sunway REIT dalam laporan bersepadu pertama kami dan menempatkan Sunway REIT dalam liga yang sama dengan organisasi besar yang tersenarai dalam bursa saham.

Di peringkat pengiktirafan antarabangsa, Sunway REIT dianugerahkan Anugerah Emas untuk Anugerah Korporat Asset 2018, untuk kecemerlangan dalam Urus Tadbir Korporat dan Perhubungan Pelabur manakala Dato' Jeffrey Ng meraih Anugerah Ketua Pegawai Eksekutif Terbaik 2018 untuk Industri Hartanah.

Kami ingin merakamkan ucapan terima kasih yang tulus kepada badan pengawalselia, badan penganugerahan yang dihormati dan semua pemegang berkepentingan untuk pengakuan mereka. Kami teruja oleh pengiktirafan ini dan komited untuk terus memberikan yang terbaik dalam semua usaha kami.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan ikhlas saya kepada pasukan pengurusan kami, kakitangan Pengurus dan anggota Lembaga Pengarah yang dihargai. Melalui komitmen dan dedikasi yang teguh, saya amat berpuas hati kerana kami telah berjaya menghadapi dan menangani pelbagai cabaran dengan jayanya. Saya yakin dengan kepimpinan, kepelbagaian dan bakat Lembaga Pengarah dan pasukan pengurusan, akan membawa kita mencapai kejayaan yang lebih besar pada tahun-tahun akan datang dan saya benar-benar menantikannya.

Pencapaian kami tidak akan dapat dicapai tanpa sokongan para pemegang berkepentingan kami. Saya ingin mengucapkan terima kasih kepada para pemegang kepentingan yang dihargai - pemegang-pemegang unit, pemegang amanah, pengurus harta tanah, pasukan pengurusan unit perniagaan, rakan kongsi perniagaan, rakan penganalisis dan masyarakat pelaburan serta anggota akhbar bagi sokongan dan kepercayaan berterusan mereka bagi Sunway REIT.

Yang ikhlas,

Tan Sri Ahmad Bin Mohd Don

Pengerusi
Sunway REIT Management Sdn Bhd
8 Ogos 2019



Sila rujuk bahagian Lembaga Pengarah untuk profil Pengerusi. Peranan Pengerusi dibincangkan dalam bahagian Penyata Tadbir Urus Korporat



Rekod latihan Pengerusi dan maklumat tadbir urus korporat selanjutnya boleh didapati di <http://www.sunwayreit.com>



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A CONVERSATION WITH THE CEO

Q: HOW WAS THE FINANCIAL PERFORMANCE OF SUNWAY REIT IN FY2019?

A: Sunway REIT ended the financial year with a glimpse of optimism. As opposed to an earlier expectation of a marginal dip in DPU, we managed to end the year on a positive note. In our humble opinion, the set of financial performance was better than our initial expectation in spite of the increasingly challenging environment. Revenue increased by 3.5% y-o-y to RM580.3 million, primarily attributable to a modest growth in retail segment and new income contribution from the newly-acquired Sunway university & college campus. Net property income increased correspondingly by 4.7% y-o-y to RM439.7 million. In FY2019, Sunway REIT delivered a DPU of 9.59 sen, a marginal increase of 0.2% from the previous year.



Please refer to Key Reflections from the CFO section for detailed analysis of the financial performance

Q: PLEASE SHARE SUNWAY REIT'S TOP 3 ACHIEVEMENTS IN FY2019.

A: It has been an active year for us. We completed several key initiatives to strengthen the building blocks of Sunway REIT. We embarked on a strategic planning roadmap and are pleased to share TRANSCEND25 (TC25), a programme that maps the strategic direction of Sunway REIT up to FY2025. The essence of TC25 will be elaborated in the subsequent section in my conversation below.

On the acquisition front, Sunway REIT acquired Sunway university & college campus for a total purchase consideration of RM550 million which was completed on 15 April 2019. The acquisition was timely to boost the income for Sunway REIT in this financial year. This acquisition was funded through a combination of debt and the newly established perpetual note programme.

This year, Sunway REIT, through its capital management programme, expanded its financing option via the establishment a RM10 billion Perpetual Note Programme. Sunway REIT is the first Malaysian Real Estate Investment Trust (M-REIT) to establish hybrid securities as an alternative equity financing option. We believe that this is a right move for the M-REITs industry as it offers an investment opportunity to investors and ultimately expands the depth and breadth of the perpetual securities offerings in Malaysia. The diversity of financing options provides Sunway REIT the flexibility to optimise its funding mix and cost levels.

A CONVERSATION WITH THE CEO

Q: WHAT IS TRANSCEND25? PLEASE ELABORATE.

A: TRANSCEND25 (TC25) is essentially an extension to Sunway REIT’s Strategic Direction 2020 (SD2020) which is approaching its final year in FY2020. I am excited to share the details of TC25, a mid-term strategic roadmap to guide Sunway REIT to achieve its goals by FY2025.

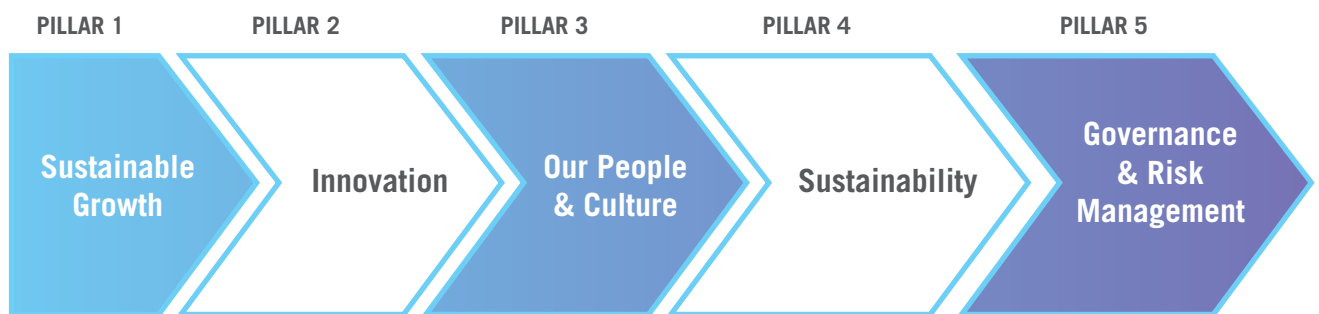
The Chairman, in his earlier section, has shared that this project involved multifaceted groups, including the Board of Directors, the Manager and Business Unit Management Teams in collaboration with Monash University Malaysia.

The workshop involved a series of focus group discussions, thorough research and analysis on key market trends and active deliberations to formulate the strategies for TC25.

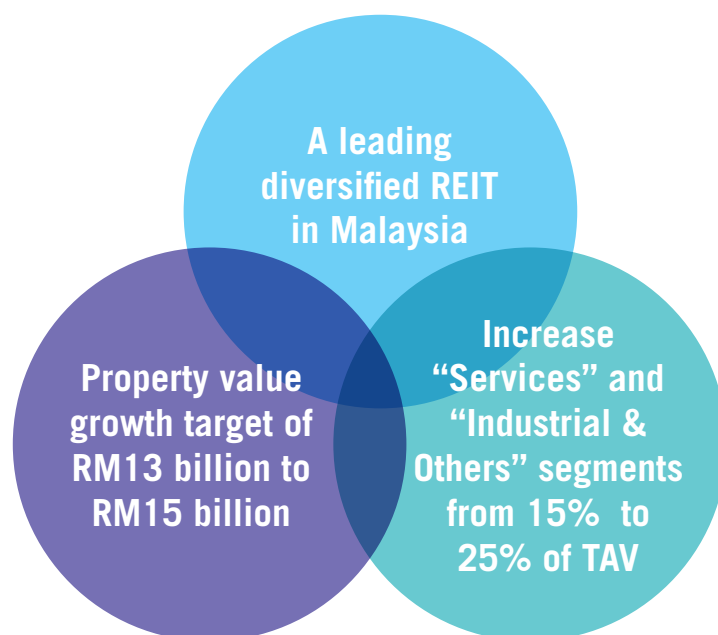
ORIGINATION OF TC25 PROCESS



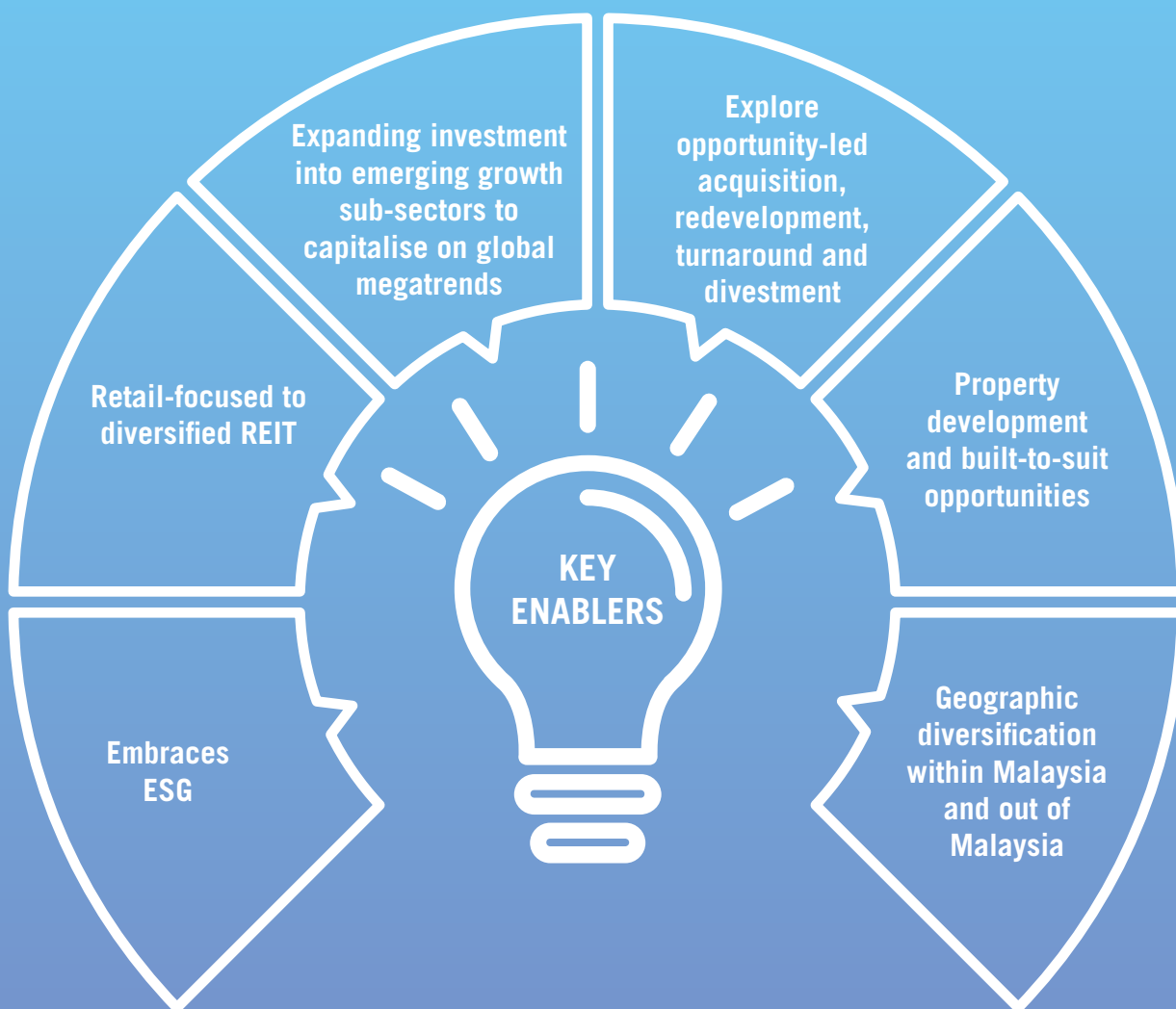
STRATEGIC PILLARS



GOALS AND ASPIRATIONS



A CONVERSATION WITH THE CEO



Q: SUNWAY REIT ACQUIRED AN EDUCATION PROPERTY IN THIS FINANCIAL YEAR. WHY DID SUNWAY REIT DIVERSIFY INTO A NEW SUB-SECTOR?

A: In the formulation of TC25, the thought process placed strong emphasis on developing new strategies to reinvent Sunway REIT's future growth through innovation - in simple terms - to think out of the normal convention.

We recognised that the core segments in our assets portfolio are susceptible to various growth-impeding challenges such as an oversupply property market, softening economic climate, lackluster tourist arrivals, rapid growth in e-commerce and other forms of disruptors and more. We observed new opportunities arising from long-term global megatrends such as urbanisation, growing intellect and affluence, innovation, amongst others. These megatrends unveiled new opportunities for Sunway REIT to diversify its investment portfolio such as spillover from e-commerce leading to demand for logistics and warehouses, growth in education and healthcare demand and potential partnerships with operators of business disruptors.

Propelling Sunway REIT's future growth aside, the diversification strategy is vital in managing Sunway REIT's portfolio concentration risk and business risk. The acquisition of Sunway university & college campus is in line with Sunway REIT's diversification strategy. The subject property, which is on a long-term triple-net lease structure will further strengthen the certainty and stability of Sunway REIT's income base. In a challenging market environment, income stability is crucial for Sunway REIT to protect the stability of income distribution to unitholders. The subject property is also complementary to Sunway REIT's properties located in the strategic and vibrant Sunway City.

A CONVERSATION WITH THE CEO

Q: IS SUNWAY REIT ON TRACK TO ACHIEVE ITS RM10 BILLION TARGET IN PROPERTY VALUE BY FY2020?

A: The RM10 billion target is an aspiration which we set during IPO in 2010. The property value has more than doubled since then. We have been operating in an intensely competitive environment amidst oversupplied property sub-sector and moderating economic climate. In spite of the prevailing challenges, we registered a healthy 10.5% growth in property value in FY2019, mainly attributable to the acquisition of Sunway university & college campus and appreciation in fair value of RM108 million.

One of Sunway REIT's growth pillars was via acquisition of which Sunway REIT has acquired RM2 billion worth of assets since IPO. This strategy remains as Sunway REIT's growth driver moving forward. In our opinion, the challenging property market environment is a double-edged sword which offers more acquisition opportunities in the market. We expect more sellers to prevail in the market due to their need to restructure the balance sheet or to deleverage.

Despite more potential opportunities offered in the market, we will exercise caution and prudence in evaluating acquisition proposals to ensure sustainability in income growth and property yield in the long-term horizon. Therefore, it is crucial for us to be convinced of the long-term growth prospect of the property, its location, and opportunity to add value. In the prevailing soft property market environment, we also factor in higher risk premiums in the investment evaluation process, resulting in widening expectations of yield requirements between vendors and buyers.

We take responsibility and accountability to exercise care and diligence in our acquisition of assets that are resilient to stand the test of time rather than building the portfolio merely to meet the target. We will work diligently towards achieving the RM10 billion within the timeframe but it is not "be all end all." Long-term goal cannot be compromised to fulfill short-term target by buying just for the sake of hitting acquisition target. We need to be selective and nurture superior quality properties to maximise potential for long-term income generation.

Our commitment to stakeholders is to continue to pursue growth through acquisitions in a prudent manner and supported by long-term pipeline assets developed by the Sponsor. In addition, the extended TC25 has set a longer term target of between RM13 billion to RM15 billion of property value.

Q: PLEASE SHARE THE UPDATE FOR THE EXPANSION OF SUNWAY CARNIVAL SHOPPING MALL.

A: The expansion of Sunway Carnival Shopping Mall is Sunway REIT's maiden property development project as permitted by the Securities Commission's Guidelines on Listed REITs. The extension wing of Sunway Carnival Shopping Mall aims to increase the net lettable area (NLA) of the mall by 350,000 sq.ft. to bring the total NLA of the mall to 830,000 sq.ft.

We are optimistic that this new retail icon in the making will be catalytic in transforming the retail landscape in mainland Penang. Leasing activities have been activated and pre-committed tenants are secured progressively. We are encouraged that pre-leasing responses thus far have indicated healthy interest from both internationally renowned and local tenants. With the Sunway brand and strong relationships with esteemed tenants to introduce "winner brands", we are confident that the mall will continue to flourish as the leading retail mall in the northern state.



Please refer to Investment Review under the Management Discussion & Analysis section

Q: PLEASE SHARE THE UPDATE FOR ASSET ENHANCEMENT INITIATIVES UNDERTAKEN IN FY2019. IS THERE ANY NEW ASSET ENHANCEMENT INITIATIVES IN FY2020?

A: As REIT Manager, we need to continuously identify opportunities to upgrade, maintain and redevelop our properties in pursuit of maximising the growth of the properties. In some instances, asset enhancement initiatives (AEIs) are required purely to protect market share and as part of our commitment in offering service excellence to our customers.

During the financial year, Sunway REIT completed the refurbishment of the Grand Ballroom and Meeting Rooms in Sunway Resort Hotel & Spa on time in November 2018. The refreshed and additional new meeting rooms equipped with state-of-the-art technological features have been relaunched in the market and received positive responses in the marketplace, which ultimately would contribute revenues for the hotel.



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Sunway Tower continued to suffer from high vacancy since FY2014 following the exit of two anchor tenants due to consolidation in their business. Occupancy rate has remained low despite aggressive leasing strategies. The growing trend of co-working and shared services has created opportunities to cater to new demand for office space, especially amongst small and medium sized entrepreneurs (SMEs) and start-ups. Capitalising on this trend, 5 levels of Sunway Tower will be repositioned to cater to a flexible co-working space concept, equipped with enhanced range of trendy offerings and space flexibility. The refurbishment will be executed on a progressive basis to take into consideration absorption rate and income generation. The first phase involves configuration of existing 4 floors into flexible co-working space with upgraded facilities.

In addition, we are initiating asset management initiative (AMI) for Sunway Putra Mall to uplift its performance. The Business Enhancement Plan 2020-2022, is formulated to redefine Sunway Putra Mall's tenancy mix with reintroduction of F&B attractions to drive an increase in footfall. There is a need to proactively undertake AMI because there is an abundance of value creation opportunity to be extracted for this retail mall.



For more information, please refer to Management Discussion & Analysis – Investment Review section

Q: HOW DOES SUNWAY REIT ADDRESS THE OVERSUPPLY CONDITION AND EMERGING THREAT OF E-COMMERCE FOR THE RETAIL SEGMENT?

A: The oversupply situation in the retail sub-sector is not new and is expected to intensify in the coming years. Sunway REIT acknowledges the challenges facing the retail sub-sector and the need to proactively evolve in order to stay ahead of consumer trends and competition.

In today's context, retail malls are no longer a shopping destination. However, they are lifestyle destinations where consumers congregate for social and family purpose. We have repositioned our malls to be experiential lifestyle malls offering refreshing experiences to consumers in the marketplace where we operate. We believe that these refreshing and unique experiences will appeal to existing consumers and attract new footfalls to the malls. Some of the strategies include creative marketing activities, capitalising new marketing channels such as social media and the use of IoTs and data analytics, increasing brand building amongst tenants such as flagship brands and first in Malaysia brands. We also enhance customer care and relationship via loyalty programmes such as Sunway Pals, rewards incentives, heart-touching points, phone-charging stations and etc.

We are conscious of staying relevant and in times of tough competition, we in fact turned aggressive on marketing and promotion activities in our malls to continuously drive higher footfalls to boost tenants' sales. In reality, their business growth is our business focus.

Q: HOW DOES SUNWAY REIT BENEFIT FROM EASING OF MONETARY POLICY?

A: In line with global interest rate trend, Bank Negara Malaysia's stance in maintaining an accommodative monetary policy stance is positive to boost business and consumer sentiment and demand for REITs. With the potential of a further decline in interest rate, we have maintained an active capital management strategy with a balanced fixed to variable debt ratio to optimise cost of financing.

Accommodative monetary easing regime typically bodes well for sentiment and demand for REITs units by virtue of the anticipation of widening spread between distribution yield and risk-free rate. This enhances the attractiveness of investing in REITs.



For more details, please refer to Management Discussion & Analysis – Capital Management section

Q: UNDER YOUR LEADERSHIP AS CHAIRMAN OF MRMA, PLEASE SHARE ANY LANDMARK INITIATIVE DURING THE YEAR.

A: MRMA has recently developed an innovative social impact investment proposal to the Government. On 24 June 2019, MRMA presented the Proposed Affordable Rental Homes project to the Prime Minister of Malaysia. We hope our proposal will be considered favourably as this proposal is an innovative and sustainable solution to engage, embrace and empower society through provision of affordable rental housing for B40 households as an alternative and complementary solution to home ownership.

A CONVERSATION WITH THE CEO



Q: WHAT SHOULD UNITHOLDERS EXPECT FOR FY2020?

A: Looking ahead, the underlying fundamentals surrounding the operating landscape remain challenging on the back of global whirlwind, moderation in domestic economy and fluidity in government policies amidst the New Government reform.

We expect Sunway REIT's DPU to stay resilient in FY2020, primarily supported by full year income contribution from Sunway university & college campus and modest growth in retail segment. However, we remain cautious on the performance of the hotel segment on the back of anticipated stronger headwinds with increasing supply facing the hospitality industry coupled with soft business sentiment and low growth in tourist arrivals.

Yours sincerely,

Dato' Jeffrey Ng Tiong Lip

Chief Executive Officer
Sunway REIT Management Sdn Bhd
8 August 2019



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S: BAGAIMANAKAH PRESTASI KEWANGAN SUNWAY REIT PADA TK2019?

J: Sunway REIT mengakhiri tahun kewangan ini dengan semangat optimis. Berbeza dengan jangkaan terdahulu yang mengandaikan penurunan minimal bagi DPU, kami berjaya mengakhiri tahun ini dengan nota positif. Pada pendapat kami, set prestasi kewangan ini lebih baik daripada jangkaan awal kami walaupun dalam persekitaran yang semakin mencabar. Hasil meningkat sebanyak 3.5% tahun-ke-tahun (t-k-t) kepada RM580.3 juta, terutamanya disebabkan oleh pertumbuhan sederhana dalam segmen runcit dan sumbangan pendapatan baru daripada Sunway university & college campus. Pendapatan hartanah bersih meningkat sebanyak 4.7% t-k-t kepada RM439.7 juta. Pada TK2019, Sunway REIT menyampaikan DPU sebanyak 9.59 sen, peningkatan minimal sebanyak 0.2% daripada tahun sebelumnya.



Sila rujuk bahagian Pandangan Utama dari CFO untuk analisis terperinci prestasi kewangan

S: SILA KONGSI 3 PENCAPAIAN UTAMA SUNWAY REIT DALAM TK2019.

J: Tahun ini merupakan tahun yang aktif bagi kami. Kami melengkapkan beberapa inisiatif utama untuk mengukuhkan Sunway REIT. Kami memulakan pelan hala tuju strategik dan gembira untuk berkongsi TRANSCEND25 (TC25) satu program yang memaparkan arah strategik Sunway REIT sehingga TK2025. Intipati TC25 akan diterangkan di bahagian berikutnya dalam perbualan saya di bawah.

Dari segi pemerolehan, Sunway REIT memperolehi Sunway university & college campus pada 15 April 2019 dengan jumlah pembelian sebanyak RM550 juta. Pemerolehan itu tepat pada masanya untuk meningkatkan pendapatan Sunway REIT dalam tahun kewangan ini. Pemerolehan ini dibiayai menerusi gabungan hutang dan Program Nota Kekal yang baru ditubuhkan.

Pada tahun ini, Sunway REIT, melalui program pengurusan modalnya, memperluaskan pilihan pembiayaannya menerusi penubuhan Program Nota Kekal RM10 bilion. Sunway REIT adalah perintis M-REITs yang menubuhkan sekuriti hibrid sebagai pilihan pembiayaan ekuiti alternatif. Kami percaya ini adalah langkah ke arah yang betul bagi industri M-REITs untuk menawarkan peluang pelaburan kepada pelabur-pelabur dan meluaskan penawaran sekuriti kekal di Malaysia. Kepelembagaan pilihan pembiayaan memberikan fleksibiliti kepada Sunway REIT untuk mengoptimalkan campuran pembiayaan dan kos pembiayaan.

S: APAKAH ITU TRANSCEND25? SILA HURAIKAN.

J: TRANSCEND25 (TC25) pada dasarnya adalah lanjutan daripada Arah Strategik Sunway REIT 2020 (SD2020) yang menghampiri tahun terakhirnya dalam TK2020. Saya teruja untuk berkongsi maklumat TC25, pelan strategik jangka pertengahan bagi untuk membimbing Sunway REIT untuk mencapai matlamatnya menjelang TK2025.

Pengerusi, dalam seksyen terdahulu, telah berkongsi bahawa projek ini melibatkan pelbagai kumpulan, termasuk Lembaga Pengarah, Pengurus dan pihak pengurusan unit perniagaan dengan kerjasama Monash University Malaysia.

Bengkel tersebut melibatkan siri perbincangan kumpulan fokus, penyelidikan dan analisis menyeluruh mengenai trend pasaran utama dan perbincangan aktif untuk merumuskan strategi untuk TC25.

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PERMULAAN PROSES TC25



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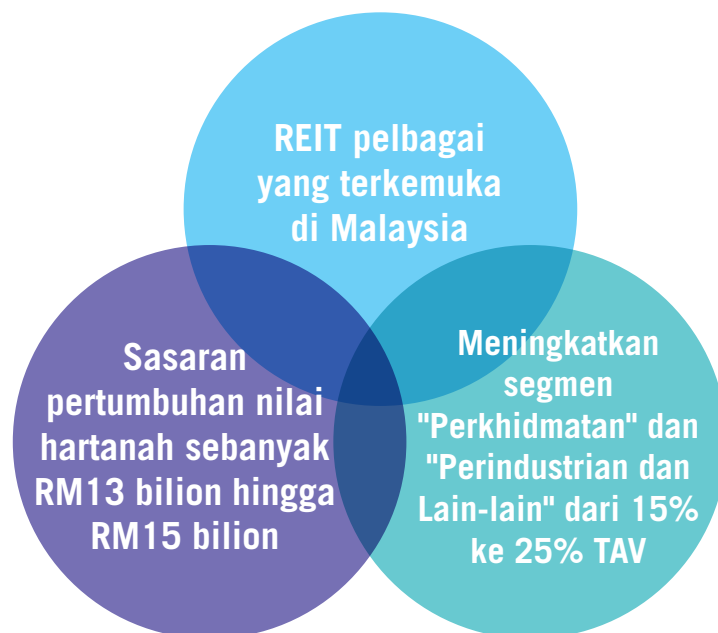


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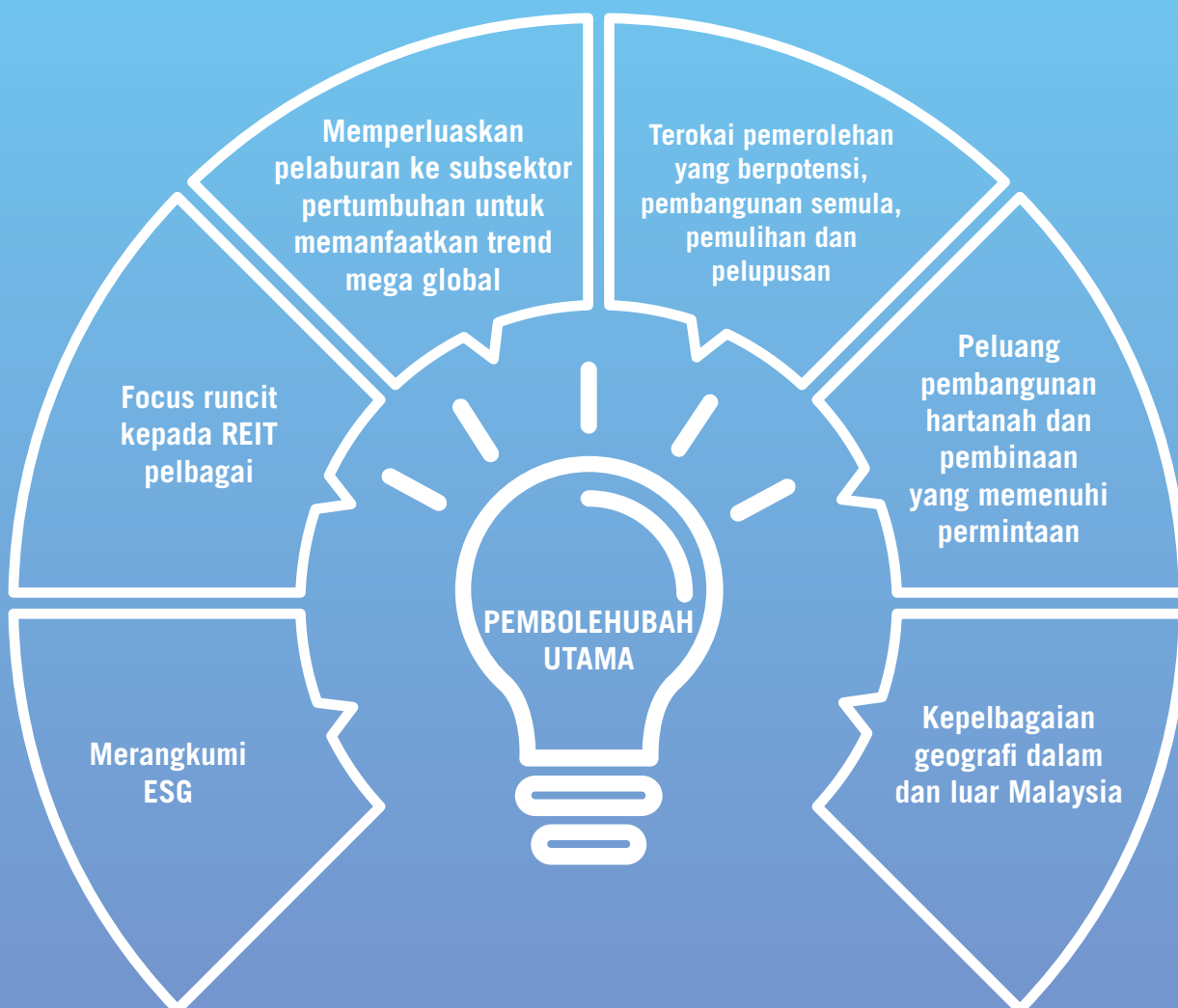


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BICARA BERSAMA KETUA PEGAWAI EKSEKUTIF



S: SUNWAY REIT MEMPEROLEHI HARTANAH PENDIDIKAN PADA TAHUN KEWANGAN INI. MENGAPA SUNWAY REIT MEMPELBAGAIKAN KE SUBSEKTOR BARU?

J: Dalam proses perumusan TC25, penekanan yang tinggi diberi terhadap strategi baru untuk mencipta pertumbuhan masa depan Sunway REIT menerusi inovasi dalam istilah mudah untuk memikirkan di luar konvensyen biasa.

Kami akui bahawa segmen teras dalam portfolio aset kami terdedah kepada pelbagai cabaran yang menghalang pertumbuhan seperti lebih dalam tawaran pasaran hartanah, ekonomi yang kurang memberangsangkan, jumlah ketibaan pelancong yang kurang, pertumbuhan pesat dalam e-dagang, lain-lain bentuk gangguan. Pada masa yang sama, kami melihat peluang baru daripada trend mega global jangka panjang seperti urbanisasi, intelek dan kemewahan yang meningkat, inovasi, antara lain. Trend mega ini memberikan peluang-peluang baru bagi Sunway REIT untuk mempelbagaikan ufuk pelaburannya seperti limpahan e-dagang yang membawa kepada permintaan untuk logistik dan gudang pertumbuhan dalam pendidikan dan pusat perubahan serta potensi bekerjasama dengan pengusaha inovasi yang menciptakan pasaran dan jaringan nilai baru.

Selain menggalakkan pertumbuhan masa depan Sunway REIT, strategi mempelbagaian adalah penting dalam menguruskan konsentrasi risiko portfolio dan perniagaan Sunway REIT. Pemerolehan Sunway universiti & college campus adalah sejajar dengan strategi kepelbagaian Sunway REIT. Hartanah tersebut, struktur pajakan bersih jangka panjang, akan terus mengukuhkan kepastian dan kestabilan asas pendapatan Sunway REIT. Dalam persekitaran pasaran yang mencabar, kestabilan pendapatan adalah penting bagi Sunway REIT untuk melindungi kestabilan pengagihan pendapatan kepada pemegang-pemegang unit. Hartanah tersebut juga melengkapi hartanah Sunway REIT yang terletak di Sunway City yang strategik dan bertenaga.

BICARA BERSAMA KETUA PEGAWAI EKSEKUTIF

S: BOLEHKAH SUNWAY REIT MENCAPAI SASARAN RM10 BILION DALAM NILAI HARTANAH MENJELANG TK2020?

J: Sasaran RM10 bilion adalah aspirasi yang kami tetapkan semasa IPO pada tahun 2010. Nilai hartanah kini telah tumbuh lebih daripada dua kali ganda sejak itu. Kami telah beroperasi dalam persekitaran yang sangat kompetitif di dalam sub-sektor hartanah yang berlebihan dan keadaan ekonomi yang menyederhana. Walaupun terdapat cabaran, kami mencatatkan pertumbuhan 10.5% dalam nilai hartanah pada TK2019, terutamanya disebabkan pemerolehan Sunway university & college campus dan peningkatan nilai saksama sebanyak RM108 juta.

Salah satu teras pertumbuhan Sunway REIT adalah melalui pemerolehan yang mana Sunway REIT telah memperolehi aset bernilai RM2 bilion sejak IPO. Melangkah ke depan, strategi ini akan kekal sebagai pemacu pertumbuhan Sunway REIT. Pada pendapat kami, persekitaran pasaran hartanah yang mencabar menawarkan lebih banyak peluang pemerolehan di pasaran. Kami menjangkakan akan ada lebih ramai penjual yang akan mengguna peluang ini untuk membantu mereka untuk menyusun semula lembaranimbangan atau mengurangkan hutang.

Meskipun ada lebih banyak peluang yang ditawarkan di pasaran, kami akan berhati-hati dan berhemat dalam menilai cadangan pemerolehan untuk memastikan kemampuan dalam pertumbuhan pendapatan dan hasil hartanah dalam jangka panjang. Oleh itu, adalah penting bagi kami untuk yakin pada prospek pertumbuhan hartanah jangka panjang hartanah, lokasinya, dan peluang untuk menambah nilai. Dalam persekitaran pasaran hartanah yang lemah, kami juga mengambilkira premium bagi risiko yang lebih tinggi dalam proses penilaian pelaburan yang mengakibatkan peluasan jangkaan keperluan hasil antara penjual dan pembeli.

Kami memikul tanggungjawab untuk memastikan setiap perolehan aset kami berdaya tahan menghadapi ujian masa dan bukannya sekadar hanya membina portfolio untuk memenuhi sasaran. Kami komited untuk berusaha dengan lebih gigih ke arah sasaran RM10 bilion dalam tempoh waktu yang ditetapkan tapi itu tidak bermakna itu titik noktahnya. Matlamat jangka panjang tidak boleh dikompromikan semata-mata untuk memenuhi sasaran pemerolehan jangka pendek. Kami perlu selektif dan memastikan hartanah yang diperolehi berkualiti untuk memaksimumkan potensi penjana pendapatan jangka panjang.

Komitmen kami kepada pihak yang berkepentingan adalah untuk meneruskan pertumbuhan melalui pemerolehan secara berhemat dan disokong oleh aset jangka panjang yang dibangunkan oleh Penaja. Di samping itu, TC25 yang dilanjutkan telah menetapkan sasaran untuk jangka yang lebih panjang antara RM13 bilion hingga RM15 bilion.

S: SILA KONGSIKAN PERKEMBANGAN TERKINI UNTUK RANCANGAN PENGEMBANGAN SUNWAY CARNIVAL SHOPPING MALL.

J: Perkembangan Sunway Carnival Shopping Mall adalah projek pembangunan hartanah sulung Sunway REIT yang dibenarkan oleh Garis Panduan Suruhanjaya Sekuriti bagi REIT Tersenarai. Sayap tambahan Sunway Carnival Shopping Mall bertujuan untuk meningkatkan kawasan bersih yang boleh disewakan (NLA) dalam pusat membeli-belah sebanyak 350,000 kaki persegi, dengan jumlah keseluruhan NLA pusat membeli-belah sebanyak 830,000 kaki persegi.

Kami optimistik bahawa ikon runcit baru ini yang bakal menembusi pasaran akan menjadi pemangkin dalam mengubah landskap runcit di tanah besar Pulau Pinang. Aktiviti penyewaan telah diaktifkan dan bilangan penyewa pra-komited dipertingkatkan secara progresif. Kami teruja dengan sambutan pra-penyewaan setakat ini yang menunjukkan tahap minat yang sihat daripada penyewa terkemuka antarabangsa dan tempatan. Dengan jenama Sunway dan hubungan yang teguh dengan penyewa terkemuka bagi untuk memperkenalkan "winner brands", kami yakin bahawa pusat membeli-belah tersebut akan terus berkembang dan menjadi pusat membeli-belah terkemuka di negeri bahagian utara.



Sila rujuk Kajian Pelaburan di bawah bahagian Perbincangan & Analisis Pengurusan untuk maklumat lanjut



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S: SILA KONGSIKAN PERKEMBANGAN TERKINI INISIATIF PENINGKATAN ASET YANG DILAKSANAKAN PADA TK2019. ADAKAH TERDAPAT SEBARANG INISIATIF PENINGKATAN ASET BARU DALAM TK2020?

J: Sebagai Pengurus REIT, kami perlu terus mengenalpasti peluang untuk menaiktaraf, mengekalkan dan membangunkan semula hartanah kami dalam usaha memaksimumkan pertumbuhan hartanah. Dalam sesetengah keadaan, inisiatif peningkatan aset (AEI) diperlukan semata-mata untuk melindungi bahagian pasaran adalah komitmen kami dalam menawarkan mutu perkhidmatan yang terbaik kepada pelanggan kami.

Sepanjang tahun kewangan, Sunway REIT menyempurnakan pembaharuan Dewan Besar dan Bilik Mesyuarat dalam tempoh yang ditetapkan iaitu bulan November 2018. Bilik mesyuarat baru dengan bilangan yang bertambah dan dilengkapi dengan ciri teknologi terkini dan menerima sambutan yang menggalakkan di pasaran pendapatan untuk Sunway Resort Hotel & Spa.

Sunway Tower terus mengalami kadar penghunian yang rendah disebabkan TK2014 berikutan pemergian dua penyewa utama penyatuan perniagaan. Kadar penghunian masih rendah meskipun strategi penyewaan yang agresif. Trend cokerja dan perkongsian perkhidmatan telah mewujudkan permintaan baru untuk ruang pejabat, terutama di kalangan usahawan kecil dan sederhana (SME), dan syarikat yang baru memulakan perniagaan. Dengan mengambilkira trend ini, 5 tingkat di Sunway Tower akan diposisi semula untuk memenuhi konsep ruang kerja yang fleksibel, dilengkapi dengan pelbagai tawaran menarik dan ruang yang fleksibel. Pengubahsuaian akan dilaksanakan secara progresif untuk mengambilkira kadar penyerapan dan penjana pendapatan. Fasa pertama melibatkan konfigurasi 4 tingkat kepada ruang cokerja yang fleksibel dengan penambahbaikan kemudahan dinaiktaraf.

Di samping itu, kami memulakan inisiatif pengurusan aset (AMI) bagi Sunway Putra Mall untuk meningkatkan prestasinya. Rancangan Peningkatan Perniagaan 2020-2022, dirumuskan untuk mentakrifkan semula campuran penyewaan di Sunway Putra Mall dengan memperkenalkan semula tarikan F & B untuk menarik lebih ramai pengunjung. Pelaksanaan AMI secara proaktif dapat mengekstrak banyak peluang penciptaan nilai untuk pusat membeli-belah ini.



Untuk maklumat lanjut, sila rujuk bahagian Perbincangan & Analisis Pengurusan - Semakan Pelaburan

S: BAGAIMANAKAH SUNWAY REIT MENANGANI KEADAAN LEBIHAN BEKALAN DAN ANCAMAN E-DAGANG UNTUK SEGMENT RUNCIT?

J: Keadaan lebihan penawaran dalam subsektor runcit bukanlah perkara baru dan dijangka akan meningkat pada tahun-tahun mendatang. Sunway REIT akui cabaran yang dihadapi oleh subsektor runcit dan keperluan untuk berkembang secara proaktif untuk berada setapak di hadapan trend pengguna dan persaingan.

Dalam konteks hari ini, pusat membeli-belah bukan lagi hanya destinasi membeli-belah, tetapi destinasi gaya hidup di mana pengguna berkumpul untuk tujuan sosial dan keluarga. Kami telah memposisikan semula pusat-pusat membeli-belah kami sebagai pusat gaya hidup yang menawarkan pengalaman yang baru kepada pengguna di pasaran tempat kami beroperasi. Kami percaya bahawa pengalaman yang baru dan unik ini akan menarik perhatian pengunjung yang sedia ada dan yang baru ke pusat membeli-belah. Beberapa strategi yang diambil termasuk aktiviti pemasaran kreatif, penggunaan saluran pemasaran baru seperti media sosial dan penggunaan IOTs dan analisis data, peningkatan penjenamaan di kalangan penyewa seperti jenama utama dan jenama pertama di Malaysia. Kami juga meningkatkan mutu perkhidmatan pelanggan melalui program kesetiaan seperti Sunway Pals, ganjaran insentif, 'heart-touching points', stesen mengecas telefon dan lain-lain.

Kami sedar betapa pentingnya untuk kekal relevan di kala persaingan sengit dan menjadi semakin agresif dalam aktiviti pemasaran dan promosi di pusat membeli-belah kami untuk terus menggalakkan kedatangan lebih ramai pengunjung bagi meningkatkan jumlah jualan bagi para penyewa. Yang nyata, pertumbuhan perniagaan mereka adalah fokus perniagaan kami.

S: BAGAIMANAKAH PELONGGARAN DASAR MONETARI MEMANFAATKAN SUNWAY REIT?

J: Sejalan dengan trend kadar faedah global, pendirian Bank Negara Malaysia dalam mengekalkan dasar monetari yang akomodatif adalah positif untuk meningkatkan sentimen perniagaan dan pengguna serta permintaan untuk REITs. Dengan potensi penurunan kadar faedah selanjutnya, kami telah mengekalkan strategi pengurusan modal yang aktif dengan nisbah hutang tetap kepada hutang berubah-ubah yang seimbang untuk mengoptimumkan kos pembiayaan.

Rejim dasar monetari yang akomodatif lazimnya baik untuk sentimen dan permintaan unit REITs berdasarkan jangkaan pelebaran antara hasil pengagihan dan kadar bebas risiko. Ini meningkatkan daya tarikan untuk melabur dalam REITs.



Untuk butiran lanjut, sila rujuk kepada Bahagian Perbincangan & Analisis Pengurusan - Pengurusan Modal

BICARA BERSAMA KETUA PEGAWAI EKSEKUTIF

Q: DI BAWAH KEPIMPINAN ANDA SEBAGAI PENERUSI MRMA, SILA KONGSIKAN INISIATIF PENTING PADA TAHUN INI.

A: MRMA baru-baru ini telah mengemukakan cadangan Tanggungjawab Sosial Korporat (CSR) yang inovatif kepada Kerajaan. Pada 24 Jun 2019, MRMA membentangkan Cadangan Projek Rumah Sewa Berpatutan kepada Perdana Menteri Malaysia. Kami berharap cadangan kami akan diterima baik memandangkan cadangan ini merupakan penyelesaian inovatif dan mampan untuk menggalakkan, melibatkan dan memperkasakan masyarakat melalui penyediaan perumahan sewa berpatutan untuk isi rumah B40 sebagai penyelesaian alternatif dan pelengkap kepada pemilikan rumah.



Q: APA YANG BOLEH DIJANGKA OLEH PARA PEMEGANG UNIT UNTUK TK2020?

A: Memandang ke depan, landskap operasi masih mencabar disebalik ketegasan ekonomi global, kesederhanaan dalam ekonomi domestik dan ketidakstabilan dasar kerajaan di tengah-tengah pembaharuan Kerajaan Baru.

Kami menjangkakan DPU Sunway REIT kekal berdaya tahan dalam TK2020, disokong oleh pendapatan daripada Sunway university & college campus dan pertumbuhan dalam segmen runcit. Walau bagaimanapun, kami tetap berhati-hati dengan prestasi segmen hotel berikutan kemungkinan peningkatan bekalan hospitaliti ditambah dengan sentimen perniagaan yang lemah dan pertumbuhan dalam ketibaan pelancong yang rendah.

Yang ikhlas,

Dato' Jeffrey Ng Tiong Lip

Ketua Pegawai Eksekutif
Sunway REIT Management Sdn Bhd
8 Ogos 2019



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PIECING TOGETHER TOWARDS A COMMON VISION

In every high achiever, there is a firm believer of teamwork. To attain unparalleled results and achieve greater accomplishments, we are dedicated to work towards a common vision.

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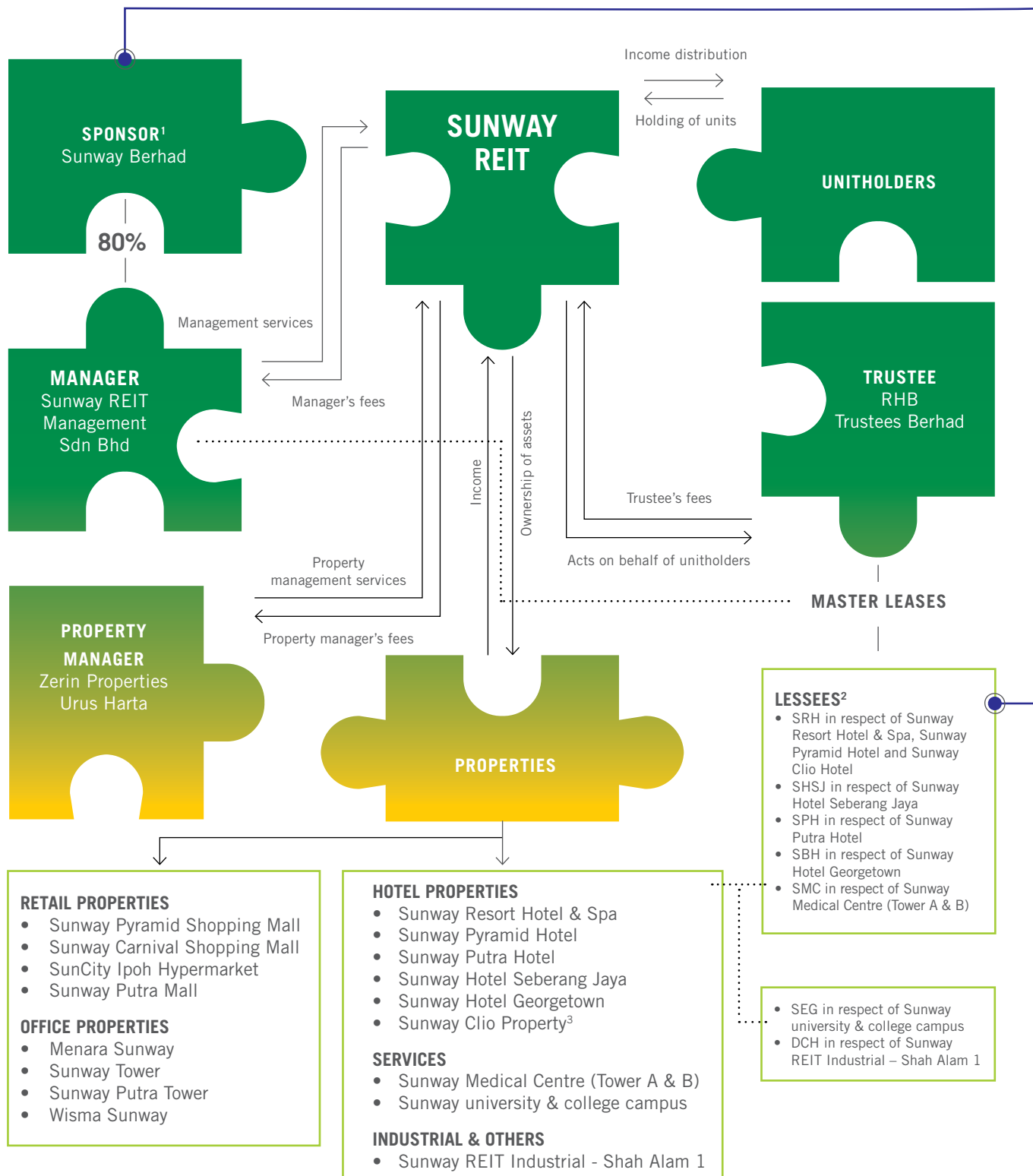


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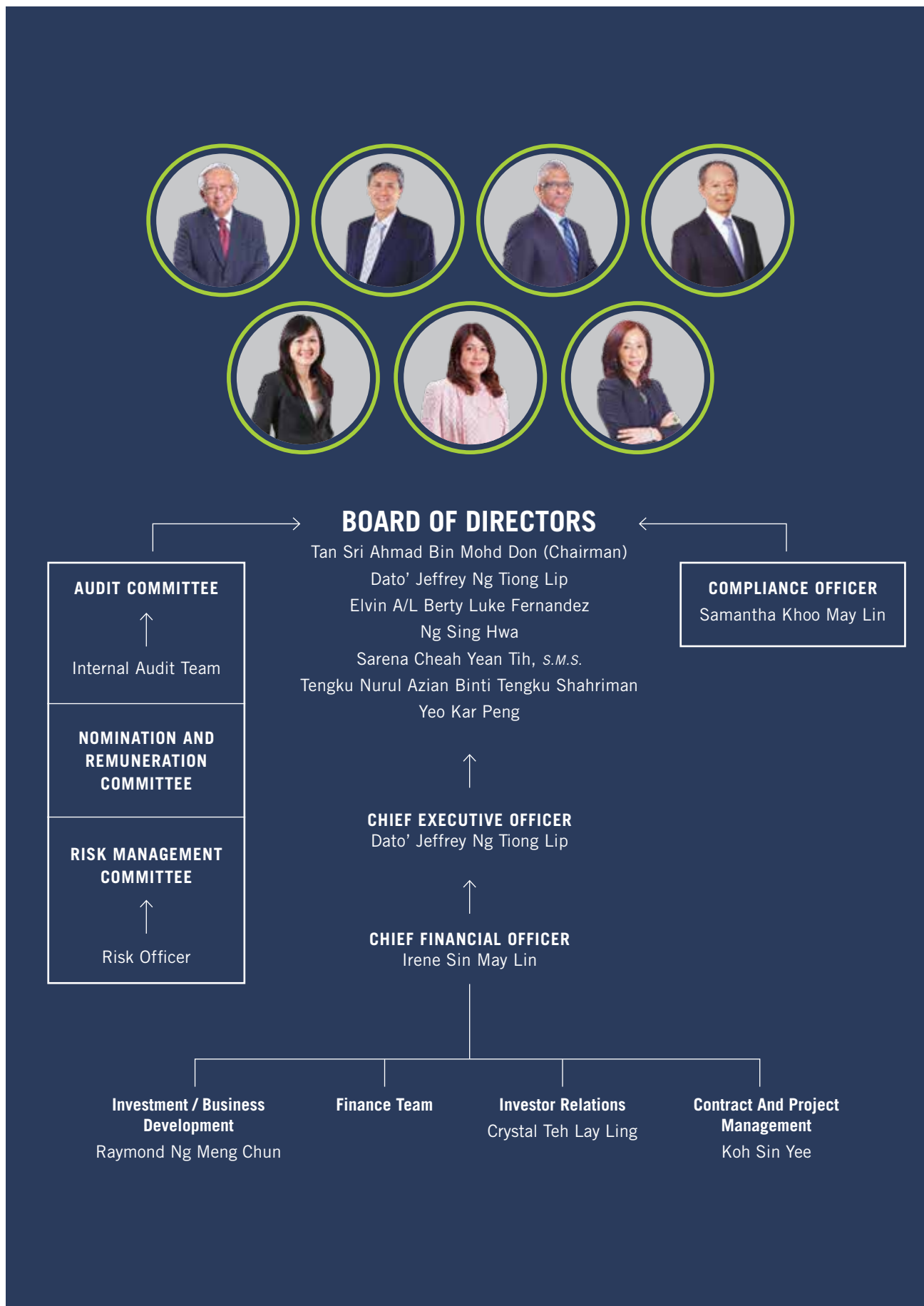
Equity interest
 Payments and services pursuant to contractual relationships under the Deed, the Master Leases and the Property Management Agreement
 Contractual relationships under the Master Leases

¹ Sunway Berhad has 40.9% investment in Sunway REIT as at 30 June 2019

² Sunway Resort Hotel Sdn Bhd (SRH) is the lessee for Sunway Resort Hotel & Spa, Sunway Pyramid Hotel and Sunway Clio Hotel
 Sunway Putra Hotel Sdn Bhd (SPH) is the lessee for Sunway Putra Hotel
 Sunway Hotel (Seberang Jaya) Sdn Bhd (SHSJ) is the lessee for Sunway Hotel Seberang Jaya
 Sunway Biz Hotel Sdn Bhd (SBH) is the lessee for Sunway Hotel Georgetown
 Sunway Medical Centre Sdn Bhd (SMC) is the lessee for Sunway Medical Centre (Tower A & B)
 Sunway Education Group Sdn Bhd (SEG) is the lessee for Sunway university & college campus
 DCH Contract Manufacturing Sdn Bhd (DCH) is the lessee for Sunway REIT Industrial - Shah Alam 1
 The hotel lessees are wholly owned subsidiaries of Sunway Berhad whilst SMC is a 99.2% owned subsidiary

³ Sunway Clio Property comprises a hotel and a retail component

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BOARD OF DIRECTORS



TAN SRI AHMAD BIN MOHD DON

Chairman, Independent Non-Executive Director
 Malaysian, Age 71, Male

Tan Sri Ahmad Bin Mohd Don was appointed to the Board on 25 August 2010. He also serves as a member of the Audit Committee, the Nomination and Remuneration Committee as well as the Risk Management Committee.

Tan Sri Ahmad graduated with Summa cum Laude in Economics and Business from Aberystwyth University, United Kingdom in 1969. He is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a Member of the Malaysian Institute of Certified Public Accountants.

Tan Sri Ahmad started his career with the Corp of Accountants, Government of Malaysia from 1972 to 1974 before joining the private sector. He served as Financial Controller from 1974 to 1980 in companies such as Syarikat Jengka Sdn Bhd, Mansfield Berhad and Pemas Securities Sdn Bhd where he was also the Company Secretary. In November 1980, he joined Permodalan Nasional Berhad as the Deputy General Manager and was involved in the planning and launching of the National Unit Trust Scheme in 1981. Subsequently in April 1982, he joined Malayan Banking Berhad as the General Manager of Treasury. During his service with Malayan Banking Berhad, he rose through the ranks of Senior General Manager and Board Member, then as Executive Director and in January 1991, he was appointed the Group Managing Director and Chief Executive Officer, a position which he held until 1994.

In May 1994, Tan Sri Ahmad was appointed the Governor of Bank Negara Malaysia, a position which he held until August 1998.

His current directorships in public companies are Alliance Bank Malaysia Berhad and United Malacca Berhad.

BOARD COMMITTEES



BOARD OF DIRECTORS



DATO' JEFFREY NG TIONG LIP

Chief Executive Officer
Non-Independent Executive Director
Malaysian, Age 62, Male

Dato' Jeffrey Ng Tiong Lip was appointed to the Board on 24 March 2010.

He is a graduate of Monash University, Melbourne with a Bachelor of Economics and completed his professional articleship in an international accounting firm in Australia before returning to Malaysia. He has more than 35 years of extensive experience in finance, corporate planning and executive management in the property and hotel industry in both Malaysia and Australia.

Prior to joining Sunway Group, Dato' Jeffrey Ng was the former Managing Director of AP Land Berhad. He was also the former Executive Director of Sunway City Berhad, a company formerly listed on Bursa Malaysia. He has held various positions in the past, such as the President of Real Estate and Housing Developers Association (REHDA), Past Chairman of REHDA Wilayah Persekutuan (KL) Branch, Director of Construction Industry Development Board (CIDB), Vice President and Secretary General of FIABCI Malaysian Chapter (International Real Estate Federation), Vice President of Malaysian Association of Hotel Owners (MAHO), Chapter Chairman of Young Presidents Organisation (YPO) Malaysian Chapter and Vice Chairman of Malaysia Australia Business Council (MABC).

Dato' Jeffrey Ng is currently the Chairman of both the Malaysian REIT Managers Association (MRMA) and REHDA Institute as well as Chairman and Independent Non-Executive Director of United Overseas Bank (Malaysia) Berhad. He is also a Member of the Board of Studies – Master of Real Estate Development, University Tunku Abdul Rahman. Professionally, he is a member of the Malaysian Institute of Certified Public Accountants and Chartered Accountants, Australia & New Zealand. He also holds a Capital Markets Services Representative's Licence (CMSRL). Dato' Jeffrey Ng is also a member of the Appeal Board under the Federal Territory (Planning) Act 1982.

In 1999, he was conferred a fellowship by Malaysian Institute of Directors and accorded the 'Entrepreneur of the Year' by MABC in 2003. In 2008, he was advanced to fellowship member of Chartered Accountants, Australia & New Zealand. In 2009, he was conferred the patron of REHDA. Dato' Jeffrey Ng was awarded "REHDA Personality of the Year 2015" for his contribution to the real estate industry. In 2018, he was awarded The Asset Best CEO-Property.

His directorships in other public companies are SUNREIT Capital Berhad, SUNREIT Unrated Bond Berhad, SUNREIT Perpetual Bond Berhad and Sunway Lagoon Club Berhad.



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ELVIN A/L BERTLY LUKE FERNANDEZ

Senior Independent Non-Executive Director
Malaysian, Age 69, Male

Mr Elvin A/L Bertly Luke Fernandez was appointed to the Board on 24 March 2010. He also serves as Chairman of the Audit Committee, and a member of the Nomination and Remuneration Committee and the Risk Management Committee.

He graduated from the Institution of Surveyors Malaysia (ISM), now known as the Royal Institution of Surveyors Malaysia (RISM). He is also a:

- Fellow, Royal Institution of Chartered Surveyors, United Kingdom (RICS);
- Honorary Member, China Appraisal Society (CAS);
- Honorary Member, Indian Institution of Valuers;
- Honorary Member, Indonesian Society of Appraisers (MAPPI);
- Honorary Member, Institute of Philippine Real Estate Appraisers (IPREA);
- Honorary Member, National Association of Romanian Valuers (ANEVAR);
- Honorary Member, Practising Valuers Association, India (PVAI);
- Member and Qualified Business Valuation Instructor, International Association of Certified Valuation Specialists (IACVS);
- Member, Investigating Tribunal Panel, Malaysian Bar Council;
- Member, Malaysian Institute of Estate Agents (MIEA);
- Member, Malaysian Institute of Professional Property Managers (MIPPM);
- National Committee Member of FIABCI Malaysian Chapter (FIABCI is the French acronym for "Federation Internationale des Administrateurs de Bien-Conselis Immobiliers", which means "The International Real Estate Federation");
- President, Business Valuers Association Malaysia (BVAM); and
- Executive Committee Member of the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) and Chairman of the Valuation & Property Consultancy Committee of PEPS.

He is currently the Managing Director of the Khong & Jaafar Group of Companies. He has held various positions in the past, such as:

- President of the Royal Institution of Surveyors Malaysia (Session 2010/2011);
- Member/Exco-Member of the Board of Valuers, Appraisers & Estate Agents Malaysia (1993-2007);

- President of the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (2000/2002);
- Adjunct Professor of University Malaya - Faculty of Built Environment (2013/2014); and
- Member of the RICS Malaysia Board from 1 June 2014 until 31 May 2016.

Internationally, he was a past Chairman of the International Valuation Standards Council (2007/2008) and a past Secretary-General of the ASEAN Valuers Association (2010/2018). In May 2008, he was appointed as a Consultant for the establishment of a Real Estate Investment Trust Framework (Valuation Aspects) by the Securities Commission of Pakistan. In 2013, he was invited by the China Appraisal Society to advise them as well as the Ministry of Finance of the People's Republic of China on their proposed valuation law. Only four International experts from around the world were called to be on the Advisory Committee.

He was awarded:

- "Property Consultant of the Year 2005" by the Board of Valuers, Appraisers & Estate Agents Malaysia on 12 January 2006;
- "Professional Excellence" Award in the "Engineering, Construction & Property" category by the Malaysian Professional Centre or Balai Ikhtisas Malaysia on 21 May 2011;
- "Valuer of the Year 2013" Award by the Valuation Division of the Royal Institution of Surveyors Malaysia on 10 January 2014;
- Presented with a Honorary Membership of the International Association of Consultants, Valuators and Analysts (IACVA) now known as the International Association of Certified Valuation Specialists (IACVS) in recognition of his contributions to the global valuation profession on 12 December 2015;
- "Million Dollar Roof Top" Award by the Malaysian Institute of Estate Agents (MIEA) on 1 October 2016;
- RISM Excellence Award 2017 "Malaysian Surveyor of the Year" on 20 May 2017; and
- CIDB Fellowship Award in recognition of his contribution to the development and advancement of the construction industry in Malaysia on 2 November 2018.

BOARD OF DIRECTORS

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SARENA CHEAH YEAN TIH, *S.M.S.*

Non-Independent Non-Executive Director
Malaysian, Age 44, Female



Sarena Cheah Yeian Tih was appointed to the Board on 25 August 2010. She also serves as a member of the Nomination and Remuneration Committee.

She graduated from the University of Western Australia with a Bachelor of Commerce (Accounting and Finance) in 1994. She also obtained a Masters in Business Administration from Melbourne Business School in 2001. She is a member of the Association of Chartered Certified Accountants (ACCA) and Capital Markets Services Representative's Licence (CMRSL) holder.

She started her career with the Sunway Group since 1995 and served under various roles in the Corporate Finance, Internal Audit and Business Development departments. In 2006, she was made General Manager for Sales and Marketing of the Group's Property Development division before assuming the position of Director of Strategy and Corporate Development in 2009, during which she oversaw the successful merger and integration of Sunway Holdings Berhad and Sunway City Berhad. In May 2013, she was appointed as Joint Managing Director of Property Development Division, Malaysia/Singapore and subsequently took on her current position as Managing Director of Property Development Division of Sunway Berhad in May 2015. She has led Sunway Berhad's property arm to multiple achievements including being ranked as Malaysia's Top Property Developer by The Edge Top Property Developer Awards since 2014.

Her directorships in other public companies are Sunway Berhad, SUNREIT Capital Berhad, SUNREIT Unrated Bond Berhad, Institute of Corporate Directors' Malaysia, Yayasan Raja Muda Selangor and SUNREIT Perpetual Bond Berhad.



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NG SING HWA

Non-Independent Non-Executive Director
Malaysian, Age 73, Male

Ng Sing Hwa was appointed to the Board on 18 November 2013. He also serves as the Chairman of the Risk Management Committee, and a member of the Audit Committee.

He completed the Program for Management Development, Harvard University Graduate School of Business Administration, Boston. He was the President of the Harvard Business School Alumni Club of Malaysia 1980/81. He is a qualified chartered accountant, and a member of the Malaysian Institute of Accountants as well as the Malaysia Institute of Certified Public Accountants.

He was formerly the Executive Chairman of Bertam Alliance Berhad, a company listed on the Malaysian Stock Exchange, whose principal activities are property development, construction and plantation. He resigned from Bertam Alliance Berhad as Director and Executive Chairman on 1 March 2012 following the disposal of his substantial shareholding in the company.

He has vast experience in the areas of corporate finance, hospitality industry, property & construction industry and manufacturing of building materials. He had held the positions of Group Chief Executive of Faber Merlin Malaysia Berhad from 1977 to 1985 and Managing Director of CI Holdings Berhad from 1985 to 1988 prior to venturing into management consultancy services and own property development in 1989.

He is currently the Executive Chairman of Miramas Development Sdn Bhd. He is also a Director of Millennium Pavilion Sdn Bhd, a major shareholder of the Manager.

BOARD OF DIRECTORS



TENGGU NURUL AZIAN BINTI TENGGU SHAHRIMAN

Independent Non-Executive Director
Malaysian, Age 56, Female



Tengku Nurul Azian Binti Tengku Shahrیمان was appointed to the Board on 11 March 2016. She also serves as Chairman of the Nomination and Remuneration Committee, and a member of the Audit Committee and the Risk Management Committee.

She is a graduate of School of Oriental & African Studies, University of London with a Law Degree. She was called to the Bar of England and Wales by the Honourable Society of the Inner Temple and a former Advocate & Solicitor of the High Court of Malaya.

Tengku Azian is currently the Executive Vice President and Partner of PEMANDU Associates Sdn Bhd, a management consulting firm, focused on public sector transformation and business turnaround with global experience. Prior to the appointment, she was the Director of Education & Human Capital Development, National Transformation Programme of the Performance Management and Delivery Unit, Prime Minister's Department (PEMANDU) from 2010 to February 2017.

Before joining PEMANDU, she was in investment banking for 18 years, her last position was Head of Corporate Finance in RHB Investment Bank Berhad, a member of the RHB Banking Group.

Her current directorship in public company is Dutch Lady Milk Industries Berhad.



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YEO KAR PENG

Independent Non-Executive Director
Malaysian, Age 58, Female



Yeo Kar Peng was appointed to the Board on 2 January 2019. She also serves as a member of the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee.

She graduated from Monash University, Clayton Melbourne with a Bachelor of Economics majoring in accounting and finance. She is also an Associate Member of Australian Society of Accountants.

Ms Yeo is Chairman and Managing Partner of Kendall Court Capital Partner, a mezzanine fund providing growth and expansionary capital focused in South East Asia. Prior to establishing Kendall Court in 2004, Ms Yeo was a Managing Director at Citigroup Global Markets. She was responsible in the setting up and building of Citigroup's investment banking franchise in Malaysia. She was the key coverage banker in charge of Citigroup's deal origination and execution with special focus in cross-border mergers and acquisitions and debt and equity capital market transactions. Prior to Citigroup, Ms Yeo was Head of Research with UBS and led a team of 8 analysts in charge of the Malaysian equity research. She was the number 1 ranked analyst in 1997 by Asia Money Poll with the UBS Malaysian team ranking third. Prior to UBS, Ms Yeo was Head of Research at WI Carr and was ranked as one of the top three analysts in Malaysia for several years by Asia Money and Euro Money polls. Early in her career, Ms Yeo also spent time as an auditor at the precursor of Ernst & Young in Malaysia.

Her directorship in other public company is Top Glove Foundation.

Notes:

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling ^{AO} who is the Executive Chairman and major shareholder of Sunway Berhad and major unitholder of Sunway REIT, is the father of Sarena Cheah Yean Tih, ^{S.M.S.}

Save as disclosed above, none of the Directors have:

- any family relationship with any Director of the Manager and/or major unitholder of Sunway REIT;
- any conflict of interest with Sunway REIT;
- any conviction for offences within the past 5 years; and
- any public sanctions or penalties imposed by the relevant regulated bodies during the financial year ended 30 June 2019.

MANAGEMENT TEAM & KEY PERSONNEL



DATO' JEFFREY NG TIONG LIP

Chief Executive Officer
Non-Independent Executive Director
Malaysian, Age 62, Male



For more information, please refer to Board of Directors section.



IRENE SIN MAY LIN

Chief Financial Officer
Malaysian, Age 44, Female

Irene Sin May Lin was appointed as the Chief Financial Officer of the Manager on 7 May 2018.

She graduated with a Bachelor of Business (Accounting) from University of Technology, Sydney. She is a Fellow of Certified Practising Accountant (CPA), Australia and a Chartered Accountant of the Malaysian Institute of Accountants. She is also a holder of Capital Markets Services Representative's Licence (CMRSL).

Ms Irene Sin has experience in financial accounting and reporting, strategic planning, investment evaluation and project management accounting across a variety of industries including property investment, property management, leisure and hospitality where she held various financial positions. She started her career in 1996 at PricewaterhouseCoopers in its Assurance Division before expanded her experience to the corporate sector. Ms Irene Sin joined Sunway City Berhad (now known as Sunway City Sdn Bhd) in 2010 and prior to her appointment as Chief Financial Officer of the Manager, she was the General Manager - Finance, Property Investment Division of Sunway Property.

Her directorship in other public company is Sunway Lagoon Club Berhad.



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KOH SIN YEE

Assistant General Manager, Contract & Project Management
Malaysian, Age 38, Female

Koh Sin Yee was appointed as the Assistant General Manager, Contract and Project Management of the Manager on 1 November 2017.

She graduated with a Bachelor of Science in Building Contract Management from John Moores University, Liverpool, United Kingdom and she is also a graduate member of The Royal Institution of Surveyors Malaysia.

Ms Koh started her career in 2004 with a consultancy firm prior to joining Sunway City Berhad in 2009. At Sunway City Berhad (now known as Sunway City Sdn Bhd), she has gained comprehensive knowledge and experience in Quantity Surveying, Contract Management and Project Management across a variety of industries including property investment, property development, leisure and hospitality where she held various positions. Her last role was Head of Department for Supply Chain & Contract Management, Property Investment Division of Sunway Integrated Properties Sdn Bhd before assuming her current position as Assistant General Manager.



RAYMOND NG MENG CHUN

Senior Manager, Business Development
Malaysian, Age 36, Male

Raymond Ng Meng Chun was appointed as the Senior Manager, Business Development of the Manager on 10 July 2017.

He graduated with a Bachelor of Engineering (Hons) Electronics majoring in Telecommunications from Multimedia University, Malaysia and a Master of Science in Biomedical Engineering from University of Oxford, United Kingdom. Additionally, he holds a Certificate of Higher Education in Law from University of London, United Kingdom. Mr Raymond Ng is also a Chartered Financial Analyst (CFA) Charterholder.

Prior to joining the Manager, Mr Raymond Ng gained his experience in the real estate sector working for Employees Provident Fund and Iskandar Investment Berhad where he was involved in investment analysis, financial modelling and deal structuring. He also has experience in the banking industry performing strategy and investment functions, having been involved in the acquisition of a local investment banking group.

MANAGEMENT TEAM & KEY PERSONNEL



CRYSTAL TEH LAY LING

Senior Manager, Investor Relations
Malaysian, Age 43, Female

Crystal Teh Lay Ling was appointed as the Senior Manager, Investor Relations of the Manager on 2 January 2015.

She graduated with a Bachelor of Science (Hons) Banking and Finance from University of London.

Prior to joining the Manager, Ms Crystal Teh was attached to Westports Holdings Berhad. She was instrumental in the formation of the investor relations functions of the Manager. She started her career as Investment Analyst in Kuala Lumpur City Asset Management Sdn Bhd in 2000 followed by TA Asset Management Sdn Bhd (TAAM) in 2004 where she managed unit trust funds and high net worth clients. During her career in fund management, she was also attached to Hong Leong Assurance Berhad, Phillip Capital Management Sdn Bhd and RHB Asset Management Sdn Bhd. She has collectively 10 years of experience in equity research, investment advisory and fund management prior to embarking her career into investor relations.



SAMANTHA KHOO MAY LIN

Compliance Officer
Malaysian, Age 41, Female

Samantha Khoo May Lin was appointed as the Compliance Officer on 23 October 2012.

She graduated with a Bachelor of Laws and Bachelor of Commerce from Monash University, Melbourne, Australia.

Ms Samantha Khoo joined the Sunway Group on 16 May 2012 and was subsequently appointed as the Compliance Officer on 23 October 2012. She started her career at Presgrave & Matthews, a prominent law firm in Penang, specialising in property and real estate, banking and finance and general corporate advisory. She then further expanded her experience in the property, real estate and corporate practice areas in a boutique law firm in Kuala Lumpur, after which she joined ZICO Law (then Zaid Ibrahim & Co) and specialised in equity capital markets and mergers and acquisitions. She was part of the advisory team involved in the listing of Sunway REIT in 2010, amongst other notable transactions. Prior to joining the Sunway Group, she was the legal counsel of a bi-pharmaceutical company with predominantly European operations.

Notes:

None of the Senior Management Members have:

- any family relationship with any Director of the Manager and/or major unitholder of Sunway REIT;
- any conflict of interest with Sunway REIT;
- any conviction for offences within the past 5 years; and
- any public sanctions or penalties imposed by the relevant regulated bodies during the financial year ended 30 June 2019.



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ZOOMING INTO PERFORMANCE

Weighing all opportunities with detailed analysis to identify yield-accretive acquisitions to drive sustainable DPU performance.

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KEY REFLECTIONS FROM THE CFO



GROSS REVENUE

RM **580** million
3.5% ↑

NET PROPERTY INCOME

RM **440** million
4.7% ↑

PROPERTY VALUE

RM **8.05** billion
10.5% ↑

DISTRIBUTION PER UNIT

9.59 sen
0.2% ↑



For more information, please refer to
Financial Review/Business Review section

- MAINTAIN 100% DISTRIBUTION PAYOUT SINCE IPO
- ONE OF THE LOWEST AVERAGE COST OF DEBT AT 4.02% AGAINST OTHER M-REITs

Embracing innovation and diversifying portfolio base via strategic and yield-accretive acquisitions

We achieved positive financial results in FY2019 amidst challenging market conditions and changing geopolitical developments. With the combined efforts of the teams in the organisation, we will continue to deliver consistent progress in the years to come.

KEY ACHIEVEMENTS

Sunway REIT delivered a steady revenue growth of 3.5% to hit a new high of RM580.3 million, backed by stable performance from our retail segment, which recorded gross revenue of RM426.7 million, as well as new revenue contribution from the recent acquisition of Sunway university & college campus. One of Sunway REIT's vision is to enhance and diversify our portfolio base in the Services segment via strategic and yield-accretive investments.

This encouraging performance was a result of active acquisition coupled with prudent cost and asset quality management yielding an improved net property income of RM439.7 million, an increase of 4.7% from the previous financial year. Moreover, despite the current soft market conditions, the property value of our investment portfolio grew 10.5% year-on-year to RM8.05 billion as at 30 June 2019, boosted by the acquisition of Sunway university & college campus as well as net fair value gain of RM108 million from existing investments.



For more information, please refer to Investment Review section

In this financial year, we introduced new debt and equity programmes which garnered strong support from our new and existing financiers. This is part of our active capital management strategy to diversify Sunway REIT's financing profile while balancing an optimal gearing ratio that complies with regulatory requirements. With the recent acquisition of Sunway university & college campus financed via a combination of debt and perpetual note programmes, Sunway REIT recorded a marginal decrease in gearing ratio from 38.6% in FY2018 to 37.9% in FY2019 while achieving one of the lowest average cost of debt among its peer group at 4.02%.

Sunway REIT is committed to delivering long-term value to all unitholders by maintaining our long-term distribution policy of 100%. In this financial year, we proposed to distribute 9.59 sen, a 0.2% increase from the previous financial year, resulting in an annual distribution yield of 5.1% as at 30 June 2019 which was approximately 1.5% above 10-Year MGS yield.

LOOKING FORWARD

While the future may be uncertain with the ongoing US-China trade tensions and slowing global growth levels, we will nevertheless continue to build on the strength of our diversified portfolio and expand through synergistic business collaborations.

Our focus shall also include:

- active asset enhancement initiatives to increase business performance
- proactive capital management initiatives to enhance effective distribution payout
- emphasis on cost discipline to improve overall business margins



For more information, please refer to Strategic Objectives section



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RINGGIT MALAYSIA (RM)

STATEMENT OF COMPREHENSIVE INCOME - KEY DATA & FINANCIAL RATIOS	FY2019 RM'000	FY2018 RM'000	FY2017 RM'000	FY2016 RM'000	FY2015 RM'000
Gross revenue	580,299	560,406	522,868	507,013	453,454
Net property income	439,695	419,930	388,817	373,851	340,826
Income available for distribution (realised)	282,886	282,394	271,099	270,588	256,577
Earnings per unit (realised) (sen)	9.59	9.57	9.19	8.92	8.25
Distribution per unit (DPU) (sen)	9.59¹	9.57	9.19	9.18	8.73
Distribution Yield (%)	5.1	5.4	5.2	5.5	5.7
Management Expense Ratio (%)	0.86	0.89	0.85	0.88	0.80

STATEMENT OF FINANCIAL POSITION - KEY DATA & FINANCIAL RATIOS	AS AT 30 JUNE 2019 RM'000	AS AT 30 JUNE 2018 RM'000	AS AT 30 JUNE 2017 RM'000	AS AT 30 JUNE 2016 RM'000	AS AT 30 JUNE 2015 RM'000
Investment properties	8,047,410	7,280,225	6,689,200	6,433,000	6,324,000
Other non-current assets	12,517	13,591	9,063	8,698	5,268
Current assets	98,111	230,042	145,170	95,561	100,750
TOTAL ASSET VALUE	8,158,038	7,523,858	6,843,433	6,537,259	6,430,018
Non-current liabilities	(91,859)	(384,165)	(72,149)	(1,487,491)	(1,461,544)
Current liabilities	(3,269,623)	(2,786,457)	(2,559,564)	(998,538)	(986,214)
TOTAL LIABILITIES	(3,361,482)	(3,170,622)	(2,631,713)	(2,486,029)	(2,447,758)
Net Asset Value (NAV)	4,796,556	4,353,236	4,211,720	4,051,230	3,982,260
TOTAL UNITHOLDERS' FUNDS	4,456,839	4,353,236	4,211,720	4,051,230	3,982,260
NAV (before income distribution)	4,456,839	4,353,236	4,211,720	4,051,230	3,982,260
NAV (after income distribution)	4,389,691	4,289,917	4,144,867	3,988,819	3,922,036
NAV per unit (before income distribution) (RM)	1.5133	1.4781	1.4301	1.3761	1.3555
NAV per unit (after income distribution) (RM)	1.4905	1.4566	1.4074	1.3549	1.3350
Lowest NAV during the period (RM)	1.4544	1.4074	1.3547	1.3349	1.2337
Highest NAV during the period (RM)	1.4905	1.4566	1.4074	1.3549	1.3350
Unit Price as at 30 June (RM)	1.87	1.77	1.78	1.66	1.54
Premium to NAV (%)	25.5	21.5	26.5	22.5	15.4

¹ Comprising income distributed for the period from 1 July 2018 to 31 March 2019 of 7.31 sen and proposed final income distribution of 2.28 sen

FINANCIAL HIGHLIGHTS

UNITED STATES DOLLAR (USD)

STATEMENT OF COMPREHENSIVE INCOME - KEY DATA & FINANCIAL RATIOS	FY2019 USD'000	FY2018 USD'000	FY2017 USD'000	FY2016 USD'000	FY2015 USD'000
Gross revenue	142,013	134,527	125,606	129,895	129,790
Net property income	107,604	100,805	93,404	95,779	97,553
Income available for distribution (realised)	69,229	67,789	65,125	69,324	73,439
Earnings per unit (realised) (cent)	2.35	2.30	2.21	2.29	2.36
Distribution per unit (DPU) (cent)	2.35 ¹	2.30	2.21	2.35	2.50
Distribution Yield (%)	5.1	5.4	5.2	5.5	5.7
Management Expense Ratio (%)	0.86	0.89	0.85	0.88	0.80



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TRUST STRUCTURE & LEADERSHIP

STATEMENT OF FINANCIAL POSITION - KEY DATA & FINANCIAL RATIOS	AS AT 30 JUNE 2019 USD'000	AS AT 30 JUNE 2018 USD'000	AS AT 30 JUNE 2017 USD'000	AS AT 30 JUNE 2016 USD'000	AS AT 30 JUNE 2015 USD'000
Investment properties	1,946,169	1,803,152	1,557,802	1,595,684	1,675,232
Other non-current assets	3,027	3,366	2,111	2,158	1,395
Current assets	23,727	56,976	33,808	23,704	26,689
TOTAL ASSET VALUE	1,972,923	1,863,494	1,593,721	1,621,546	1,703,316
Non-current liabilities	(22,215)	(95,149)	(16,802)	(368,967)	(387,164)
Current liabilities	(790,719)	(690,144)	(596,079)	(247,684)	(261,249)
TOTAL LIABILITIES	(812,934)	(785,293)	(612,881)	(616,651)	(648,413)
Net Asset Value (NAV)	1,159,989	1,078,201	980,840	1,004,895	1,054,903
TOTAL UNITHOLDERS' FUNDS	1,077,833	1,078,201	980,840	1,004,895	1,054,903
NAV (before income distribution)	1,077,833	1,078,201	980,838	1,004,894	1,054,903
NAV (after income distribution)	1,061,594	1,062,518	965,269	989,413	1,038,950
NAV per unit (before income distribution) (USD)	0.3660	0.3661	0.3330	0.3413	0.3591
NAV per unit (after income distribution) (USD)	0.3605	0.3608	0.3278	0.3361	0.3537
Lowest NAV during the period (USD)	0.3517	0.3486	0.3155	0.3311	0.3268
Highest NAV during the period (USD)	0.3605	0.3608	0.3278	0.3361	0.3537
Unit Price as at 30 June (USD)	0.45	0.44	0.41	0.41	0.41
Premium to NAV (%)	25.5	21.5	26.5	22.5	15.4



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



SUSTAINABILITY STATEMENT



FINANCIAL INSIGHTS

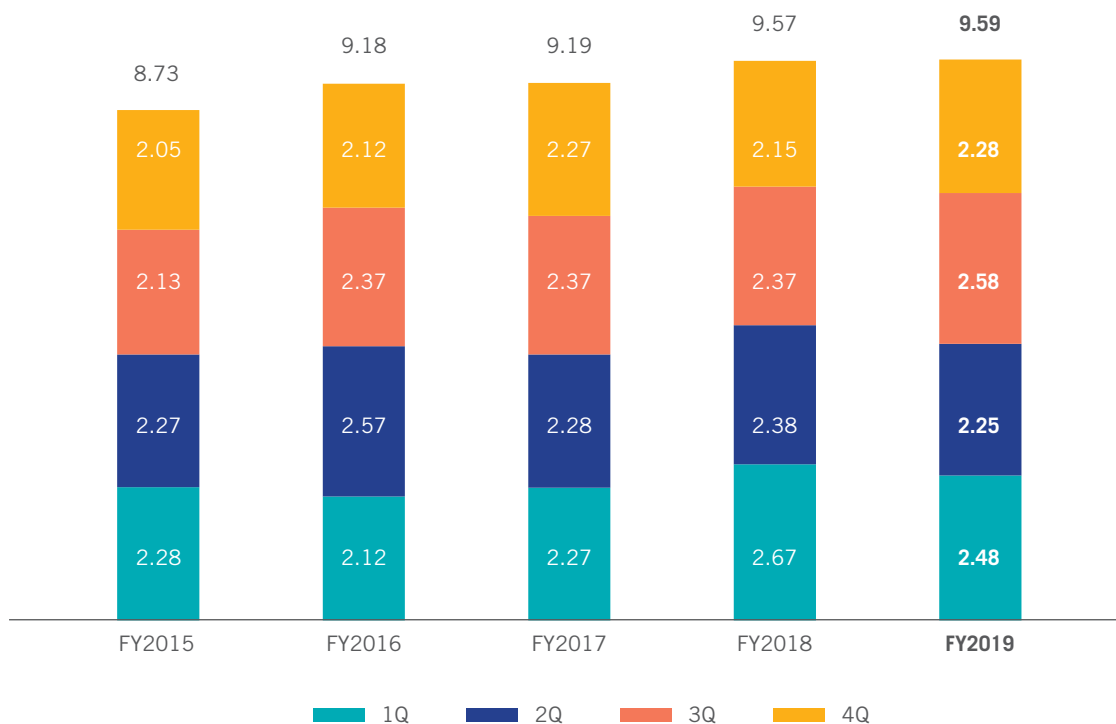


UNITHOLDERS' INFORMATION

¹ Comprising income distributed for the period from 1 July 2018 to 31 March 2019 of 1.79 cents and proposed final income distribution of 0.56 cents

FINANCIAL HIGHLIGHTS

DISTRIBUTION PER UNIT (SEN)



DISTRIBUTION PER UNIT (SEN)

SINCE IPO

5-YEAR

DPU CAGR

4.8%

2.8%

Total DPU (sen)

77.00

46.26

FY2015

FY2016

FY2017

FY2018

FY2019

ANNUAL DPU GROWTH

4.4%

5.2%

0.1%¹

4.1%

0.2%²

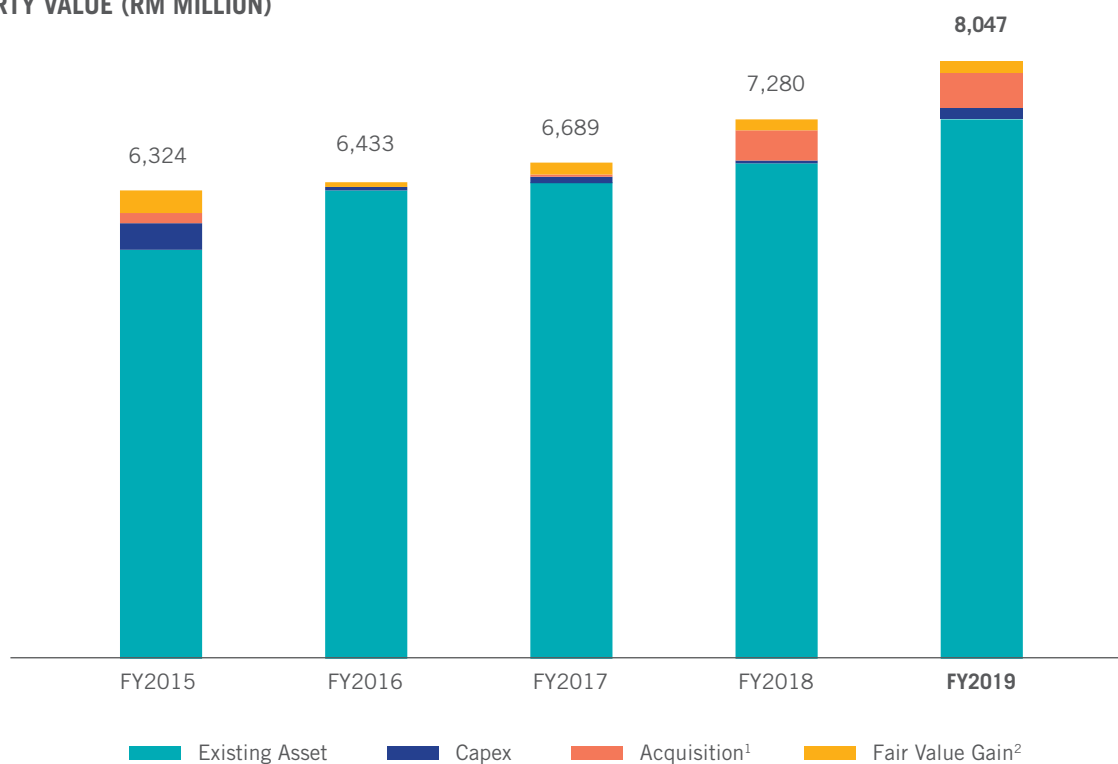


For more information, please refer to Financial Review section

¹ DPU was flattish for FY2017 due to disruption in income contribution from closure of Sunway Pyramid Hotel for refurbishment and cessation of Manager's fees in units.
² DPU was flattish for FY2019 due to disruption in income contribution from closure of Sunway Resort Hotel & Spa's Grand Ballroom and Meeting Rooms for refurbishment

FINANCIAL HIGHLIGHTS

PROPERTY VALUE (RM MILLION)



PROPERTY VALUE	SINCE IPO	5-YEAR
Property value growth, contributed by	> 100%	46%
• Acquisition Growth	57%	21%
• Capex	25%	11%
• Fair Value Gain	50%	14%

	FY2015	FY2016	FY2017	FY2018	FY2019
Existing Asset	5,520	6,324	6,433	6,689	7,280
Capex	361	46	87	10	103
Acquisition ¹	136	-	17	436	556
Fair Value Gain ²	307	63	152	145	108
PROPERTY VALUE	6,324	6,433	6,689	7,280	8,047

¹ Included incidental costs on acquisition i.e. acquisition fee, legal fee and valuation fee
² Fair Value Gain - net of capex incurred



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



SUSTAINABILITY STATEMENT



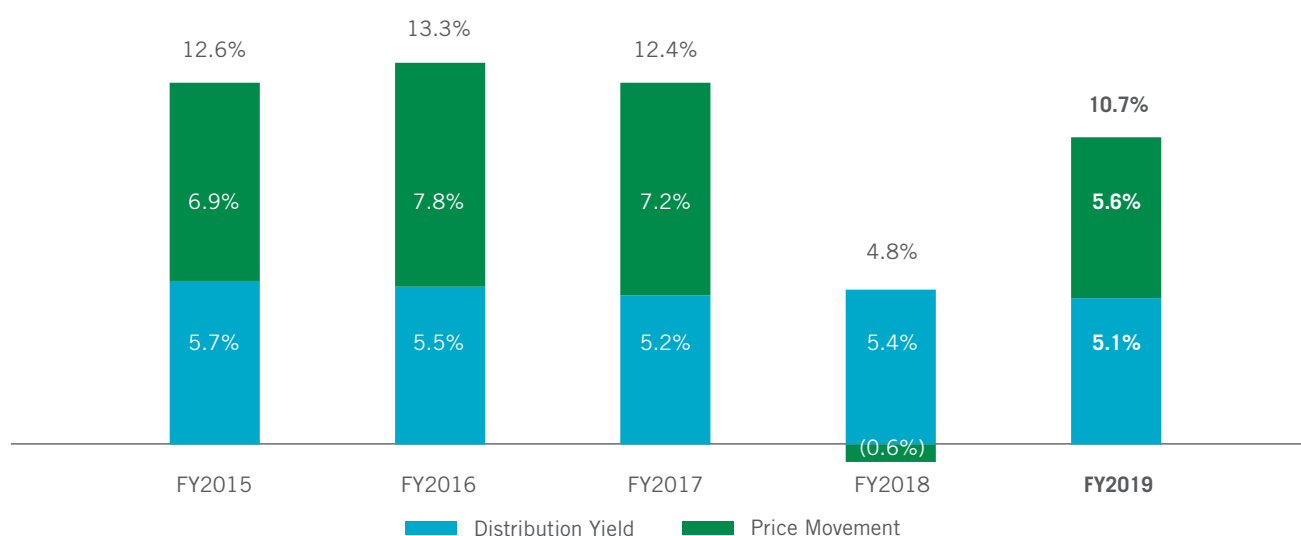
FINANCIAL INSIGHTS



UNITHOLDERS' INFORMATION

FINANCIAL HIGHLIGHTS

DISTRIBUTION YIELD & TOTAL RETURN (%)



DISTRIBUTION YIELD & TOTAL RETURN (%)

SINCE IPO

5-YEAR

Price Movement

107.8%

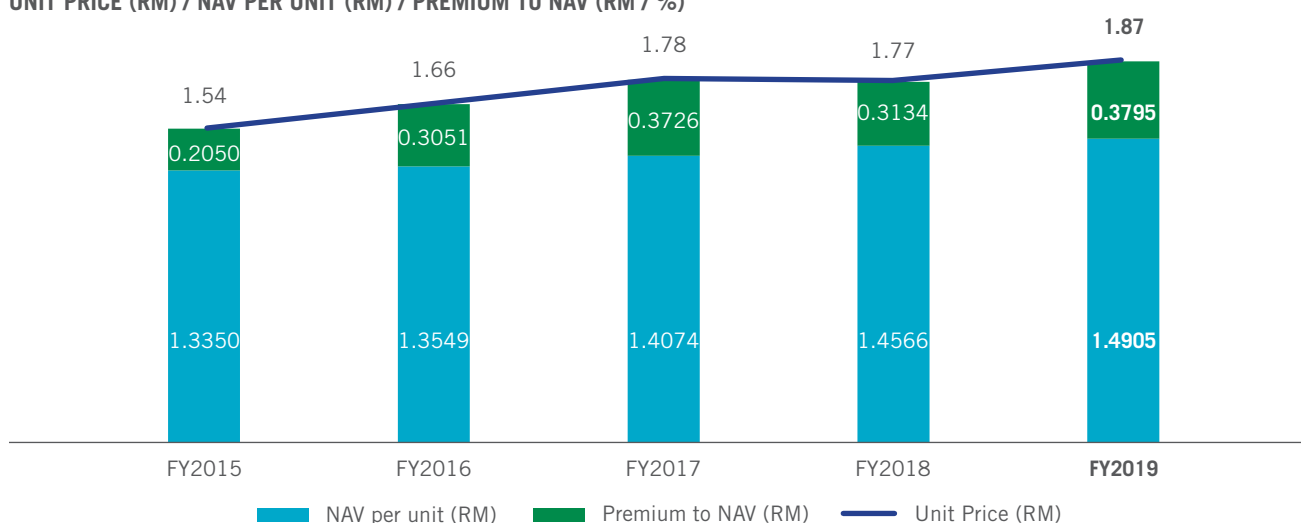
21.4%

Average Total Return

14.4%

10.8%

UNIT PRICE (RM) / NAV PER UNIT (RM) / PREMIUM TO NAV (RM / %)



NAV PER UNIT (RM) / PREMIUM TO NAV (RM / %)

SINCE IPO

5-YEAR

CAGR for NAV per unit

4.9%

3.8%

NAV per unit (RM)

FY2015

FY2016

FY2017

FY2018

FY2019

Premium to NAV (%)

15.4%

22.5%

26.5%

21.5%

25.5%

Premium to NAV (RM)

0.2050

0.3051

0.3726

0.3134

0.3795

UNIT PRICE AS AT 30 JUNE (RM)

1.54

1.66

1.78

1.77

1.87

FINANCIAL HIGHLIGHTS

SEGMENTAL PERFORMANCE

REVENUE RM'000	FY2019	FY2018	FY2017	FY2016	FY2015	5-YEAR CAGR GROWTH*
RETAIL	426,721	416,521	405,045	382,819	332,664	7%
HOTEL	78,609	82,637	64,462	72,794	61,308	4%
OFFICE	38,427	33,471	31,477	30,258	39,098	(2%)
SERVICES	30,664	22,650	21,884	21,142	20,384	10%
INDUSTRIAL & OTHERS	5,878	5,127	N/A	N/A	N/A	N/A
TOTAL PORTFOLIO	580,299	560,406	522,868	507,013	453,454	6%

N/A - Not Applicable

* 5-year CAGR is computed between FY2014 and FY2019



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



SUSTAINABILITY STATEMENT





















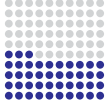
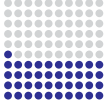
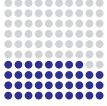
FINANCIAL INSIGHTS



UNITHOLDERS' INFORMATION

FINANCIAL HIGHLIGHTS










SEGMENTAL PERFORMANCE

NPI RM'000	FY2019	FY2018	FY2017	FY2016	FY2015	5-YEAR CAGR GROWTH*
RETAIL	 310,453	 296,943	 289,856	 269,435	 236,883	 8%
HOTEL	 71,316	 77,719	 60,568	 68,788	 58,743	 3%
OFFICE	 21,384	 17,491	 16,509	 14,486	 24,816	 (5%)
SERVICES	 30,664	 22,650	 21,884	 21,142	 20,384	 10%
INDUSTRIAL & OTHERS	 5,878	 5,127	N/A	N/A	N/A	N/A
TOTAL PORTFOLIO	 439,695	 419,930	 388,817	 373,851	 340,826	 7%

N/A - Not Applicable

* 5-year CAGR is computed between FY2014 and FY2019

VALUE ADDED STATEMENT

	FY2019 RM'000	FY2018 RM'000	FY2017 RM'000	FY2016 RM'000	FY2015 RM'000	 VITAL ATTRIBUTES
VALUE ADDED						
Total turnover	580,299	560,406	522,868	507,013	453,454	 MESSAGE TO UNITHOLDERS
Purchases of goods and services	(140,604)	(140,476)	(134,051)	(133,162)	(112,628)	 TRUST STRUCTURE & LEADERSHIP
Interest & other income	101,305	148,085	158,198	71,822	295,119	 MANAGEMENT DISCUSSION & ANALYSIS
Total Value Added	541,000	568,015	547,015	445,673	635,945	 PROPERTY DETAILS
RECONCILIATION						
Total comprehensive income for the year	386,348	426,894	424,804	327,381	535,913	 CORPORATE GOVERNANCE & ACCOUNTABILITY
Add:						 SUSTAINABILITY STATEMENT
Finance costs	117,664	105,646	89,295	86,242	70,751	 FINANCIAL INSIGHTS
Manager's fees	36,260	34,463	31,650	30,802	28,121	 UNITHOLDERS' INFORMATION
Trustee's fees	728	1,012	1,266	1,248	1,160	
Total Value Added	541,000	568,015	547,015	445,673	635,945	
VALUE DISTRIBUTED						
TRUST EXPENSES						
Manager's fees	36,260	34,463	31,650	30,802	28,121	
Trustee's fees	728	1,012	1,266	1,248	1,160	
PROVIDERS OF CAPITAL						
Finance costs	117,664	105,646	89,295	86,242	70,751	
Perpetual note distribution ¹	4,141	-	-	-	-	
Income distribution ²	282,433	281,844	270,652	270,075	256,163	
REINVESTMENT AND GROWTH						
Undistributed income ³	99,774	145,050	154,152	57,306	279,750	
Total Value Distributed	541,000	568,015	547,015	445,673	635,945	

¹ Perpetual note distribution in respect of amount reserved for distribution to perpetual note holders

² Income distribution in respect of each financial year. The proposed final income distribution will be recognised and paid in the immediate subsequent financial year

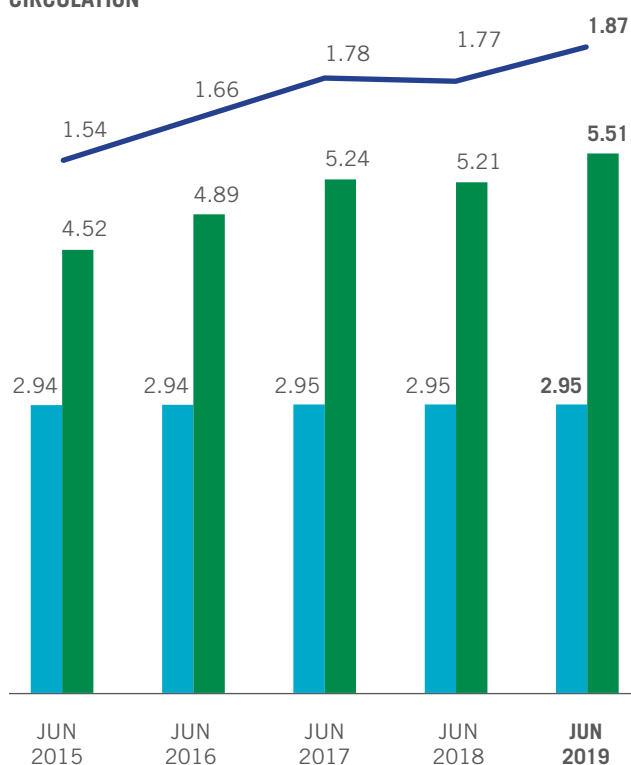
³ Mainly comprises unrealised income

TRADING PERFORMANCE (5-YEAR)

TRADING SUMMARY	FY2019	FY2018	FY2017	FY2016	FY2015
Closing Unit Price (RM)	1.87	1.77	1.78	1.66	1.54
52-Week Highest Traded Price (RM)	1.97	1.90	1.84	1.69	1.76
52-Week Lowest Traded Price (RM)	1.61	1.48	1.63	1.43	1.39
Price Movement (%)	5.6	(0.6)	7.2	7.8	6.9
Total Return (%)	10.7	4.8	12.4	13.3	12.6
Number of Units in Circulation (unit '000)	2,945,078	2,945,078	2,945,078	2,943,918	2,937,777
Market Capitalisation (RM '000)	5,507,296	5,212,788	5,242,239	4,886,905	4,524,176
Free Float (%)	59.1	59.1	62.7	62.7	63.9
Free Float (unit '000)	1,741,130	1,741,130	1,845,386	1,845,248	1,877,240

Source: Sunway REIT, Bloomberg

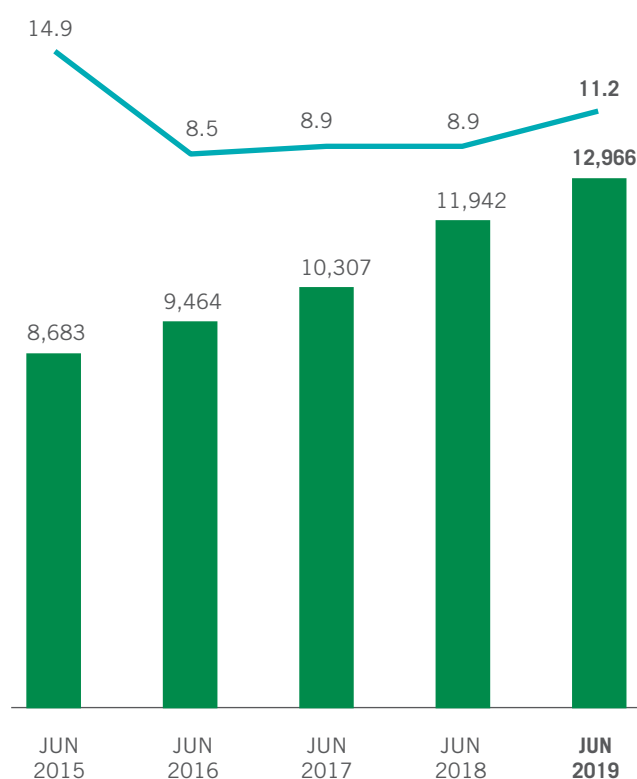
MARKET CAPITALISATION, UNIT PRICE AND UNITS IN CIRCULATION



Units in Circulation (billion units)
 Market Capitalisation (RM billion)
 Unit Price (RM)

Source: Sunway REIT, Bloomberg

UNITHOLDER'S STATISTICS



No. of unitholders
 Foreign Unitholding (%)

Source: Sunway REIT



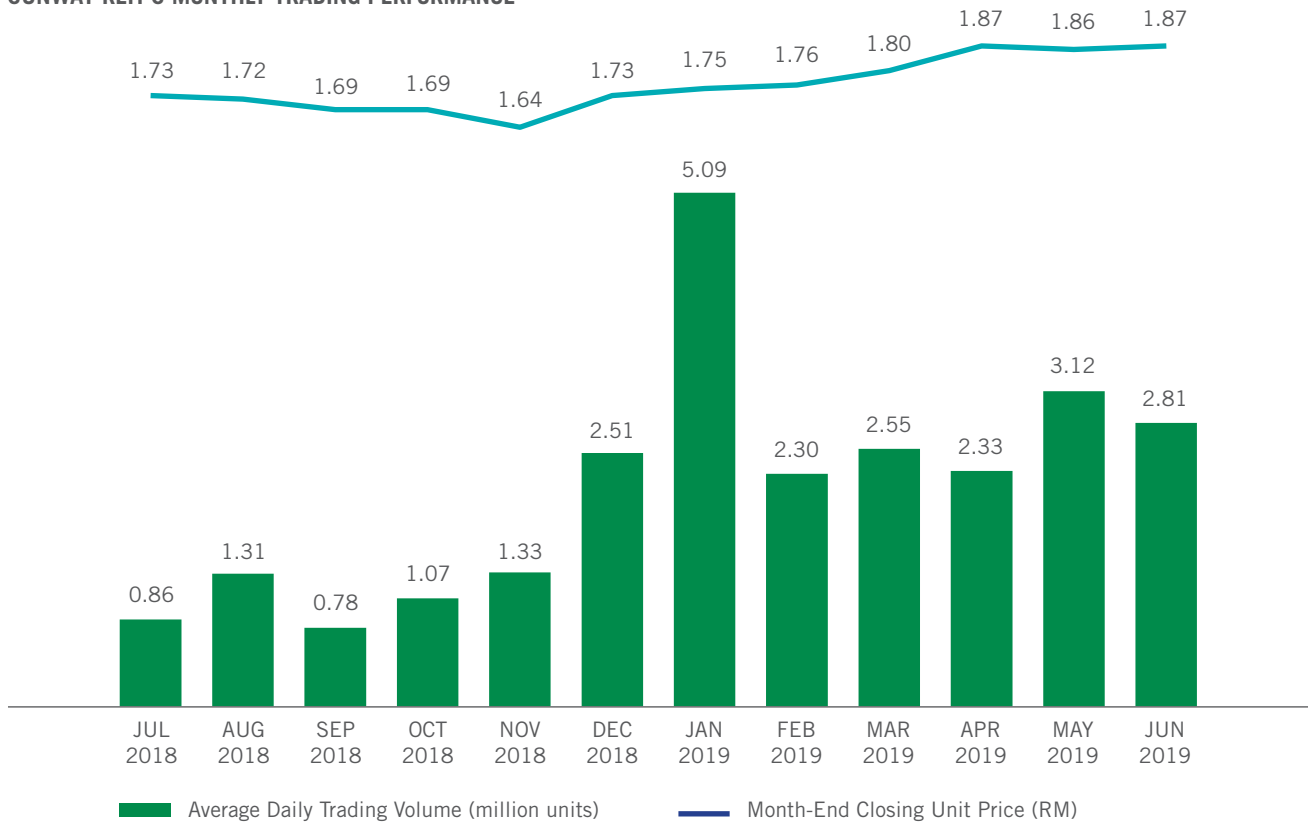
UNIT PRICE PERFORMANCE OF SUNWAY REIT VERSUS FTSE BURSA MALAYSIA KLCI INDEX AND GPR APREA COMPOSITE REIT INDEX – MALAYSIA



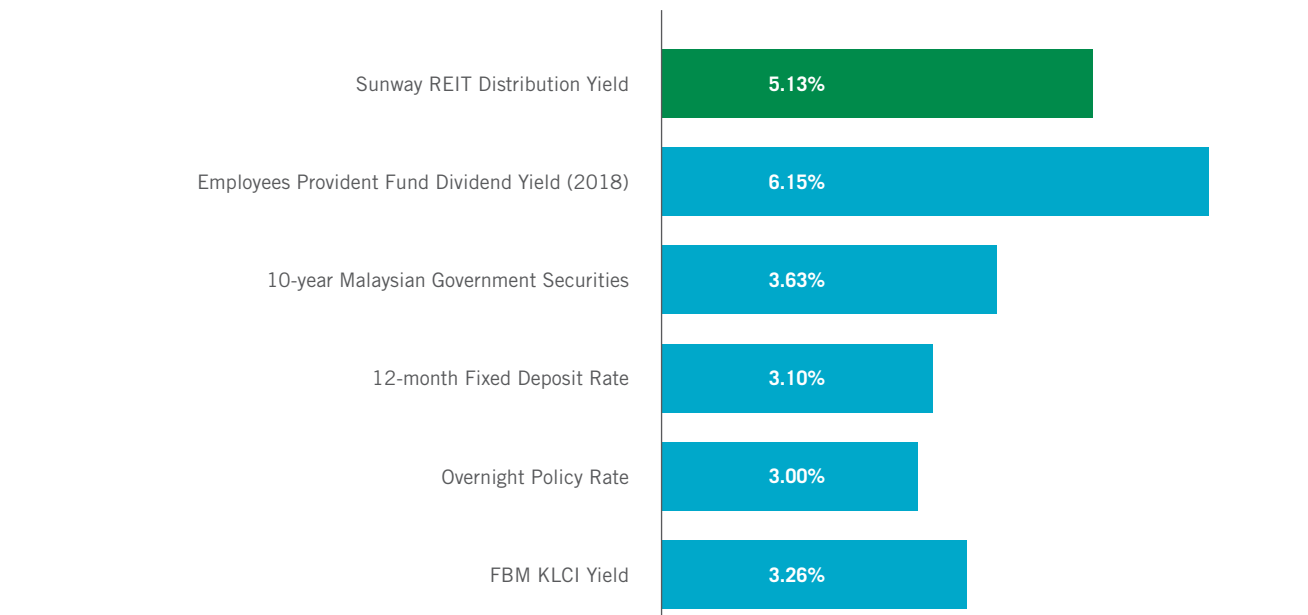
Source: Sunway REIT, Bloomberg

TRADING PERFORMANCE (1-YEAR)

SUNWAY REIT'S MONTHLY TRADING PERFORMANCE



COMPARATIVE YIELDS AS AT 30 JUNE 2019





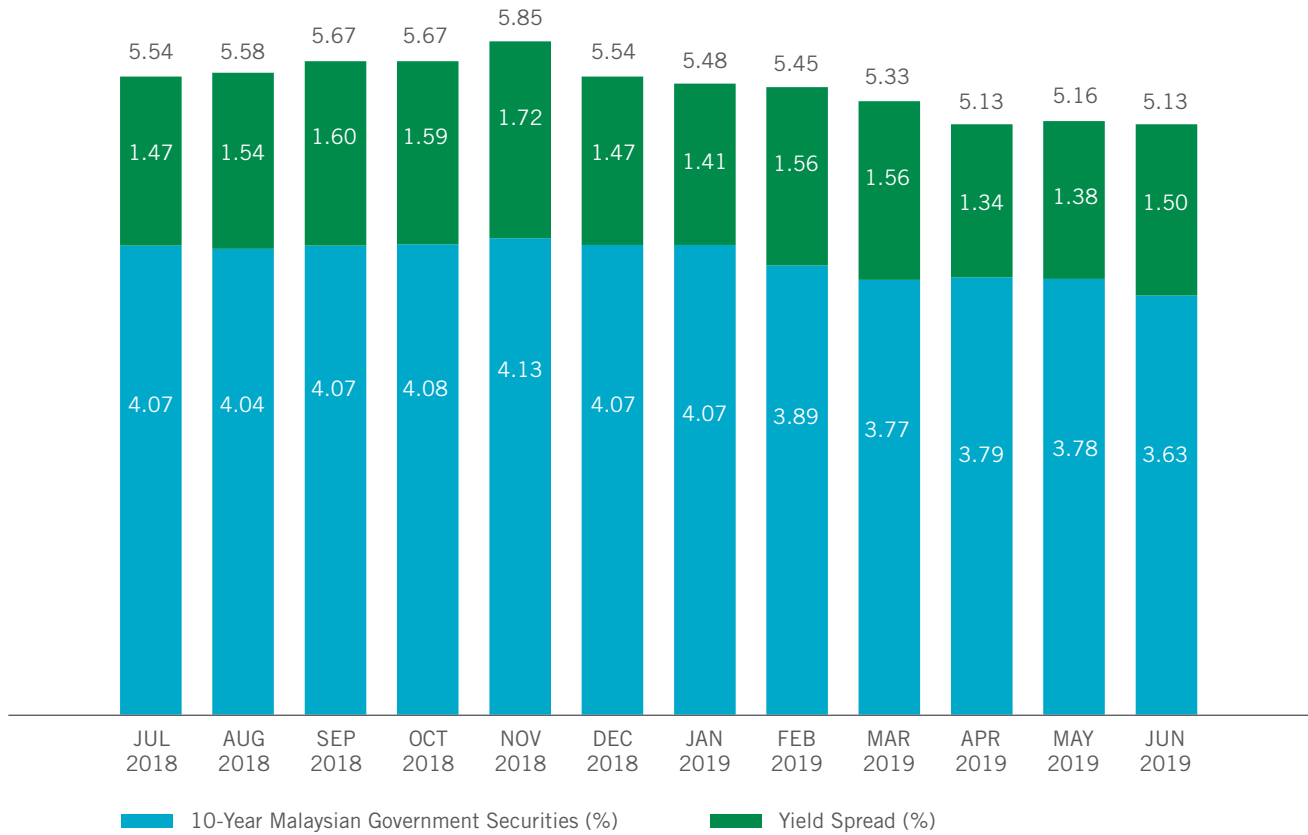
ANNUAL UNIT PRICE PERFORMANCE OF SUNWAY REIT VERSUS FTSE BURSA MALAYSIA KLCI INDEX AND GPR APREA COMPOSITE REIT INDEX - MALAYSIA



Source: Sunway REIT, Bloomberg

TRADING PERFORMANCE (1-YEAR)

SUNWAY REIT MONTHLY YIELDS COMPARISON



Source: Sunway REIT, Bloomberg

Note: All information is based on month-end data

FINANCIAL REVIEW

	FY2019 RM'000	FY2018 RM'000	GROWTH %
Gross Revenue	580,299	560,406	3.5%
Net Property Income	439,695	419,930	4.7%
Profit for the year (realised)	286,477	281,947	1.6%
Income available for distribution (realised)	282,886	282,394	0.2%
EPU (sen) (realised)	9.59	9.57	0.2%
DPU (sen)	9.59	9.57	0.2%



VITAL
ATTRIBUTES



MESSAGE TO
UNITHOLDERS



TRUST
STRUCTURE &
LEADERSHIP



MANAGEMENT
DISCUSSION &
ANALYSIS



PROPERTY
DETAILS



CORPORATE
GOVERNANCE &
ACCOUNTABILITY



SUSTAINABILITY
STATEMENT



FINANCIAL
INSIGHTS



UNITHOLDERS'
INFORMATION

	GROSS REVENUE			NET PROPERTY INCOME		
	FY2019 RM'000	FY2018 RM'000	CHANGE %	FY2019 RM'000	FY2018 RM'000	CHANGE %
Sunway Pyramid Shopping Mall	327,936	314,273	4.3%	256,911	237,947	8.0%
Sunway Carnival Shopping Mall	47,080	46,821	0.6%	27,755	29,081	(4.6%)
SunCity Ipoh Hypermarket	4,400	4,386	0.3%	3,884	4,075	(4.7%)
Sunway Putra Mall	47,305	51,041	(7.3%)	21,903	25,840	(15.2%)
TOTAL FOR RETAIL SEGMENT	426,721	416,521	2.4%	310,453	296,943	4.5%
Sunway Resort Hotel & Spa	20,066	37,155	(46.0%)	18,581	35,501	(47.7%)
Sunway Pyramid Hotel	15,649	16,087	(2.7%)	14,966	15,649	(4.4%)
Sunway Clio Property	24,024	5,663	>100%	20,522	4,619	>100%
Sunway Hotel Seberang Jaya	3,085	3,109	(0.8%)	2,909	2,919	(0.3%)
Sunway Putra Hotel	10,811	14,928	(27.6%)	9,540	13,523	(29.5%)
Sunway Hotel Georgetown	4,974	5,695	(12.7%)	4,798	5,508	(12.9%)
TOTAL FOR HOTEL SEGMENT	78,609	82,637	(4.9%)	71,316	77,719	(8.2%)
Menara Sunway	17,417	16,716	4.2%	11,329	10,688	6.0%
Sunway Tower	3,024	3,322	(9.0%)	(339)	(399)	15.0%
Sunway Putra Tower	11,584	7,792	48.7%	7,270	4,253	70.9%
Wisma Sunway	6,402	5,641	13.5%	3,124	2,949	5.9%
TOTAL FOR OFFICE SEGMENT	38,427	33,471	14.8%	21,384	17,491	22.3%
Sunway Medical Centre (Tower A & B)	23,443	22,650	3.5%	23,443	22,650	3.5%
Sunway university & college campus	7,221	-	N/A	7,221	-	N/A
TOTAL FOR SERVICES SEGMENT	30,664	22,650	35.4%	30,664	22,650	35.4%
Sunway REIT Industrial - Shah Alam 1	5,878	5,127	14.6%	5,878	5,127	14.6%
TOTAL FOR INDUSTRIAL & OTHERS SEGMENT	5,878	5,127	14.6%	5,878	5,127	14.6%
TOTAL PORTFOLIO	580,299	560,406	3.5%	439,695	419,930	4.7%

N/A - Not Applicable

FINANCIAL REVIEW

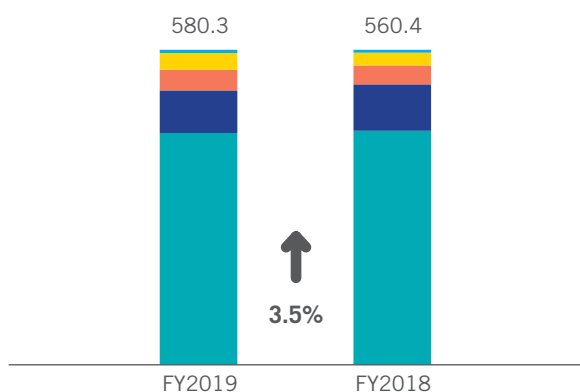
BUSINESS REVIEW

Sunway REIT achieved a record revenue of RM580.3 million in FY2019, a noticeable growth of 3.5% against RM560.4 million achieved in FY2018. Net property income (NPI) grew by 4.7% to RM439.7 million from RM419.9 million in FY2018. Despite the challenging economic situation in the current year, Sunway REIT achieved an improvement in the overall performance due to the new contribution from Sunway university & college campus in 4Q FY2019 and modest growth in retail segment.

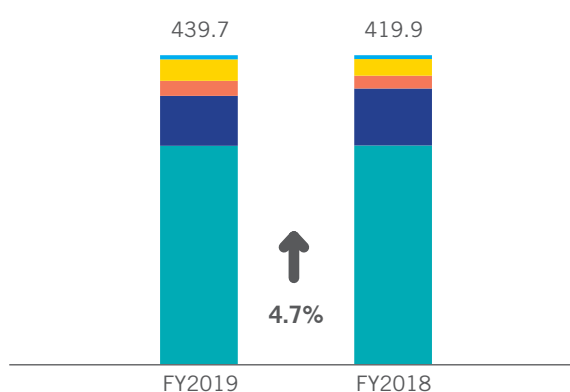
REVENUE CONTRIBUTION BY SEGMENT	FY2019	FY2018
Retail	74%	74%
Hotel	14%	15%
Office	6%	6%
Services	5%	4%
Industrial & Others	1%	1%

NPI CONTRIBUTION BY SEGMENT	FY2019	FY2018
Retail	71%	71%
Hotel	16%	19%
Office	5%	4%
Services	7%	5%
Industrial & Others	1%	1%

REVENUE CONTRIBUTION BY SEGMENT (RM million)



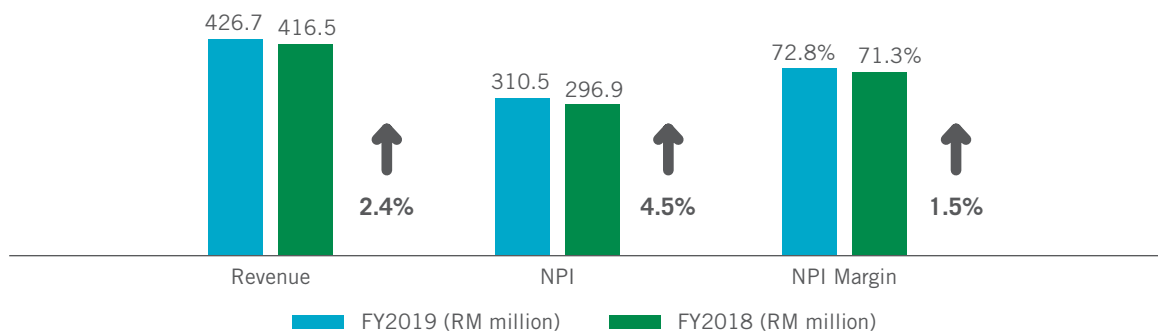
NPI CONTRIBUTION BY SEGMENT (RM million)



FINANCIAL REVIEW

RETAIL SEGMENT

The retail segment remained as the key contributor, contributing 73.5% (FY2018: 74.3%) and 70.6% (FY2018: 70.7%) of Sunway REIT's total revenue and NPI respectively. Revenue from the retail segment recorded a year-on-year (y-o-y) growth of 2.4% from RM416.5 million to RM426.7 million while NPI grew 4.5% from RM296.9 million to RM310.5 million.



Sunway Pyramid Shopping Mall maintained its position as the major contributor to Sunway REIT with revenue and NPI contribution to the total portfolio of 56.5% (RM327.9 million) and 58.4% (RM256.9 million) respectively. Sunway Pyramid Shopping Mall showed resilient growth in its revenue which recorded a 4.3% increase from the previous financial year. Average occupancy rate of Sunway Pyramid Shopping Mall was fairly stable at 98.2% (FY2018: 98.9%).

Sunway Carnival Shopping Mall achieved a revenue growth of 0.6% from RM46.8 million in FY2018 to RM47.1 million in FY2019, however, NPI slipped by 4.6% to RM27.8 million (FY2018: RM29.1 million) due to higher maintenance cost. Average occupancy rate remained strong in FY2019 at 97.4%, up from 97.3% recorded in FY2018.

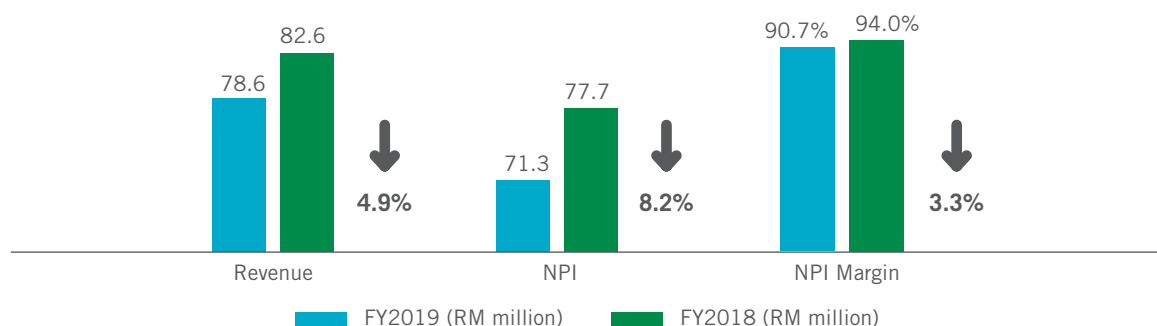
Sunway Putra Mall eased in revenue from RM51.0 million in FY2018 to RM47.3 million in FY2019 and experienced a corresponding decrease in NPI from RM25.8 million in FY2018 to RM21.9 million in FY2019. The average occupancy rate also decreased marginally from 90.7% to 90.4% due to the ongoing process of refreshing tenant mix.



FINANCIAL REVIEW

HOTEL SEGMENT

The hotel segment's contribution to Sunway REIT's total revenue and NPI decreased to 13.5% (FY2018: 14.7%) and 16.2% (FY2018: 18.5%) respectively due to weaker performance in most of the hotel properties except Sunway Clio Property. Revenue from the segment decreased by 4.9% to RM78.6 million (FY2018: RM82.6 million) while NPI also decreased by 8.2% to RM71.3 million (FY2018: RM77.7 million) due to the challenging environment globally and domestically with tourist arrivals declining year-on-year in Malaysia.



Sunway Resort Hotel and Spa's lease rental and NPI declined by 46.0% and 47.7% respectively to RM20.1 million and RM18.6 million while average occupancy rate eased from 73.5% in FY2018 to 65.4% in FY2019. The overall weaker performance was due to the decline in the leisure segment and soft Middle Eastern market as well as the loss in revenue during the refurbishment of the Grand Ballroom and Meeting Rooms for up to 4 months between July and November 2018.

Sunway Pyramid Hotel recorded a marginal decrease in lease rental from RM16.1 million in FY2018 to RM15.6 million in FY2019 and NPI from RM15.6 million in FY2018 to RM15.0 million in FY2019. Average occupancy rate also decreased from 71.4% in FY2018 to 68.1% in FY2019 as the base business of airline crew was relocated to Sunway Clio Hotel.

Sunway Clio Property saw an exponential increase in revenue from RM5.7 million in FY2018 to RM24.0 million in FY2019 and NPI from RM4.6 million in FY2018 to RM20.5 million in FY2019 largely due to a full year contribution income including income guarantee amounting to RM8.9 million in the current financial year. The average occupancy rate also saw an increase from 71.5% in FY2018 to 74.4% in FY2019.

Sunway Hotel Seberang Jaya experienced a slightly lower average occupancy rate of 74.7% in FY2019 compared to 76.4% in FY2018. This was in view of the soft corporate demand and increased competition from newer hotels in the vicinity. Nevertheless, lease rental and NPI for the year remained stable at RM3.1 million (FY2018: RM3.1 million) and RM2.9 million (FY2018: RM2.9 million) respectively due to the minimum guaranteed rental arrangement.

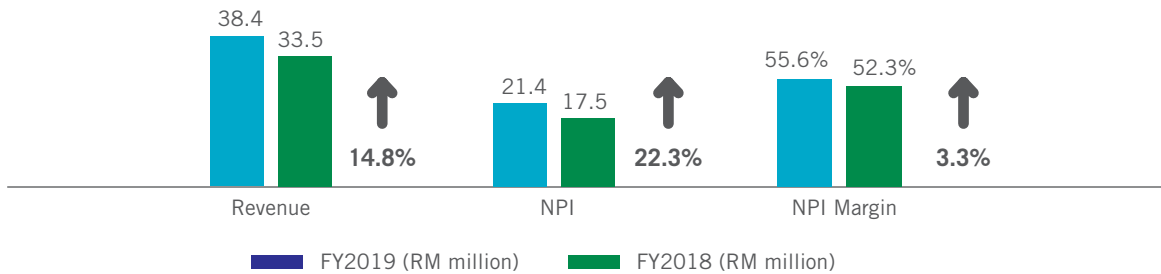
Sunway Putra Hotel recorded a 27.6% decrease in growth in lease rental from RM14.9 million in FY2018 to RM10.8 million in FY2019 and a 29.5% decrease in NPI from RM13.5 million in FY2018 to RM9.5 million in FY2019 due to softening demand in leisure and corporate segments and lower average occupancy rate of 62.4% in FY2019 compared to 72.8% in FY2018 which had a one-off contribution from the SEA Games and ASEAN PARA Games.

Sunway Hotel Georgetown lease rental eased from RM5.7 million in FY2018 to RM5.0 million in FY2019 while NPI decreased from RM5.5 million in FY2018 to RM4.8 million in FY2019. Average occupancy rate also fell to 84.5% in FY2019 from 91.8% in FY2018 mainly due to decline in leisure segment, especially the Chinese market.

FINANCIAL REVIEW

OFFICE SEGMENT

The office segment's contribution to the total portfolio revenue and NPI was largely consistent at 6.6% (FY2018: 6.0%) and 4.9% (FY2018: 4.2%) respectively. Total revenue improved by 14.8% from RM33.5 million in FY2018 to RM38.4 million in FY2019 while NPI increased by 22.3% from RM17.5 million in FY2018 to RM21.4 million in FY2019 due to renewals at higher average rental rates in Menara Sunway and commencement of new tenants and expansion of existing tenants at Sunway Putra Tower and Wisma Sunway respectively.



Menara Sunway continued to enjoy improved average occupancy rate of 94.8% in FY2019 (FY2018: 93.8%). Revenue increased by 4.2% to RM17.4 million (FY2018: RM16.7 million) while NPI correspondingly increased by 6.0% from RM10.7 million in FY2018 to RM11.3 million in FY2019.

Sunway Tower's performance remained subdued with average occupancy rate of 20.1% (FY2018: 21.0%) due to the oversupply situation of office space in Klang Valley. Despite a decrease in revenue by 9.0% from RM3.3 million in FY2018 to RM3.0 million in FY2019, the property managed to record a lower net property loss of RM0.3 million in FY2019 compared to RM0.4 million in FY2018 due to vacancy allowance received in the year.

Sunway Putra Tower continued to deliver exceptional results as the property achieved a 48.7% increase in revenue to RM11.6 million (FY2018: RM7.8 million) on the back of increase in average occupancy rate from 56.0% in FY2018 to 82.0% in FY2019. NPI also improved during the financial year from RM4.3 million in FY2018 to RM7.3 million in FY2019.

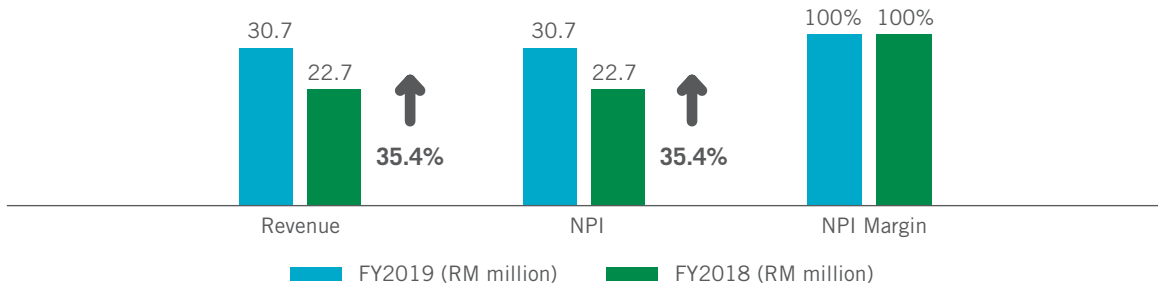
Wisma Sunway saw an exponential increase in average occupancy rate from 78.3% in FY2018 to 94.1% in FY2019 due to the expansion of existing tenants, boosting revenue from RM5.6 million in FY2018 to RM6.4 million in FY2019 and NPI from RM2.9 million in FY2018 to RM3.1 million in FY2019.



FINANCIAL REVIEW

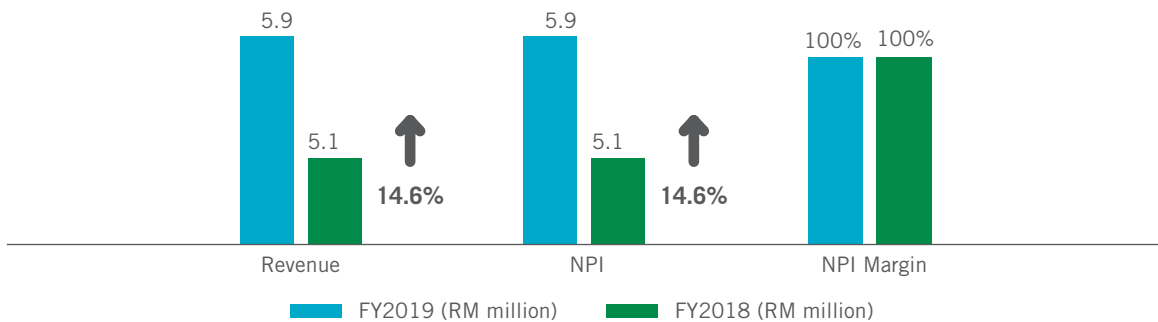
SERVICES SEGMENT

The Services segment is based on triple-net master lease with fixed rental. In FY2019, the segment's contribution to Sunway REIT's total revenue increased from 4.0% in FY2018 to 5.3% while NPI increased from 5.4% to 7.0% as both revenue and NPI from the segment increased significantly by 35.4% from RM22.7 million in FY2018 to RM30.7 million in FY2019 due to new contribution of RM7.2 million in lease rental from Sunway university & college campus acquired on 15 April 2019 as well as fixed annual increase of 3.5% in Sunway Medical Centre's lease rental.



INDUSTRIAL & OTHERS SEGMENT

The Industrial & Others segment comprises Sunway REIT Industrial – Shah Alam 1 which is also based on triple-net master lease with fixed rental. In FY2019, the segment contributed RM5.9 million (FY2018: RM5.1 million) in lease rental and NPI due to positive rental reversion in accordance with the lease agreement.



FINANCIAL REVIEW

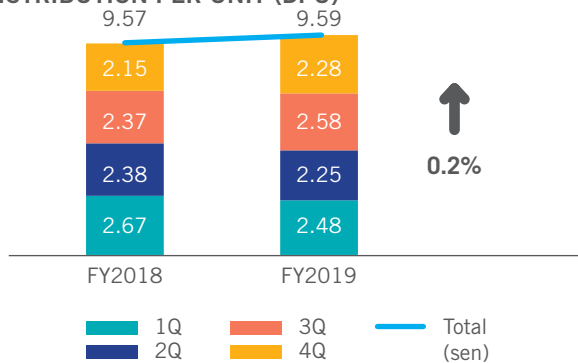
PROFIT FOR THE YEAR

Profit for the year comprised a realised profit of RM286.5 million (FY2018: RM282.0 million) and unrealised profit of RM99.9 million (FY2018: RM145.7 million).

Realised profit increased by 1.6% or RM4.5 million contributed by an increase in net property income of RM19.8 million but partially offset by higher finance costs of RM12.0 million due to higher principal loan amount to fund acquisition and planned capital expenditure.

The unrealised profit of RM99.9 million mainly comprised the fair value gain of investment properties of RM107.7 million after accounting for capital expenditure incurred. The decline in unrealised profit compared to the previous financial year was mainly attributable to lower fair value gain of investment properties and additional deferred tax expense on the unrealised fair value gain of investment properties.

DISTRIBUTION PER UNIT (DPU)



Total income available for distribution to unitholders in FY2019 was RM282.3 million (FY2018: RM281.9 million), of which 100% was distributed. DPU for FY2019 increased by 0.2% to 9.59 sen from the previous financial year due to the new income contribution from Sunway university & college campus. Distribution yield was at 5.1%, a slight decrease from 5.4% in FY2018 due to higher unit price closed as at 30 June 2019.

STATEMENT OF FINANCIAL POSITION



Sunway REIT's total asset value (TAV) increased by 8.4% to RM8.16 billion as of 30 June 2019 compared to RM7.52 billion in the previous financial year. This is mainly attributable to the acquisition of Sunway university & college campus valued at RM550 million as well as revaluation gain of RM107.7 million.

Total borrowings recorded a 6.5% increase from RM2.9 billion to RM3.1 billion due to issuance of unrated medium term note of RM0.2 billion to partially fund the acquisition of Sunway university & college campus. Deferred tax liability in relation to the unrealised fair value gain of freehold land component within the investment properties also increased by RM7.9 million from RM6.9 million in FY2018 to RM14.8 million in FY2019 due to increase in real property gain tax rate effective 1 January 2019 and higher fair value gain from annual revaluation of the investment properties.

Sunway REIT's net asset value (NAV), comprising unitholders' funds and perpetual note holders' funds, increased to RM4.8 billion as of 30 June 2019, representing an increase of 10.2% from RM4.4 billion in the previous financial year. Total unitholders' fund increased by 2.4% from RM4.4 billion in FY2018 to RM4.5 billion in FY2019 attributable to the fair value gain of the investment properties for the financial year. Perpetual note holders' funds represent proceed from an issuance of perpetual note of RM0.3 billion during the financial year.

STATEMENT OF CASH FLOWS

Operating Activities

Net cash generated from operating activities was RM399.4 million in FY2019, an increase of 5.1% from RM379.9 million in FY2018 in line with the higher net property income.

Investing Activities

Net cash used in investing activities of RM556.2 million was mainly due to acquisition of Sunway university & college campus and progress payments for refurbishment and expansion works, partially offset by net redemption of investment in money market instrument during the year.



FINANCIAL REVIEW

Financing Activities

Net cash flow used in financing activities of RM146.5 million was mainly contributed by drawdown of borrowings amounting to RM200.4 million and proceeds from issuance of perpetual note of RM340.0 million to fund the acquisition of Sunway university & college campus, partially offset by income distribution and interest paid of RM278.6 million and RM115.1 million, respectively.

Cash and bank balances stood at RM67.3 million as of 30 June 2019, representing an increase of 16.9% or RM9.7 million from RM57.6 million in the previous financial year. Excluding deposits with maturity of more than 3 months, the cash and cash equivalents stood at RM47.3 million as of 30 June 2019.

PERFORMANCE BENCHMARK	FY2019	FY2018	COMMENTARY
i. Management expense ratio (MER) (%)	0.86%	0.89%	MER was marginally lower on the back of higher NAV and is comparable to the top five M-REITs (in terms of market capitalisation) which ranges from 0.60% - 0.96%
ii. Total return (%)	10.7%	4.8%	Total return for the financial year was higher mainly due to 5.6% growth in closing unit price for FY 2019, compared to 0.6% decline in closing unit price for FY2018.
iii. Average total return (5 years) (%)	10.8%	8.5%	The 5-year average total return was higher due to the higher total return in FY2019.
iv. Average total return (3 years) (%)	9.3%	10.2%	The 3-year average total return was lower due to the low total return in FY2018 as a result of 0.6% decline in closing unit price for FY2018.
v. Distribution yield (%)	5.1%	5.4%	Distribution yield has decreased despite a 0.2% increase in DPU due to the higher closing unit price of RM1.87 for FY2019 (FY2018: RM1.77).
vi. NAV per unit (after income distribution) (RM)	1.4905	1.4566	NAV per unit increased by 2.3% from revaluation gain of the investment properties.
vii. Unit price (as at the end of the financial year) (RM)	1.87	1.77	The unit price of Sunway REIT increased by 5.6% on the back of reduction in overnight policy rate (OPR) by 25 bps from 3.25% to 3.00% by Bank Negara Malaysia (BNM) on 7 May 2019 as well as renewed interest in Sunway REIT following the acquisition of Sunway university & college campus.
i.	The ratio of expenses incurred in operating Sunway REIT of RM40.7 million (FY2018: RM38.4 million) to the NAV of Sunway REIT of RM4,729.4 million (after income distribution) (FY2018 : RM4,289.9 million).		
ii.	Total return represents the change in unit price during the year plus distribution yield for the year.		
iii., iv.	Average total return is the sum of the return rates of Sunway REIT over a given number of years divided by that number of years.		
v.	Based on DPU of 9.59 sen (FY2018: DPU of 9.57 sen) divided by its closing unit price as at 30 June 2019 of RM1.87 (30 June 2018: RM1.77).		
vi.	Net asset value of Sunway REIT is determined by deducting the value of all Sunway REIT's liabilities from the total asset value, divided by total issued units.		
vii.	Unit price is determined based on the unit price as at 30 June 2019 for FY2019 and 30 June 2018 for FY2018.		



For more information on item i, please refer to Financial Insights section



For more information on item ii, iii and iv, please refer to Financial Highlights section

FAIR VALUE OF INVESTMENT PROPERTIES

The value of Sunway REIT's investment properties increased to RM8.05 billion as at 30 June 2019 from RM7.28 billion in the previous year. The increase of RM767 million was attributable to capital expenditure of RM65 million, acquisition of RM556 million, net fair value gain (after accounting for capital expenditure) of RM108 million and increase in investment property under construction of RM38 million.

The portfolio property yield improved to 5.85% mainly attributable to the annualised property yield contributed by Sunway university & college campus.



	Fair Value @ 30.6.2019	Fair Value @ 30.6.2018	Change In Value	Property Yield FY2019	Property Yield FY2018
	RM million	RM million	RM million	%	%
RETAIL					
Sunway Pyramid Shopping Mall	3,774	3,580	194	6.81%	6.65%
Sunway Carnival Shopping Mall ¹	400	398	2	7.44%	7.84%
SunCity Ipoh Hypermarket	61	61	-	6.37%	6.68%
Sunway Putra Mall	583	595	(12)	3.76%	4.34%
	4,818	4,634	184	6.48%	6.45%
HOTEL					
Sunway Resort Hotel & Spa	525	530	(5)	3.54%	6.70%
Sunway Pyramid Hotel	350	360	(10)	4.28%	4.35%
Sunway Clio Property	340	340	-	6.04%	1.36%
Sunway Hotel Seberang Jaya	60	63	(3)	4.85%	4.63%
Sunway Putra Hotel	335	345	(10)	2.85%	3.92%
Sunway Hotel Georgetown	83	75	8	5.82%	7.34%
	1,693	1,713	(20)	4.21%	4.54%
OFFICE					
Menara Sunway	172	169	3	6.59%	6.32%
Sunway Tower	120	123	(3)	(0.28%)	(0.32%)
Sunway Putra Tower	130	123	7	5.59%	3.46%
Wisma Sunway	60	59	1	5.21%	5.00%
	482	474	8	4.44%	3.69%
SERVICES					
Sunway Medical Centre (Tower A & B)	344	340	4	6.81%	6.66%
Sunway university & college campus	550 ²	-	550	6.22% ³	N/A
	894	340	554	6.45%	6.66%
INDUSTRIAL & OTHERS					
Sunway REIT Industrial - Shah Alam 1	95	92	3	6.19%	5.57%
	95	92	3	6.19%	5.57%
TOTAL INVESTMENT PROPERTIES					
	7,982	7,253	729	5.85%	5.79%
Less: Acquisition during the year ⁴			(556)		
Less: Capital expenditure			(65)		
Fair Value Gain			108		

¹ Excluded land for the expansion of Sunway Carnival Shopping Mall of RM17.2 million which was transferred to investment property under construction valued at cost.

² Appraised value based on valuation carried out on 5 December 2018 for acquisition purpose.

³ Annualised property yield is computed based on NPI from completion of acquisition date to 30 June 2019.

⁴ In relation to purchase consideration paid for the acquisition of Sunway university & college campus, including expenses related to the acquisition.

N/A - Not Applicable



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



SUSTAINABILITY STATEMENT



FINANCIAL INSIGHTS



UNITHOLDERS INFORMATION

INVESTMENT OBJECTIVE

To provide unitholders with exposure to a diverse portfolio of authorised investments that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit.



For more information, please refer to Salient Features section

STRATEGIC INVESTMENT

Sunway REIT focuses on creating synergies and embarking on value-adding acquisitions to enhance our portfolio performance in the long-term. While maintaining robust performance from existing investments through proactive asset enhancement and prudent cost management, we continue to seek opportunities to diversify into emerging sub-segments such as our recent acquisition of Sunway university & college campus, a Services-related addition to our portfolio.

We continue to embrace a highly selective and prudent approach with strict criteria to ensure all investments will be able to endure challenges and grow in the medium to long-term horizon. Key criteria assessed in our holistic evaluation and appraisal process include distribution per unit (DPU) accretion, yield growth, income stability, sustainable capital gain and synergistic benefits to our existing and future asset portfolio. Other important factors considered in the due diligence process include location, asset type and segment, pricing and timing, deal size and valuation, property condition and management, vendor and tenant profile, lease period and structure, risk mitigation, acquisition and financing costs, as well as potential opportunity for future enhancement and expansion.



SUSTAINABLE ASSET ENHANCEMENT & DEVELOPMENT INITIATIVES

To stay ahead of evolving consumer trends and demands, Sunway REIT actively embarks on enhancement initiatives as one of our key asset management strategies. Besides optimising space efficiency, maximising utilisation and creating potential new lettable areas, our strategy of innovative asset enhancement harnesses digital technology to generate fresh excitement, elevate customer experience and even serve new client segments with projects such as the recently-completed refurbishment of Sunway Resort Hotel & Spa Grand Ballroom and Meeting Rooms as well as the planned refurbishment of Sunway Tower.

The Listed REIT Guidelines allowance for REITs to undertake property development activities augurs well for Sunway REIT's growth strategy, as we are actively working on development projects such as the expansion of Sunway Carnival Shopping Mall. In all asset enhancement initiatives and property development activities, costs and returns are carefully balanced as we are committed to the best interests of our unitholders.



For more information, please refer to A Conversation with the CEO section



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



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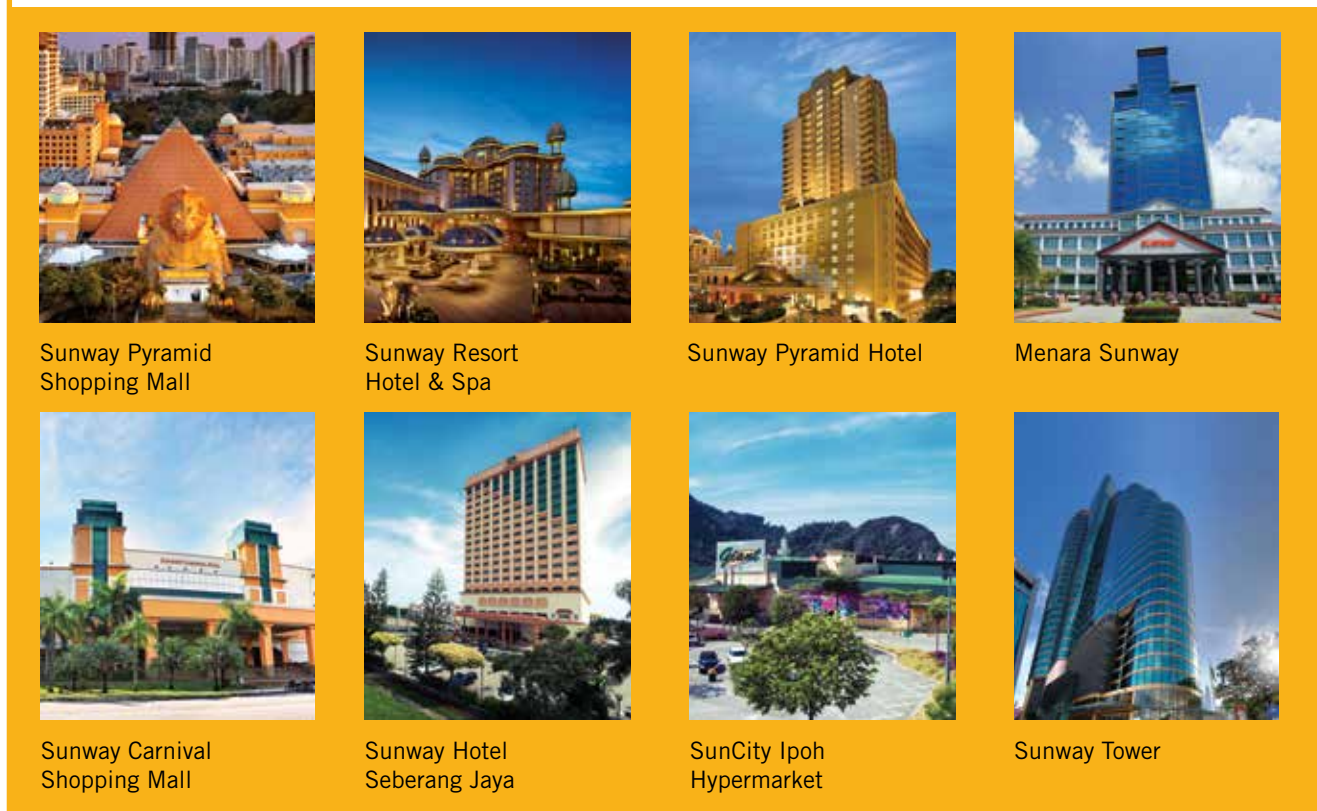
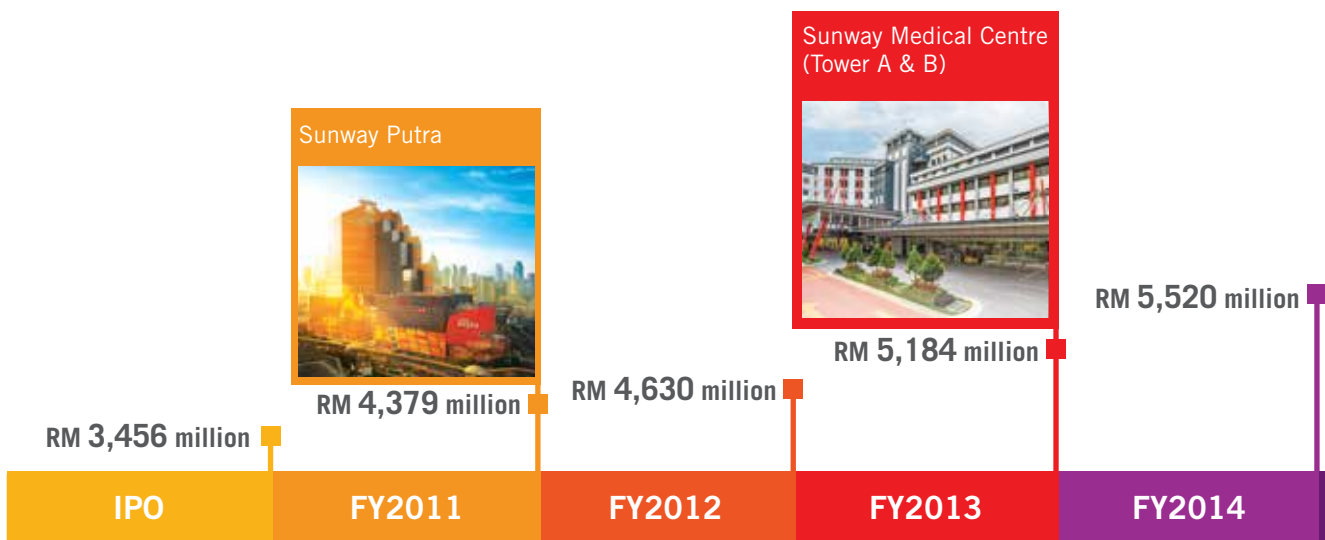


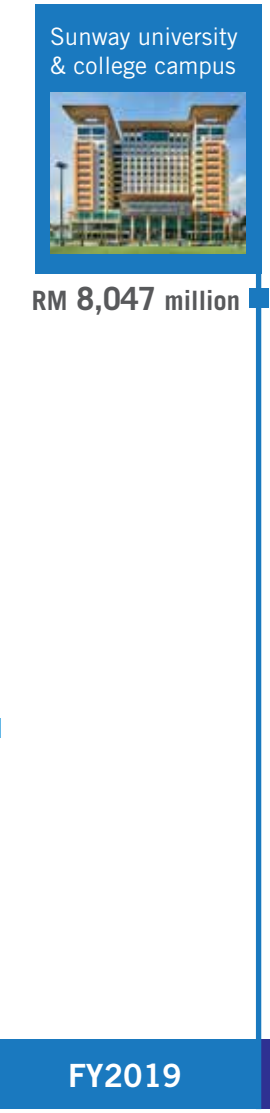
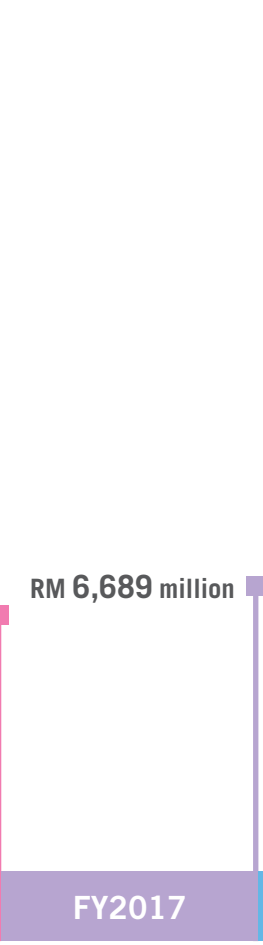
UNITHOLDERS' INFORMATION

INVESTMENT REVIEW

The growth in Sunway REIT's value of investment properties surpassed the RM8 billion mark in FY2019, thanks to acquisition and property development activities undertaken as well as the gain in fair value over the years.

GROWTH IN INVESTMENT PORTFOLIO AND VALUE OF INVESTMENT PROPERTIES SINCE IPO





FY2015

FY2016

FY2017

FY2018

FY2019



INVESTMENT REVIEW

ACQUISITION GROWTH

TRACK RECORD SINCE IPO

No. of properties acquired¹

9

Total Acquisition Cost²

RM 1.96 billion

ACQUISITION COMPLETED IN THE FINANCIAL YEAR

No. of acquisitions

1

Total Acquisition Cost²

RM 556 million

¹ Including acquisition during the financial year

² Including incidental costs on acquisition ie acquisition fee, legal fee and valuation fee

ACQUISITION COMPLETED IN THE FINANCIAL YEAR

PROPERTY

SUNWAY UNIVERSITY & COLLEGE CAMPUS

Property description Lands together with the buildings (including all fixtures and fittings, services infrastructure and systems located or used in the buildings) comprising the South Building, North Building, New University Block, Hostel, Sports Facilities and 1,053 carpark bays

Location Bandar Sunway, Selangor Darul Ehsan

Acquisition price RM550.0 million

Land area 733,237 sq.ft.

Vendor Sunway Destiny Sdn Bhd, a subsidiary of Sunway Berhad

Date of SPA 24 December 2018

Completion date 15 April 2019

Funding A combination of existing debt and perpetual note programmes



For more information, please refer to Property Details: Services section



INVESTMENT REVIEW

ORGANIC GROWTH

ASSET ENHANCEMENT INITIATIVES AND PROPERTY DEVELOPMENT ACTIVITIES

AElS completed since IPO* <h1 style="font-size: 2em;">RM790</h1> million	Property Development Activities <h1 style="font-size: 2em;">RM353</h1> million	Future AElS <h1 style="font-size: 2em;">RM22</h1> million
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*The AElS cost completed since IPO is inclusive of provisional contracted sum

ASSET ENHANCEMENT INITIATIVES

Sunway Resort Hotel & Spa Grand Ballroom and Meeting Rooms Refurbishment

Sunway Resort Hotel & Spa has completed the refurbishment of the Grand Ballroom and Meeting Rooms which commenced in July 2018 and re-opened in November 2018 as planned.

The renovation saw an unprecedented level of care and detailing over the course of 4 months, ensuring design coherence to the Grand Ballroom, foyers, public spaces and 3 floors of meeting venues, injecting a modern sense of splendour and sophistication.

In May 2019, a showcase event themed '**Re.Defined**' was held at Sunway Resort Hotel & Spa that saw more than 350 corporate guests and members of the media who came to rediscover its refreshed and redesigned spaces, as well as new technology upgrades and different event set-ups with customisable needs – setting the benchmark for creativity, convenience and forward-looking service.



DESCRIPTION

Total refurbishment cost	RM55 million
Refurbishment period	July – November 2018
Location	Grand Ballroom at Level 15, Meeting Rooms at Level 10 and Level 12



INVESTMENT REVIEW

PROPERTY DEVELOPMENT ACTIVITIES

Expansion of Sunway Carnival Shopping Mall

In FY2019, Sunway REIT continues with the expansion of Sunway Carnival Shopping Mall (comprising 9 storeys of retail space and 7 levels of carpark) which began since 3Q FY2018 (Phase 1) to increase the mall's total NLA to approximately 830,000 sq.ft. by CY2020.

The expansion is expected to transform the retail scene in Penang with its appealing architectural design and enhanced tenancy mix of international and regional retailers. Upon completion of Phase 1, the existing wing will also be rejuvenated to synchronise with the overall concept of the mall (Phase 2).



PHASE 1	DESCRIPTION
Estimated total development cost	RM353 million
Target completion	2Q FY2021
NLA	Approximately 350,000 sq.ft. of additional new space
Project objectives	<ul style="list-style-type: none"> • Enhance breadth and depth of tenancy mix in line with evolving lifestyle demands of shoppers • Meet larger retail space requirements of international and regional retailers • Stay ahead of competition with new offerings
Sustainability features	<ul style="list-style-type: none"> • Rainwater harvest system • Electric car charger • Volatile organic compound (VOC) free paint • LED lighting • High-efficiency chiller • Low-E glass to reduce heat penetration for façade facing East and West directions
Current progress of construction works	<ul style="list-style-type: none"> • Piling and sheet-piling works completed • Earthworks, pile-cap and basement reinforced concrete (RC) in progress

INVESTMENT REVIEW

PLANNED ASSET ENHANCEMENT INITIATIVES

Refurbishment of Sunway Tower

In line with the rise of co-working and co-living concepts in Asia, Sunway Tower will be upgraded to stay ahead of the curve and meet the growing demand for such inventive and dynamic shared spaces in the capital city.

The innovative mixed-use concept for Sunway Tower will provide an expanded and enhanced range of offerings to modern businesses with an increasing focus on flexibility and technology. Occupancy rates are also expected to improve with positive synergies from the integrated eco-system of co-working, co-living, gym facilities and event space components.

In line with the refurbishment concept, the lifts will also be modernised to match the new outlook of Sunway Tower.



DESCRIPTION

Estimated total refurbishment cost	RM22 million
Phased completion	FY2020 - FY2021



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



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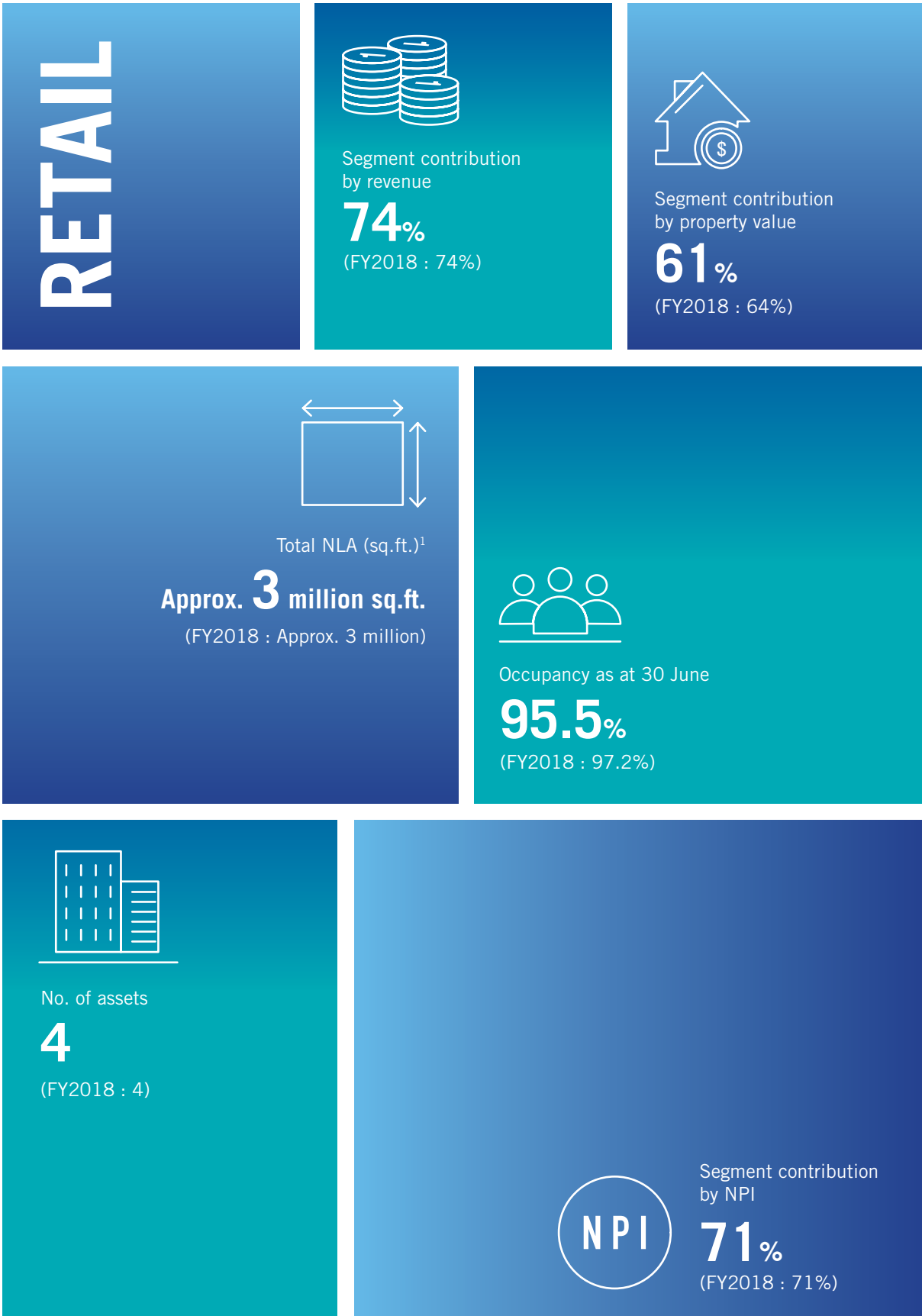


FINANCIAL INSIGHTS



UNITHOLDERS' INFORMATION

OPERATIONS REVIEW



¹ Includes Sunway Pyramid Convention Centre and Sunway Carnival Convention Centre

OPERATIONS REVIEW

KEY MILESTONES

- Sunway Malls are recognised as one of Malaysia's best companies to work for in Asia

Sunway Pyramid Shopping Mall:

- Launched Malaysia's first shopping mall Mobile App real-time indoor navigation
- Secured first-in-Malaysia leading brands such as Hai Di Lao and Tiger Sugar
- Launched 'A Fresher Pyramid' where several areas of Sunway Pyramid had been given an uplift

Sunway Putra Mall:

- Certificate of Recognition – Autism Star (National Autism Champion) by NASOM as Malaysia's First Autism-Friendly Shopping Mall
- Malaysia's Shopping Malls Association's (PPK) Best Experiential Marketing Awards 2018 (Silver Award) for Category B – Mid-Autumn Festival
- 2019 Social Media Excellence: Community & Social Welfare category

CHALLENGES

- Decrease in consumer confidence due to expected moderation in economic climate and job outlook.
- Shift in consumer preference towards e-commerce due to growing internet penetration.
- Continued weakness of the Malaysian Ringgit (MYR) and Malaysian economy results in retailers delaying or cancelling expansion plans.
- New and existing competitors continue to exert pressure on tenant performance, occupancy and rental rates.
- Increase in operating costs with the implementation of Sales and Service Tax (SST) and higher electricity tariff.



For more information, please refer to Detailed Market Report section

STRATEGIES

- Improve marketing by organising brand-building, publicity and shopper engagement activities such as KouKou Fun Time, Nickelodeon Slime Time and #MySakuraFever by KLOOK.
- Improve digital engagement via social media, influencers, website revamp and mobile application to be more interactive and engaging.
- Increase brand building efforts to attract more emerging brands to excite the retail and F&B offerings in the malls.
- To use technology and automation or robotics to increase efficiency and sustainability through cost rationalisation and increased productivity.
- Partner with Malaysia Shopping Secretariat and DBKL tourism to reach out to tourists and expatriates.
- Continuously enhance tenant mix and services by securing strategic retailers ahead of competitors, reviewing relevance and attractiveness of existing mix through market intelligence and securing first-in-Malaysia or flagship stores such as Hai Di Lao and Tiger Sugar.

- Enhance customer care and relationship via loyalty programmes such as Sunway Pals, rewards incentives, heart-touching points, phone-charging stations etc.
- Build tenant partnerships with sustainable landlords via regular meetings, yearly engagement session, collaborations and management support.
- Continuously enhance facilities for convenience and safety of shoppers such as free bicycle parking, additional CCTVs around the mall, ongoing child-safe shopping initiatives (using child wristbands, wristlets etc.), and electric and hybrid car charging stations in Sunway Pyramid Shopping Mall.

INNOVATIONS

- Continue greener mall initiatives through installation of LED lightings, use of recycled water from the water treatment plant for men's urinals, and exploration on the possibility of solar energy usage.
- As part of an active food waste management, Sunway Pyramid Shopping Mall will be investing into a 500kg composting machine to produce environmental friendly organic composed from the F&B tenants' food waste.
- Introduce cashless 'Sunway Unified Payment System' involving leading e-wallet companies and retailers.
- Launched 5 new electric vehicle (EV) charging bays at Sunway Pyramid Shopping Mall, in partnership with smart parking reservation service provider ParkEasy, Shell Malaysia and BMW Group Malaysia.
- Sunway Pyramid Shopping Mall created Oasis Paradise, a green sitting area outside of LG1 Blue Entrance. This non-smoking outdoor area faces Sunway Lagoon, and a children's playground will be placed indoors near the entrance leading to the green sitting area to promote the area as a rejuvenation area for families.
- Continue collaboration with Grab on creating the first Grab lounge in the region with dedicated waiting space for drop-off and pick-up.
- Create an integrated system to build customer database, analyse customer behaviour and preferences through Shopper Relations Management and re-target communication to customers.
- Enhancement in multiple cashless payment system options in carpark ticketing including integrating with License Plate Recognition system upon upgrading of parking guidance system, introduced Find-Your-Car kiosk for ease of locating parked vehicles, and the carpark floor was refreshed with epoxy flooring.
- Implement Shopper Tracking system to monitor visitor count.



For more information, please refer to Sustainability Statement section

PROSPECTS

- Retail Group Malaysia (RGM) maintained its CY2019 retail sales forecasts of 4.5% despite lackluster retail sales in the first two months as it expects a stronger growth during the second half of CY2019.
- Retailers are integrating their online-to-offline offerings, creating synergies between digital and brick-and-mortar platforms to be more competitive and relevant.
- The Manager expects the retail segment to grow moderately in the coming financial year.



VITAL ATTRIBUTES



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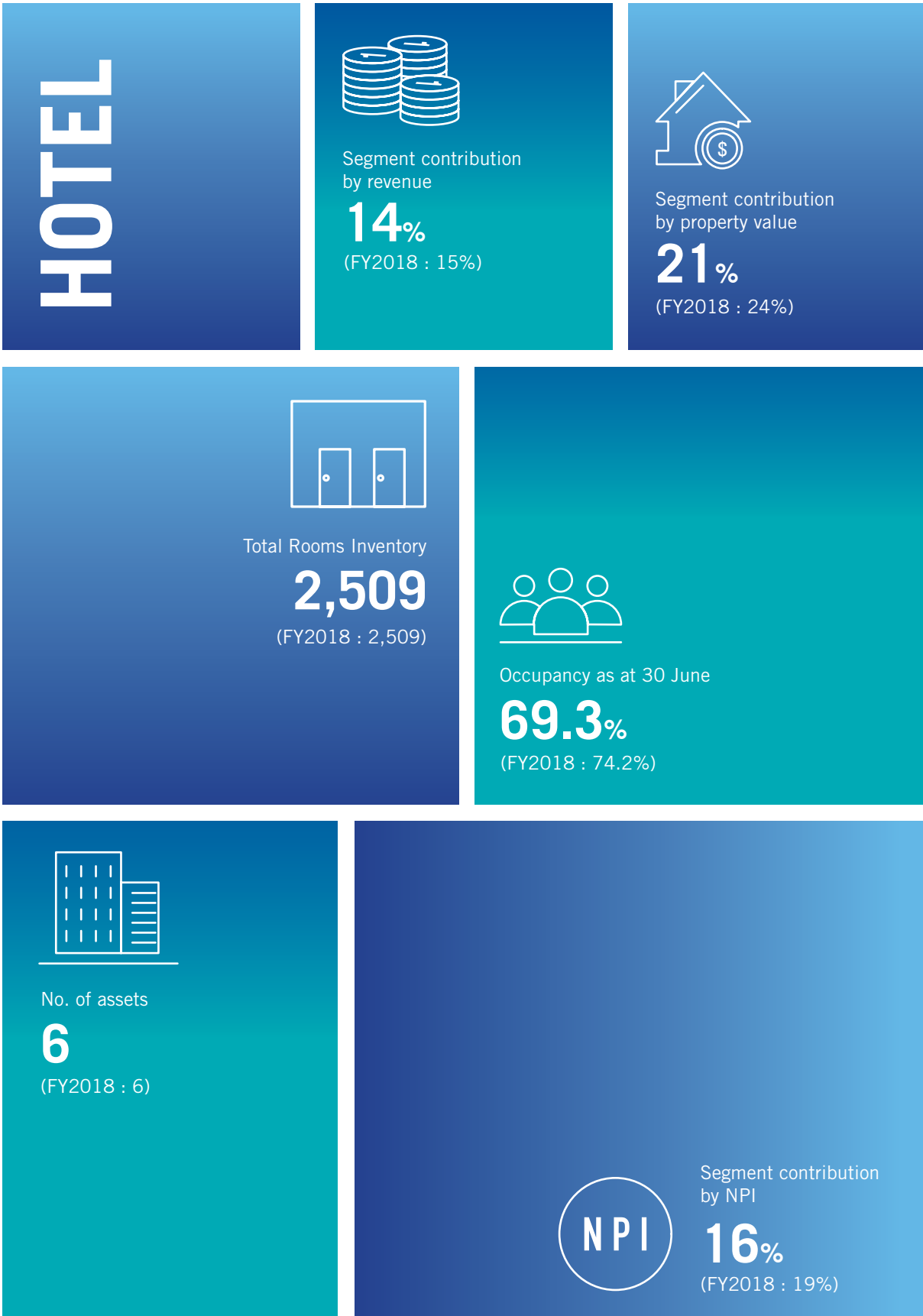


FINANCIAL INSIGHTS



UNITHOLDERS' INFORMATION

OPERATIONS REVIEW



OPERATIONS REVIEW

KEY MILESTONES

Sunway Resort Hotel & Spa

- Presented with the Agoda 2018 Gold Circle Awards, which recognises elite service, high-scoring peer-to-peer customer reviews from 22 million reviews on Agoda, and excellence in pricing and availability
- Won Best Premier Holiday Destination in Malaysia at the International Excellence Award (IEA) 2019
- The refurbishment of the Grand Ballroom and Meeting Rooms was completed in November 2018 and was the venue of choice for major events such as Sunway and CNBC Managing Asia – Sustainability Entrepreneurship Conference, World Football Summit Asia, Prestigious International Excellence Awards (IEA) 2019 and more
- A showcase event on 29 May 2019 themed **'Re.Defined'** saw more than 350 corporate guests and members of the media who came to rediscover its refreshed ballroom, function spaces and technology

Sunway Hotel Georgetown

- Won Aon Hewitt's Best Employers Awards 2018 – Best Employer in Malaysia
- Awarded C-Trip's Best Business Hotel 2018

Sunway Hotel Seberang Jaya

- Achieved a rating of 8.4 out of 10 on Booking.com in February 2019

CHALLENGES

- CY2019 started on a soft ground with pressure on average occupancy rates and daily room rates. Traditionally, hospitality sector would be lifted by the Lunar New Year due to the extended holiday period but the trend was reversed due to lower tourist arrivals from Singapore and China.
- Outlook remains cautious due to intense competition, oversupply of hotel rooms, consumer confidence below threshold, and mushrooming of disruptors such as Airbnb, all of which has weakened business performance.
- Influx of approximately 3,000 hotel rooms to be completed in Klang Valley in CY2019.

- Upgrading work within hotel premises and surrounding resulted in decreased occupancy rate due to noise, dust and inconvenience.
- Loss of talent among middle management to new hotels, compounded by limited quantity and quality of rank-and-file workers in the market with measures such as minimum wage increasing cost of operation and adding pressure to the bottom line.
- Increase in operating costs due to higher electricity tariff.



For more information, please refer to Detailed Market Report section

STRATEGIES

- Refurbished Sunway Resort & Spa to elevate user experience and stay relevant in banqueting and MICE markets.
- Continue deploying effective yield management to optimise revenue per available room by applying predictive analytics to anticipate seasonal demands and optimise room rates during peak periods.
- Maximise synergy and connectivity within the integrated development of Sunway City to target leisure-based travellers.
- Focus on direct booking via its Book Direct & Save digital marketing by offering attractive member rates and benefits.
- Increase online distribution via partnerships (Agoda, Airbnb, Booking.com, C-Trip etc.) and participate in specific conversion programmes to increase exposure locally and internationally.
- Implement various digital initiatives such as the mobilisation of online platforms (Weibo, Baidu and WeChat) and top Chinese Key Opinion Leaders (KOLs) to drive brand awareness in the Chinese market.
- Secure new client base and returnees with refreshed meeting, residential and incentive groups, corporate dinners and weddings packages with dynamic pricing and flexible banquet rates.
- Explore new and emerging key markets through active participation in sales trips and trade shows to target different tiers of cities in Japan, China, India, Sri Lanka, Indonesia and the Middle East.
- Introduce online travel reviews by Sunway Hotels & Resorts guests, receiving positive reviews and awards etc.
- Introduce policy on local suppliers and supply chain practices etc. to leverage on Sunway Group-wide collective contracts and agreements for economies of scale.
- Provide skills-based training at all levels and establish cross-exposure opportunities for employees.



VITAL ATTRIBUTES



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INNOVATIONS

- Implemented Greener Hotel Initiatives such as 'Soapful'-repurposing of leftover soap bars with Ecolab, continued waste management through scheduled waste collection, segregation and measurement to produce compost and systematic collection of used oil in collaboration with FatHopes with aim to reduce sewage pollution.
- Sunway Resort Hotel & Spa invested into a 300kg composting machine to tackle its food waste produced from kitchen and F&B outlets
- Continue improving operating efficiency via energy-saving initiatives such as replacing lighting to LED etc.
- Use tropical greens to enhance guest experience and raise awareness of local plants.
- Embarking on Robotic Cognitive Assessment (RCA) initiatives to improve efficiency in work processes.

PROSPECTS

- Medical tourism is expected to be positive in the long-term, with Malaysia rated as one of the top 4 countries with the best healthcare facilities in the world.
- Investment in multimedia technology aimed at enhancing guest experience.
- While adapting to the fast-changing tastes and needs of consumers, the flagship 5-star Sunway Resort Hotel & Spa is targeted to undergo a complete make-over in CY2020.
- In the meantime, the Manager expects the contribution from hotel segment to be impacted by the challenging market environment due to the increase in new entrants and declining growth in tourist arrivals.




For more information, please refer to Sustainability Statement section



OPERATIONS REVIEW

OFFICE



Segment contribution by revenue

6%
(FY2018 : 6%)




Segment contribution by property value

6%
(FY2018 : 7%)




Total NLA (sq. ft.)

Approx. **1 million sq.ft.**
(FY2018 : Approx. 1 million)



Occupancy as at 30 June

74.5%
(FY2018 : 68.2%)



No. of assets

4
(FY2018 : 4)



Segment contribution by NPI

5%
(FY2018 : 4%)



OPERATIONS REVIEW

KEY MILESTONES

- Successfully increased occupancy rate of Wisma Sunway from 76.3% as at 30 June 2018 to 100.0% as at 30 June 2019
- Successfully increased occupancy rate of Sunway Putra Tower from 78.2% as at 30 June 2018 to 85.6% as at 30 June 2019 despite weak office demand

CHALLENGES

- Office sub-sector has suffered from prolonged oversupply which is not expected to be resolved in the short-to-medium term. Catalytic reform is needed to address the issue.
- Increase in operation cost due to increase in electricity tariff.



For more information, please refer to Detailed Market Report section

STRATEGIES

- Enhance fire-safety by upgrading fire tank and fire door magnetic holder to meet Fire Department requirements.
- Carry out lift upgrades and ceiling replacement for tenant convenience and modernisation.
- Revamp general outlook of buildings by repainting ceiling and carpark basement and constructing façade cover to prevent water spillage.
- Aggressive marketing efforts including reduction in rental rates, providing rent-free periods, undertaking fit-out to attract new tenants and offering rebates to retain existing tenants.
- Ensure regular engagement with existing tenants on tenancy status and future intentions to plan for retention.
- Enhance security through buggy and visitor management services, armed auxiliary police and installation of CCTV around critical areas.

INNOVATIONS

- Reconfigure vacant office space to meet the rising demand for co-working and technology-related spaces.
- Maintain a culture of constant preventive and predictive maintenance on critical equipment via Computerised Maintenance Management System (CMMS).
- Continue to improve office facilities to create smart and sustainable building via measures such as replacing PLC downlight with LED and upgrading air-conditioning chiller as a more cost-effective solution in the long run.
- Implemented environmental sustainability programmes such as rain water harvesting to reuse water for landscape irrigation.



For more information, please refer to Sustainability Statement section

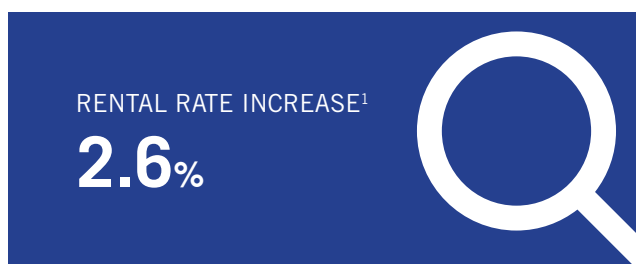
PROSPECTS

- Malaysia moved up 9 spots to rank number 15 in the World Bank Doing Business 2019 report, placing 2nd after Singapore amongst ASEAN countries. The increased confidence in Malaysia augurs well for attracting businesses and demand for office spaces.
- The growing trend of co-working and shared services especially amongst small and medium-sized enterprises (SMEs), multinational companies (MNCs) and start-ups have presented new opportunities for owners of office buildings in view of the oversupply of office spaces in Klang Valley.
- The Manager expects gradual improvement in the overall occupancy of the office segment, mainly attributable to effective leasing strategy and continued improvement in Sunway Putra Tower.

OPERATIONS REVIEW

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Rental Renewals



Sunway REIT recorded a higher average rental reversion of 2.6% (FY2018: 1.6%) for the portfolio's 983,768 sq.ft. (FY2018: 1,186,791 sq.ft.) new or renewed tenancies during the financial year. The reversion rate was contributed by the increase in rent for the renewals at Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall, Menara Sunway and Sunway Putra Tower, but partially affected by reduction in renewal in Sunway Putra Mall. Excluding the aforesaid rental reduction, the rental reversion for the portfolio was at mid-single digit.

The retail segment renewed or secured new tenants for 638,089 sq.ft. (FY2018: 1,083,033 sq.ft.) with a renewal rate of 92.2% (FY2018: 96.3%) of total space due for renewal. The office segment managed to renew 360,347 sq.ft. (FY2018: 103,758 sq.ft.) or 95.9% (FY2018: 88.2%) of total space due for renewal.

¹ Increase for 3 years including step-up rent

Lease Expiry Profile And Lease Structure



The weighted average lease expiry (WALE) as at financial year end was about 98% higher at 3.95 years (FY2018: 1.99 years) with the inclusion of Sunway university & collage campus master lease, offsetting the long-term hotel, hospital and industrial master leases that reduce over the years.

The portfolio has 33.2%, 12.9%, and 49.4% of NLA expiring in FY2020, FY2021 and after FY2022 respectively. The majority of the tenancies are 3-year tenancies with renewal option for another 3-year term, subject to renewal at market rates. Certain anchor tenants or major tenants have the option to renew their tenancies for 4 terms of 3 years each. Included in the tenancies expiring in FY2020 are monthly tenancies occupying 1.1% (FY2018: 1.6%) of the total space.

These master leases represent 58.2% of the total space of the portfolio. The expiry of the master leases are as follows:

PROPERTY	EXPIRY OF FIRST TERM
Sunway Resort Hotel & Spa, Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya	July 2020
Sunway Putra Hotel	September 2021
Sunway Medical Centre (Tower A & B)	December 2022
Sunway Hotel Georgetown	January 2025
Sunway Clio Hotel	February 2028
Sunway REIT Industrial – Shah Alam 1	December 2034
Sunway university & college campus	November 2048



OPERATIONS REVIEW

KEY OPERATING INFORMATION



OPERATIONS REVIEW

KEY OPERATING INFORMATION

Top 10 Tenants



Sunway REIT has a diverse tenant mix of approximately 1,247 tenancies (FY2018: 1,246), 5 hotel master leases, one hospital master lease, an industrial property master lease and Sunway university & college campus master lease. As at 30 June 2019, the exposure to tenant-concentration risk remains low, as the top 10 largest tenants only contribute approximately 13.1% (FY 2018: 11.8%) of total gross revenue.

Top 10 tenants by total gross revenue

TENANT	TRADE	TENANCY EXPIRY DATE ¹	% OF TOTAL GROSS REVENUE ²
Padini Dot Com Sdn Bhd	Fashion	6 September 2019, 14 December 2020, 27 May 2021	2.3
Parkson Corporation Sdn Bhd	Department Store	18 July 2022, 31 August 2022	1.9
TGV Cinemas Sdn Bhd	Cinema	22 July 2021, 14 September 2021	1.5
Aeon Co. (M) Bhd	Department Store	29 September 2019	1.4
GCH Retail (M) Sdn Bhd	Hypermarket/ Supermarket	27 May 2021	1.2
JD Sports Fashion Sdn Bhd	Fashion	30 September 2019, 8 November 2021, 4 January 2021	1.2
Uniqlo (Malaysia) Sdn Bhd (Uniqlo)	Fashion	6 September 2019, 27 May 2021	1.0
Jabatan Kerja Raya	Government Agency	28 February 2021	0.9
Beauty in Motion Sdn Bhd (Sephora)	Fashion	14 August 2022	0.9
Sunway Resort Hotel Sdn Bhd	Convention Centre	31 December 2020	0.8

¹ In cases where leases have more than one expiry date (i.e. the tenants have several leases), lease expiry dates are shown in multiple dates

² Based on total gross rental for the month of June 2019, excluding hotel master leases, hospital master lease, industrial property lease and Sunway university & college campus master lease and carpark tenancies



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PROPERTY DETAILS



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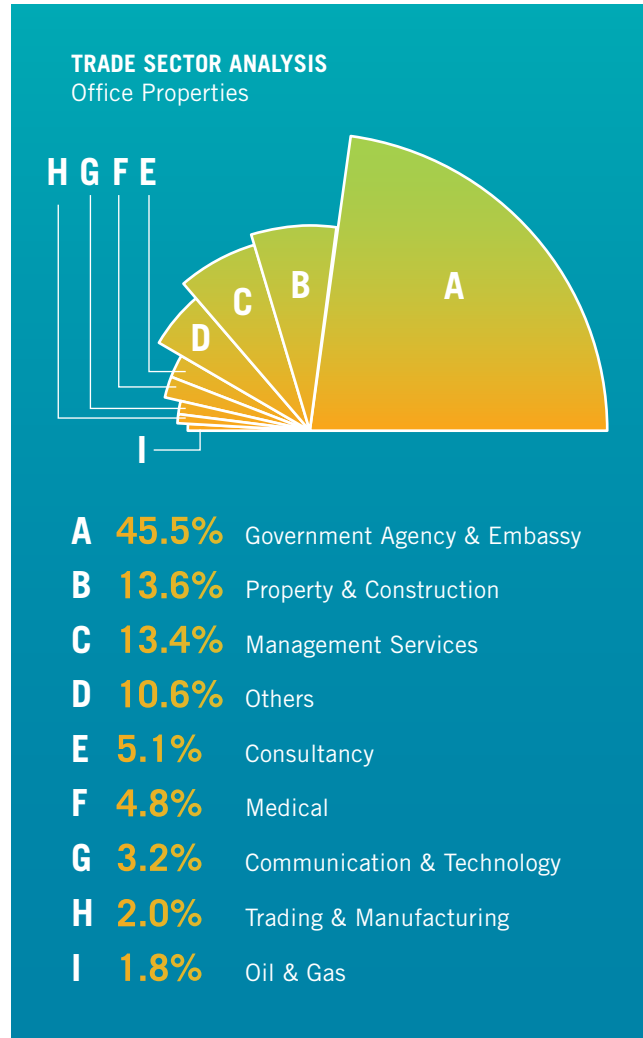
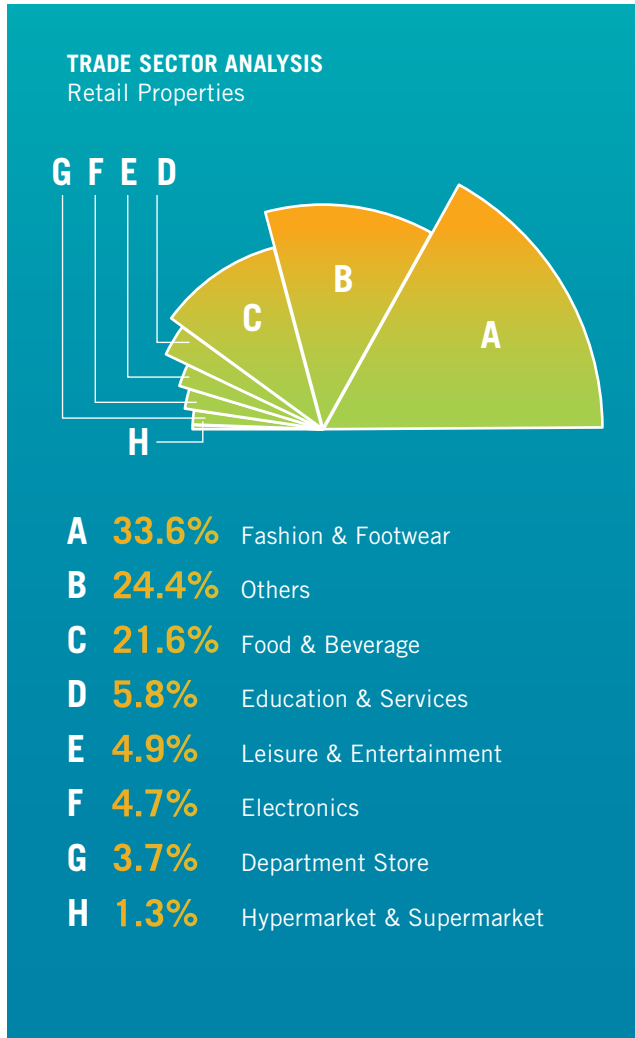
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Trade Sector Analysis

Sunway REIT's diverse tenant mix trade in a wide range of sectors. The top three trade mix for the retail properties are fashion & footwear followed by others comprising various trades such as gifts, pharmaceutical, optical etc. and food & beverage. For the office properties, the top three sectors are government agency & embassy, property & construction and management services.



CAPITAL MANAGEMENT

The Manager aims to optimise Sunway REIT's capital structure and cost of capital by using the combination of debt and equity financing in accordance with the provisions in the Deed and in compliance with the Listed REIT Guidelines.

During the financial year, the Manager has adopted proactive capital management strategy which involves optimising the allowed gearing level, maintaining a balanced portfolio of fixed to floating rate borrowings and periodic financing rate reviews by remaining alert to the global and national interest rate movement as well as equity market sentiment.

By doing so, the Manager intends to maximise the return to the unitholders while maintaining a manageable level of risks associated with the various forms of financing.



The financing risks of Sunway REIT are addressed in the Risk Management section



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5-YEAR TRACK RECORD

	FY2019	FY2018	FY2017	FY2016	FY2015
Total borrowings (RM billion)	3.1	2.9	2.3	2.2	2.1
Average cost of debt (%)	4.02	3.98	3.95	3.93	3.93
Fixed : Floating ratio	45 : 55	40 : 60	89 : 11	94 : 6	88 : 12
Average maturity period (years)	0.4	0.6	0.4	1.0	1.7
Interest service cover ratio (times)	3.4	3.7	4.1	4.9	3.7
Gearing ratio (%)	37.9	38.6	34.3	33.3	33.3

LOW DEBT FINANCING COST

The cost of debt of Sunway REIT has garnered commendable recognition among the Malaysian REITs (M-REITs) industry as one of the lowest since its IPO in 2010 and remained a low-4% throughout the current financial year.

The Manager has been successful with this objective through:

- continuous study and diversification in the sources of financing;
- maintaining strong business relationship with reputable financiers;
- sustaining a comfortable level of loan interest service capability;
- capitalising the strength and synergy with Sunway Group Treasury function and guidance from our Board of Directors; and
- effective hedging contracts, when appropriate.

Based on loan covenant ratio of 45% as at 30 June 2019, the Manager is able to further leverage on the debt financing of approximately RM400-500 million for future investment in yield-accretive assets and assets enhancement initiatives (AEIs) for Sunway REIT.

The Manager expects the average cost of debt of Sunway REIT to remain at current level within the next year and will continue to monitor the macro-environment as part of its capital management strategy.

DYNAMIC DEBT MATURITY PROFILE

The debt maturity period reflects the Manager's agile funding strategy with liquidity diversification to balance market interest rate over short and mid-term horizon. With the accommodative and supportive level of national monetary policy monitored by Bank Negara Malaysia, the Manager's strategy has proven to yield return to the unitholders over the years.

In addition, Sunway REIT has benefited from the recent Overnight Policy Rate (OPR) cut in May 2019 through immediate interest rate adjustment for its floating rate borrowings and having the flexibility to capitalise on the lower interest rate environment with its current debt maturity profile.

As at 30 June 2019, the weighted average debt maturity of Sunway REIT was approximately 0.3 years with 48% of its debt is rolled on monthly basis supported by underwriting commitment from a financial institution.

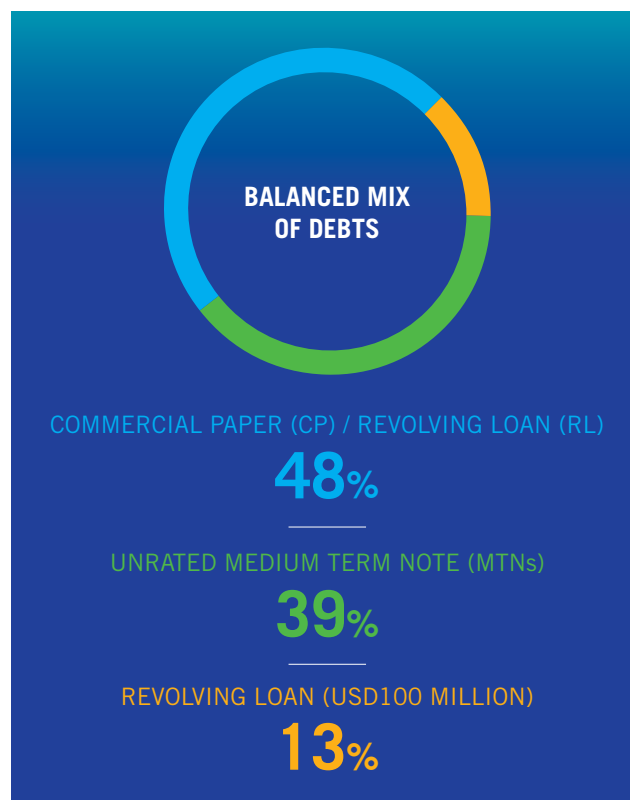
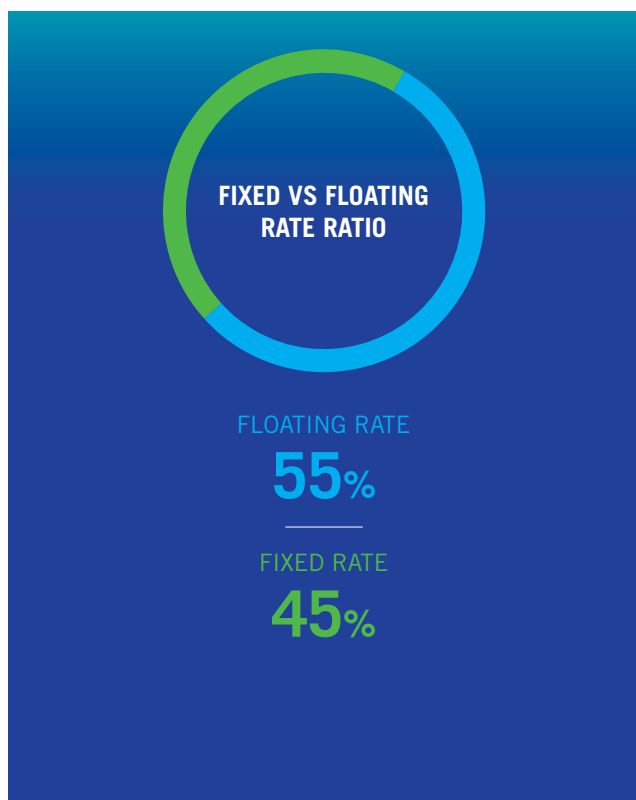


Debt Maturity Profile (RM million)



¹ Underwritten by a financial institution up to RM1.5 billion as of 30 June 2019
² Fully hedged with a cross currency swap

CAPITAL MANAGEMENT



VITAL ATTRIBUTES



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STABLE AND WELL-DIVERSIFIED FINANCING PROFILE

The Manager has implemented effective capital management strategy premised on diversification and a balanced mix of financing. Our plan seeks to optimise and maintain strong financial capital position to meet various stakeholders' expectations, which include debt and equity investors, rating agency and regulators.

The Manager has set up a new 7-year RM3.0 billion commercial paper programme under SUNREIT Capital Berhad in February 2019, to replace the existing 7-year RM1.6 billion commercial paper programme which expired in April 2019. The new commercial paper programme has been accorded an initial rating of P1(s) by RAM Rating Services Berhad, in recognition of the strong credit profile of Sunway REIT.

The Manager has also successfully set up a new RM10.0 billion perpetual note programme under SUNREIT Perpetual Bond Berhad in March 2019, being the first M-REIT to establish such hybrid securities as an alternative equity financing. The first issuance was fully subscribed upon being made available in the market, highlighting the keen interest from equity investors.



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY

DIVERSIFIED FINANCING PROGRAMMES	COMMERCIAL PAPER (CP) PROGRAMME	UNRATED MEDIUM TERM NOTE (MTN) PROGRAMME	PERPETUAL NOTE PROGRAMME
Year established / revised	2019 / N/A	2013 / 2017	2019 / N/A
Programme size (RM billion)	3.0	10.0	10.0
Amount utilised (RM billion)	-	1.2	0.3
Programme tenure (years) / expiry	7 / 2026	35 / 2048	N/A
Rating	P1(s)	Unrated	Unrated
Underwriting / Commitment	Partly underwritten by a financial institution	Refinancing commitment for RM1.0 billion from a financial institution for 5 years until April 2023	N/A

N/A - Not Applicable



For more information, please refer to Financial Insights section



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RISK MANAGEMENT

Risk is fundamentally part of Sunway REIT’s business operations, and it needs to be managed accordingly in order to create sustainable value to all our stakeholders. Therefore, the Board places great importance and is committed to maintaining effective risk management practices which is part of an integral process in achieving Sunway REIT’s business objectives. As such, The Manager adopts a robust Enterprise Risk Management framework that enables it to continuously identify, assess, treat and manage risk that could affect Sunway REIT from achieving its objectives within defined risk parameters in a timely and effective manner. Sunway REIT has a Risk Officer who is responsible to ensure all identified risks are recorded in a risk management scorecard to facilitate systematic review and monitoring.

The risk management process is embedded into key activities and business processes, enabling proper risk management at operation level of each property as well as the fund level. Risks identified shall be systematically evaluated with proper mitigating action plans developed to manage the risks to an acceptable level and monitored on a continuous basis.







For more information, please refer to the Statement on Risk Management and Internal Control section

Snapshot of the Enterprise Risk Management Process Flow



RISK MANAGEMENT

For the financial year under review, Sunway REIT has identified the following risks for the Fund and the Operation level:

RISK FACTORS	SOURCES OF OPPORTUNITIES	MITIGATING ACTION PLANS	RESIDUAL RISK RATING	RISK TREND
<p>1. Acquisition & Investment Risk</p> <p>Risk that assets are not yield-accretive and distort existing portfolio; difficulty in acquiring quality assets</p>	<p>Successful yield-accretive acquisition and investment would drive incremental distribution to unitholders</p>	<ul style="list-style-type: none"> The Manager remains selective and manages such risk by evaluating potential acquisitions against a set of approved investment criteria to ensure accretiveness. All acquisition proposals are evaluated by the Investment Appraisal Working Group prior to recommendation to the Board and Trustee. Due diligence to be performed prior to acquisition or investment in asset enhancement initiatives and property development activities. 		
<p>2. Valuation Risk</p> <p>Risk that assets may suffer a decline in value thus affecting profitability and gearing. Such a situation may occur if the asset suffers a decline in occupancy and rental rates.</p>	<ul style="list-style-type: none"> Majority of Sunway REIT's properties are positioned in an integrated township, attracting a wider audience base in the form of footfall and occupancy rate Increase in property value enhances our ability to secure higher borrowing through a larger loan-to-value base 	<ul style="list-style-type: none"> The Manager strives to ensure that all the assets under the management maintain its high occupancy level and rental rates by adopting various asset management strategies. The Manager continuously reviews the quality of asset management to ensure it meets relevant needs at both the REIT and asset level. Office properties: In one of the office properties i.e. Sunway Tower, which registered low occupancy due to the prevailing challenging office market, the Manager has been in active engagement with the Business Unit Management Team to embark an innovative strategy to convert 5 floors into co-working and co-living space within the office building in the upcoming financial year. The occupancy at Sunway Tower remained low at 23.0% as at 30 June 2019 resulting in decline in value of RM3.0 million. <p>Office properties represent 6.0% of the total portfolio value of RM8.05 billion as at 30 June 2019.</p> <p>During the year, the occupancy rate at Sunway Putra Tower improved from 78.2% as at 30 June 2018 to 85.6% as at 30 June 2019, while Wisma Sunway closed with 100% occupancy rate as at the same date. Both the properties enjoyed a valuation upside of RM7.0 million and RM1.0 million respectively.</p> <p>Sunway Putra Mall experienced a dipped in valuation by RM12.0 million due to lower achievement in performance.</p> <ul style="list-style-type: none"> That said, the increase in value of the other properties, particularly the retail malls, save for Sunway Putra Mall, within the portfolio fully mitigated the decline in value above resulting in a net fair value gain of RM108 million after accounting for capital expenditure incurred. 		



For more information, please refer to Management Discussion & Analysis: Fair Value of Investment Properties section



VITAL ATTRIBUTES



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RISK MANAGEMENT







RISK FACTORS	SOURCES OF OPPORTUNITIES	MITIGATING ACTION PLANS	RESIDUAL RISK RATING	RISK TREND
<p>3. Financing & Refinancing Risk</p> <p>Risk that funding will not be available from banks or debt capital market to meet requirements when due</p>	<p>Strong credit service capability with quality asset backing, debt rating and stewardship in Sunway REIT attract confidence from financiers to support our financing needs</p>	<ul style="list-style-type: none"> The Manager embarked on diversification of source of funding: <ul style="list-style-type: none"> Commercial paper (CP) programme Unrated medium term note (MTN) programme Revolving loan facilities Perpetual note programme The Manager ensures there is adequate unutilised funding facilities to meet funding requirement. The Manager does not foresee any risk in refinancing as RM1.8 billion was successfully refinanced in FY2019 given the strong credit profile of Sunway REIT. 		
<p>4. Liquidity Risk</p> <p>Risk that funds are inadequate to meet obligations</p>	<p>Adequacy of financial strengths is an important factor for our operations to service our financial obligation effectively</p>	<ul style="list-style-type: none"> The Manager, working together with the Business Unit Management Team actively and continuously monitors the debtors ageing record of tenants. The Business Unit Management Team shall promptly engage with tenants who are slow in making payments and will take necessary actions against such tenants. As at 30 June 2019, debtors turnover was approximately 13.5 days and does not pose any significant credit risk to Sunway REIT. At the Fund level, interest service cover ratio as at 30 June 2019 was 3.4 times, well above the covenant requirement of 1.5 times. 		
<p>5. Property Development Risk</p> <p>Risk of revenue loss from delay in completion of Sunway Carnival Shopping Mall expansion</p>	<p>Upon completion of Sunway Carnival Shopping Mall expansion, with an additional NLA of approximately 350,000 sq.ft., the depth and breadth of the tenancy mix can be enhanced to stay ahead of competition through new offering</p>	<ul style="list-style-type: none"> The Manager ensures there is close supervision and monitoring by the project management team in ensuring the completion is within the expected timeframe. As at 4Q FY2019, the construction at site has completed earthworks and the completion timeline by 2Q FY2021 is expected to be intact. <p> For more information, please refer to Investment Review – Property Development Activities section</p>		

RISK MANAGEMENT

RISK FACTORS	SOURCES OF OPPORTUNITIES	MITIGATING ACTION PLANS	RESIDUAL RISK RATING	RISK TREND
<p>6. Interest Rate Risk</p> <p>Risk that adverse movements in floating interest rates will affect financial performance</p>	<p>Sunway REIT is proactively on track with the global economic movement to capitalise and respond swiftly on any movement in the global interest rate</p>	<ul style="list-style-type: none"> The Manager strives to maintain fixed rate borrowing ratio of at least 40% to mitigate the risk of interest rate movements. The Manager dynamically monitors the interest rate environment and reviews and varies the capital management strategies in line with the interest rate outlook to optimise cost of capital. As at 30 June 2019, outstanding borrowings on floating rate basis amounted to RM1.7 billion and the overall cost of debt at 4.02%, the Manager foresees the rate to remain around this level within the next 1-year term whilst continuing to monitor the macro-environment for actions to be taken. As a gauge, every 25 bps change in interest rate in respect of the RM1.7 billion floating rate borrowings would result in a change in finance cost by RM4.25 million or a DPU effect of +/- 0.14 sen. <p> For more information, please refer to Management Discussion & Analysis: Capital Management section</p>		
<p>7. Business / Market Risk</p> <p>Risk that the properties face decline in revenue due to poor market condition, competition and geographical concentration</p>	<p>Sunway REIT's strategy is to embark on a diversified portfolio of asset classes to maintain stability of its income base and to capture the emerging growth in the global megatrends</p>	<ul style="list-style-type: none"> Sunway REIT maintains a diversified asset portfolio which is able to mitigate the risks of weaker performance of certain property sub-sector. The Manager will ensure that the Business Unit Management Team collaborates closely with the Sponsor, to leverage on and maximise the operating synergies between the properties in the Sunway REIT portfolio and the surrounding developments within the townships that are master-planned and developed by the Sponsor. The Manager will also actively identify and capitalise on potential asset enhancement initiatives within the portfolio to maintain market position and competitiveness. The Manager will address the geographical concentration risk of its portfolio at Sunway City with its strategy to acquire properties at other key growth cities throughout Malaysia. To provide further stability to earnings, the Manager has implemented the strategy to invest in properties such as educational campus, hospital, industrial, logistics, warehouses etc with long-term fixed leases. These assets will be classified under the Services and Industrial & Others segments and shall not exceed 25% of TAV. In the year of review, the Hotel segment has been affected by the continued soft tourism market coming into Malaysia coupled with lower corporate spending. The Manager has proactively engaged with Hotel Management Team to look out for new markets and business segments. 		



RISK MANAGEMENT

RISK FACTORS	SOURCES OF OPPORTUNITIES	MITIGATING ACTION PLANS	RESIDUAL RISK RATING	RISK TREND
<p>8. Tenant Concentration Risk</p> <p>Risk that revenue of Sunway REIT is dependent on anchor tenants. Termination or non-renewal of tenancy by the anchor tenants will negatively impact the performance of the properties</p>	<p>A diversified tenant base and sustainable mix is established with pro-active measures in introducing “first-of-its-kind-in Malaysia” concept or flagship stores and reputable tenant mix</p>	<ul style="list-style-type: none"> • Sunway REIT does not have any tenant concentration risk as its top ten tenants as at 30 June 2019 represent 13.1% of total gross revenue. • It is also the Business Unit Management Team leasing team’s priority to monitor closely tenants’ sales performance whilst maintaining strong relationships via active engagement with the retailers to build loyalty. • Under office property’s specific tenant concentration risk, about 50% of the NLA is tenanted by a single tenant in Wisma Sunway. This tenancy however will only expire in 3 years in which the Manager and the Business Unit Management Team will keep abreast in managing this risk effectively. 		
<p>9. Currency Risk</p> <p>Risk that Sunway REIT is exposed to foreign currency and exchange rate fluctuations</p>	<p>Sunway REIT actively engages with Sunway Group Treasury to study on the best possible options in embarking in multi-currency funding to capitalise on the currency’s low interest rate</p>	<ul style="list-style-type: none"> • Sunway REIT’s properties are all located in Malaysia, hence there is no exposure to foreign currency risks arising from business operations. • Sunway REIT has a multi-currency USD100 million revolving loan which has been fully hedged via a cross currency swap. Other than this loan, all other borrowings are from the domestic debt capital market. 		
<p>10. Compliance and Regulatory Risk</p> <p>Risk that Sunway REIT fails to comply with applicable laws and regulations at the Fund level</p>	<p>Regular and diligent compliance to all legal and regulatory requirements to safeguard Sunway REIT from any liabilities which may affect our operation and our ability to create value for the unitholders</p>	<ul style="list-style-type: none"> • Sunway REIT has a Compliance Officer who is responsible for ensuring compliance with the Deed, all applicable Securities Commission (SC) Guidelines for Listed REIT and Listing Requirements at the Fund level. • A compliance programme comprising compliance reviews, questionnaires, on-the-job training and advisory is in place. • The Manager in the financial year updated its Internal Policy Manual to reflect the current changes in the regulatory environment. • Separately, operational compliance is reported by the Business Unit Management Team to the Manager. 		

RISK MANAGEMENT

RISK FACTORS	SOURCES OF OPPORTUNITIES	MITIGATING ACTION PLANS	RESIDUAL RISK RATING	RISK TREND
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11. Human Capital Risk

Risk that the Manager fails to attract and retain competent staff force to manage its portfolio and to execute its strategies for sustainable growth

Having skilled workforce in various disciplines and committed employee engagement philosophy is important to compete and grow in a sustainable manner

- To have an engaged workforce, the Manager is committed to have continuous interactive engagement with the team to understand and respond effectively to the changing needs of the diverse workgroup.
- The Manager has an established salary structure that is reviewed annually in line with the general market.
- The Manager also practices annual talent review which is a talent retention and development programme besides providing various trainings for employees' career progression.
- The Manager has a succession planning policy which identifies and nurtures successor for key positions.
- The Manager is able to tap into the talent pool of Sponsor when necessary to ensure continuity of positions/job functions.



12. Cyber Risk

The risk of operations disruptions and loss of confidential data due to cyber attack on the IT systems







- Sunway REIT strives to embrace innovation through new technologies in its operation
- Increased dependence on IT system and management of information is inevitable as data is collected to predict behaviors and trends

The maintenance of Sunway REIT's IT system is outsourced with the following controls in place:

- Enforcement of Acceptable Use Policy (AUP).
- Effective controls including firewalls, antivirus, system contingency plan, user access rights among others.
- Data center disaster recovery procedure with annual walkthrough.
- Password management policy and access control policy.
- System backup and stored at different site.
- Prevent unauthorised access into workplace WIFI via password protection.







RISK MANAGEMENT

RISK FACTORS	SOURCES OF OPPORTUNITIES	MITIGATING ACTION PLANS	RESIDUAL RISK RATING	RISK TREND
<p>13. Reputational Risk</p> <p>Risk of financial losses arising from damage to the reputation of Sunway REIT caused by adverse events</p>	<p>At the operation level, resources are allocated to protect, alleviate and enhance the brand value of Sunway to greater height</p>	<ul style="list-style-type: none"> • The Manager ensures that the Business Unit Management Teams establishes standard operating procedures on crisis management and emergency response plan. • Dedicated personnel to handle communication in the event of crisis. • Periodic training and simulation such as fire-drill together with tenants and in-house guests. • Transparent communication in the event of crisis. 		
<p>14. Operational Risk</p> <p>Risk of loss due to occurrence of incidents resulting from inadequate or failed internal processes, systems or external events</p>	<p>Presence of adequate and effective internal controls in core processes enhance operational capabilities and agility in the fast changing business environment</p>	<ul style="list-style-type: none"> • The Manager ensures strict compliance with regulatory requirements and relevant standard operating procedures. • Effective internal controls are emphasised to prevent occurrence of adverse events with regular review by internal and external parties. • Occupational health and safety measures and practices are regularly reviewed and emphasised. 		
<p>15. Security Risk – Crime and Threat of Terrorism</p> <p>Risk of our properties being targets of organised or petty crime and terrorist attack</p>	<p>Understanding the risk ahead provides steadfast actions in ensuring the comfort and security of our customers</p>	<ul style="list-style-type: none"> • Vigilant uniformed Auxiliary Police (AP) are placed at strategic locations to clear potential threats and provide higher level of security comfort. • Regularly joining armed police personnel to patrol the surrounding vicinity of the township. • Upgrade and increase the number of CCTV in critical areas and blind spots. • Security team to be updated with new protective measures and security crisis management training. 		

RISK MANAGEMENT

RESIDUAL RISK RATING

RISK RATING	RISK DESCRIPTION	ACTION REQUIRED
	Low	Acceptable – risk management practices are effective
	Moderate	Acceptable – risk management practices are effective but require mitigating action on certain areas of weaknesses
	High	Not acceptable – appropriate mitigating action plans required to reduce risk to an acceptable level
	Very Significant	Not acceptable – immediate attention required to ensure that the risk is managed and mitigated

RISK TREND



Green – Decreasing
 Yellow – Stable
 Red – Increasing

RISK MATRIX











The residual rating of the risk factor is also being represented in the heat map risk matrix above. Risk factors number 1 to 6 and number 8 to 15 are rated with minor impact and unlikely to occur, hence, the low residual rating; while risk factor number 7 is rated with minor impact with possibility of occurrence, hence, moderate residual rating.



INVESTOR AND MEDIA RELATIONS

Sunway REIT is committed to the principles of delivering timely, objective and transparent information to various groups of investors, both retail unitholders and institutional investors as well as other stakeholders. As part of our proactive corporate governance principles as well as to increase the strategic importance of communications, we continuously explore new avenues to enhance our multi-channel communication platforms to reach out to our stakeholders.

COMMUNICATION CHANNEL	MEDIUM OF COMMUNICATION	STAKEHOLDERS
ANALYST AND INVESTOR BRIEFING	 <ul style="list-style-type: none"> • Quarterly financial earnings release • Material development • Corporate exercise 	<ul style="list-style-type: none"> • Institutional investors • Analysts
PROPERTY TOUR	 <ul style="list-style-type: none"> • Group tour • One-on-one tour 	<ul style="list-style-type: none"> • Institutional investors • Analysts
MANAGEMENT MEETING	 <ul style="list-style-type: none"> • Small group meeting • One-on-one meeting 	<ul style="list-style-type: none"> • Institutional investors • Analysts
CONFERENCE / WORKSHOP	 <ul style="list-style-type: none"> • Investors conference • Non-deal roadshow • Industry conference • Retail investors workshop 	<ul style="list-style-type: none"> • Institutional investors • Retail investors • Analysts • Industry affiliates
DIGITAL & SOCIAL MEDIA	 <ul style="list-style-type: none"> • Corporate website: www.sunwayreit.com • Enquiry contact: irsunreit@sunway.com.my • Sunway REIT's mobile app • Facebook 	<ul style="list-style-type: none"> • Institutional investors • Retail investors • Analysts • Media
RESEARCH COVERAGE	 <ul style="list-style-type: none"> • 14 research coverages as at 30 June 2019 	<ul style="list-style-type: none"> • Institutional investors • Retail investors • Analysts • Media
MEDIA ENGAGEMENT	 <ul style="list-style-type: none"> • Media briefing • Media release • Media interview • Roundtable discussion 	<ul style="list-style-type: none"> • Media • Public
ANNUAL GENERAL MEETING & ANNUAL REPORT	 <ul style="list-style-type: none"> • Reporting of financial performance which includes Management discussion & analysis and business strategies 	<ul style="list-style-type: none"> • Unitholders • Public

INVESTOR AND MEDIA RELATIONS

Investor Relations Activities

Sunway REIT continues to engage its stakeholders with robust investor relations activities focused on periodic communication with investment community to regularly update on the latest financial performance and prospects throughout the financial year. We believe consistent communication is crucial especially during challenging market conditions to assist investors in making informed investment decisions. For best corporate governance practices, financial earnings are released immediately after the Board of Directors Meetings followed by conference calls to the investment community to brief them on the financial performance, performance analysis of the assets, earnings and segmental outlook for the coming quarter and financial year.

Sunway REIT 6th Annual General Meeting (AGM) was held at Sunway Pyramid Convention Centre while the Unitholders' Meeting 2019 was held at Sunway Resort Hotel & Spa, venues that are conveniently accessible through public transportation. During the AGM and Unitholders' Meeting 2019, the Board of Directors, Management Team and unitholders engaged in discussion to address unitholders' concerns and feedback. The minutes of the AGM and Unitholders' Meeting 2019 are made available on the website.

INVESTOR RELATIONS EVENT CALENDAR

26 September 2018
Sunway REIT 6th Annual General Meeting



1 November 2018
1st Quarter FY June 2019 financial earnings



14 February 2019
2nd Quarter FY June 2019 financial earnings



8 April 2019
Unitholders' Meeting 2019



2 May 2019
3rd Quarter FY June 2019 financial earnings





14 May 2019
Analysts and Fund Managers Briefing and Property Tour




8 August 2019
4th Quarter FY June 2019 financial earnings



 Investors and analysts' financial earnings conference call

 Announcement Pack (Financial Statement, Presentation Deck and Media Release)

 Face-to-face interactions



Meeting Type	FY2019	FY2018	FY2017
Management Meeting	33	36	29
Teleconference	4	4	4
Property Tour	8	3	8
AGM / Unitholders' Meeting	2	2	1
Analyst Briefing	1	0	0

Source: Sunway REIT



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



SUSTAINABILITY STATEMENT



FINANCIAL INSIGHTS



UNITHOLDERS' INFORMATION

INVESTOR AND MEDIA RELATIONS

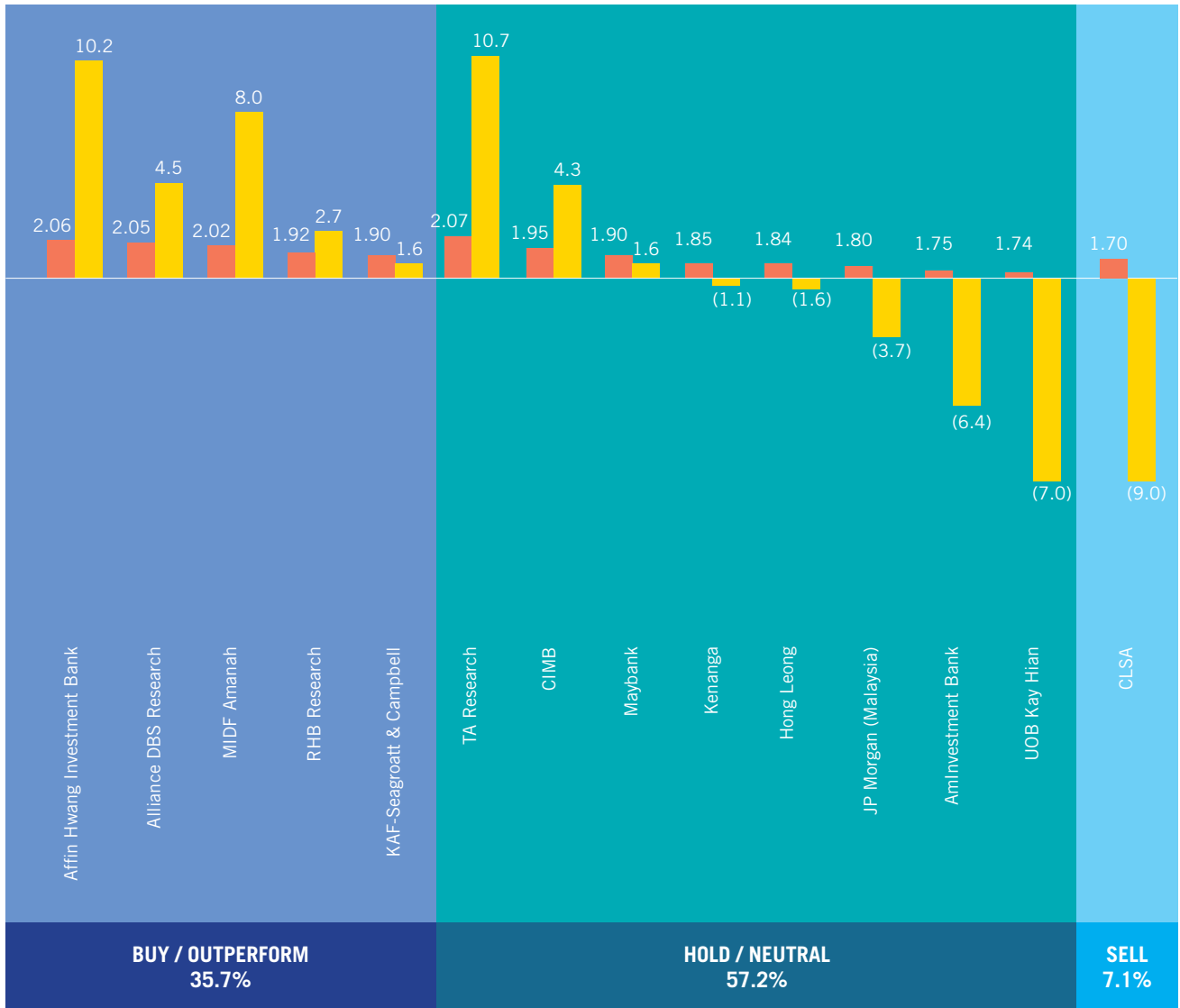
Discussion Points with The Manager

Frequently asked questions (FAQ) by investors are summarised below:

DISCUSSION POINT	THE MANAGER'S RESPONSE
Pursuant to a soft year for the hotel segment, what is the outlook for the segment for the remaining CY2019 and FY2020?	The outlook for the remaining part of CY2019 and FY2020 remains cautious taking into consideration the intense competition in the sector due to an oversupply situation, contributed by additional supply and mushrooming of disruptors such as Airbnb. In addition, weakened business and consumer confidence are expected to lead to cautious demand for leisure travels and MICE.
How does Sunway REIT fund the acquisition of Sunway university & college campus? What is the cost of financing for the acquisition?	The acquisition was funded through a combination of debt and perpetual notes. The blended cost of financing is estimated at 5.21%.
What is the NPI, NPI yield and margin for Sunway university & college campus?	First year NPI is RM34.2 million at an initial NPI yield of 6.2% and NPI margin of 100%.
How much is the issuance of the perpetual notes and the coupon rate? Who are the investors of the perpetual notes?	On 15 April 2019, Sunway REIT made its first issuance of RM340 million at 5.85% with a non-callable 5-year basis. The issuance was fully subscribed by institutional wholesale funds.
In view that the hotel master leases are expiring in FY2020, what is the Manager's plan? Will the guaranteed rent be extended?	The Manager shall commence the deliberation with the hotel operator where the terms will be evaluated based on the prevailing market condition and sustainability of the hotel's income amongst others, which may lead to the decision of extension of the guaranteed rent.
Sunway REIT has increased its permissible investment for "Services" and "Industrial & Others" segments from 15% to 25% of TAV? How do you plan to execute this strategy?	We will source from both the Sponsor and external parties, by expanding our channels to reach out to more projects, direct negotiation with vendors and undertake built-to-suit opportunities.
What is the next acquisition?	We continue to actively explore acquisition opportunities, both external and Sponsor's assets. However, we are unable to disclose any information at this juncture and will communicate through official announcement, if any.

INVESTOR AND MEDIA RELATIONS

The number of research coverage for Sunway REIT remained at 14 for the financial year ended 30 June 2019. In FY2019, Nomura (Singapore) ceased coverage and CLSA initiated coverage on Sunway REIT. Based on the research coverage universe, the average target price has increased from RM1.77 (as at 30 June 2018) to RM1.90 (as at 30 June 2019), representing an increase of 7.3% in the target price for Sunway REIT.



Source: Bloomberg

Target Price as at 30 June 2019 (RM)

Upside/Downside to unit price as at 30 June 2019 (%)

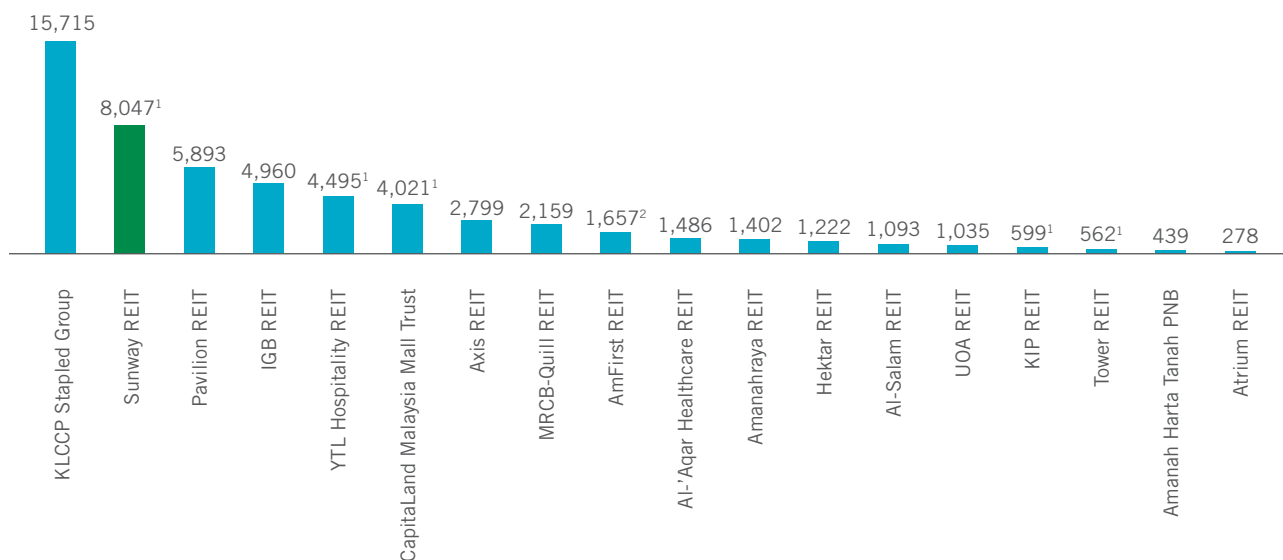


INVESTOR AND MEDIA RELATIONS

SUNWAY REIT REMAINS AS ONE OF THE LEADING REITs

The property value and market capitalisation of Sunway REIT stood at RM8.05 billion and RM5.51 billion respectively as at 30 June 2019. Sunway REIT remained as the second largest REIT in Malaysia measured by property value. Sunway REIT's market capitalisation increased by 5.6% from RM5.21 billion as at 30 June 2018 to RM5.51 billion as at 30 June 2019, maintaining its fourth ranking.

PROPERTY VALUE AS AT 30 JUNE 2019 (RM MILLION)



Source: Bursa Malaysia, Various M-REITs financial statements

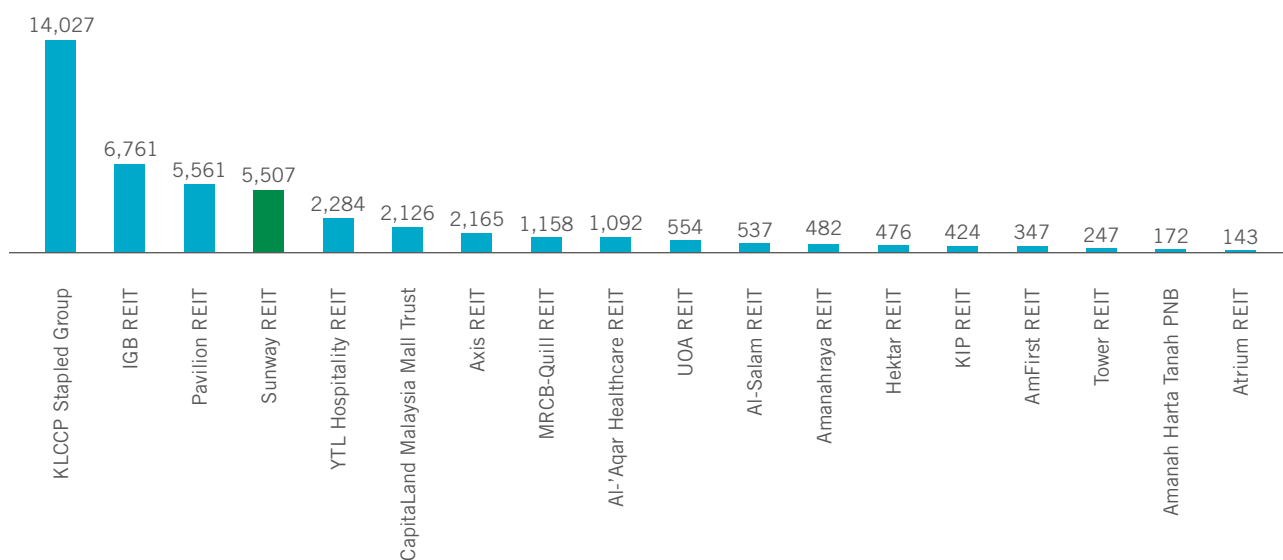
Notes:

¹ Information as at 30 June 2019

² Information as at 31 March 2019

All other information as at 31 December 2018

MARKET CAPITALISATION AS AT 30 JUNE 2019 (RM MILLION)



Source: Bursa Malaysia

INVESTOR AND MEDIA RELATIONS

Sunway REIT has recorded a total return of 10.7% in FY2019, contributed by 5.6% in capital appreciation and distribution yield of 5.1%. Sunway REIT 5-year average total return stood at 10.8% for the period from 1 July 2014 to 30 June 2019, ranked 4th after IGB REIT, YTL Hospitality REIT and Pavilion REIT.

TOTAL RETURN FOR THE PERIOD FROM 1 JULY 2018 TO 30 JUNE 2019 (%)



Source: Bloomberg

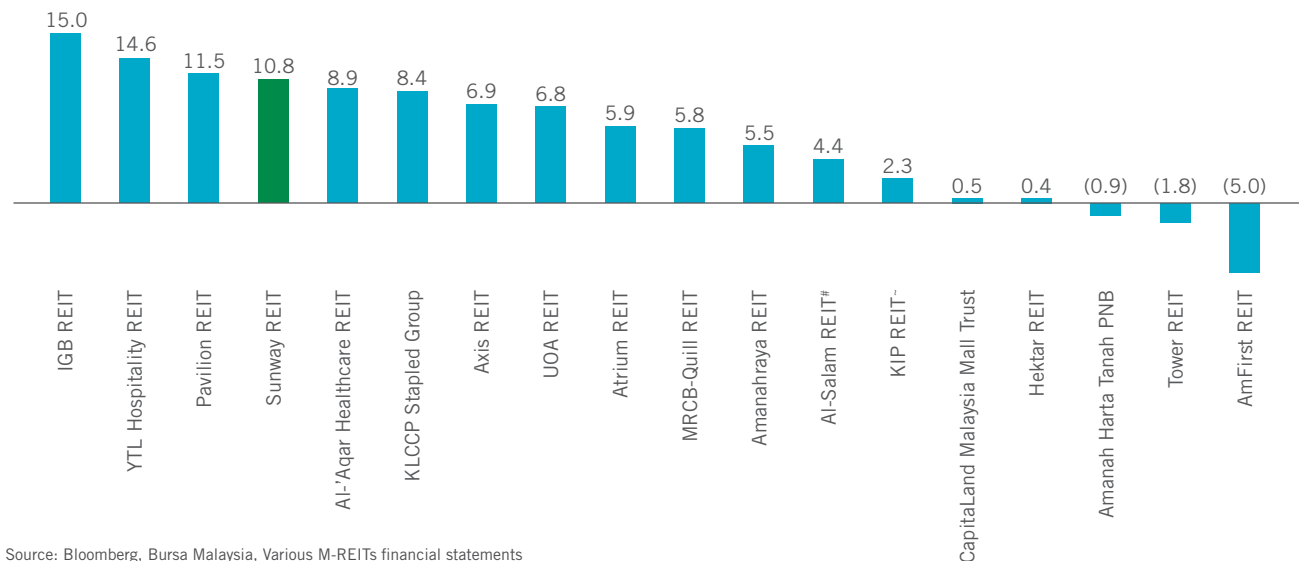
Notes:

Distribution yield is computed based on consensus DPU for FY2019

Sunway REIT's distribution yield was computed based on actual DPU for FY2019 of 9.59 sen

■ Distribution Yield ■ Unit Price Movement

5-YEAR AVERAGE TOTAL RETURN FOR THE PERIOD FROM 1 JULY 2014 TO 30 JUNE 2019 (%)



Source: Bloomberg, Bursa Malaysia, Various M-REITs financial statements

Notes:

~ Since IPO on 6 February 2017

Since IPO on 29 September 2015



VITAL ATTRIBUTES



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INVESTOR AND MEDIA RELATIONS

11/02/2018 Sunway REIT to double property value to RM15b | Money | Malay Mail

MONEY

Sunway REIT to double property value to RM15b

Published 13 hours ago on 01 November 2018

KUALA LUMPUR, Nov 1 — Sunway Real Estate Investment Trust (REIT), which is repositioning itself from a retail-focused REIT to a diversified one, targets to double its property value to RM15 billion by the 2025 financial year.

In a statement today, Sunway REIT Management Sdn Bhd Chief Executive Officer Datuk Jeffrey Ng said the target was set during a recent board strategic review.

"In today's challenging property market environment, active acquisition strategy is the way to drive growth going forward.

As a proactive REIT Manager, we will continuously explore non-conventional growth drivers such as venturing into greenfield developments and redevelopment opportunities," he added.

Sunway REIT had a combined property value of RM7.3 billion as at September 30,

中國報 F3

雙威產託5.5億購地

(吉隆坡24日訊) 雙威產託 (SUNREIT, 5176, 主要板產託) 以5.5億令吉, 向雙威集團 (SUNWAY, 5211, 主要板工業) 收購房地產。

兩家公司今日各別向馬証交所報備, 雙威產託的受託人興業銀行信託有限公司 (RHB Trustee Bhd), 與雙威集團全资子公司 Sunway Destiny 私人有限公司簽署買賣協議, 以5.5億令吉, 向后者收購大樓和土地。

雙威產託指出, 是項房地產收購符合公司的投資目標, 即收購并投資具收益潛能的房產, 有助於公司的派息與每單位淨資產值 (NAV) 的長期增長。

雙威集團稱, 上述脫售所得將用作償還貸款、營運資本及資本開銷。

大股東注入資產 雙威產託寫4個月高位

熱股一評

股 價向來沉寂的雙威產託 (SUNREIT.5176, 主板產業投資信託組) 獲大股東注入資產的消息帶動, 吸引投資者進場吸納該股, 并推高股價冲破1令吉70阻力, 一度重回1令吉75仙水平, 写下4個月以来的新高。

在大股東資產注入計劃的消息出爐后, 該股上周三走勢緩慢, 仅起2仙至1令吉66仙。

投資者周四才开始進場吸納該股, 盤中漲5仙至1令吉70仙, 最終該股1令吉69仙, 起4仙。

周五該公司一度漲至1令吉75仙, 写下4個月以来的新高, 最終以1令吉74仙作收, 全天起5仙。

雙威產託完成上述資產收購后, 負債比將從0.38倍走高至0.42倍, 距離雙威產託負債比0.45倍的頂限相當接近。不過, 還是低于0.5倍的條例限定, 但相信

UTUSAN MALAYSIA | SABTU 03 NOVEMBER 2018

Sunway Reit rancang ganda nilai hartanah

■ KUALA LUMPUR 2 NOV

AMANAHI Pelaburan Hartanah (REIT) Sunway yang menjelaskan perwujudan semula syarikat daripada yang berfokus kepada runcit kepada syarikat yang pelbagai, menyatakan untuk mengganda nilai hartanahnya kepada RM15 bilion menjelang tahun kewangan 2025.

Dalam satu kenyataan hari ini, Ketua Pegawai Eksekutif Sunway REIT Management Sdn. Bhd., Datuk Jeffrey Ng berkata, sasaran itu ditetapkan semasa kajian strategik lembaga haruhari ini.

"Dalam persekitaran pasaran hartanah yang mencabar hari ini, strategi pengambilalihan aktif adalah cara terbaik memacu pertumbuhan ke hadapan.

"Sebagai Pengurus REIT yang proaktif, kami akan terus meneroka pemacu pertumbuhan bukan konvensional seperti meneroka perniagaan baharu dan pelbagai pembangunan semula," katanya.

Sunway REIT mempunyai gabungan nilai hartanah RM7.3 bilion setakat 30 September. Semakini, ia mengutamakan pertumbuhan kewangan bersejarah ke tahun sebanyak 7.8 peratus kepada RM73.01 juta bagi suku pertama yang berakhir pada 30 September 2018. Bagaimanapun perolehan ini meningkat kepada RM842.74 juta berbanding RM141.17 juta setahun sebelumnya.

Sunway REIT Management mengantikan pendapatan yang lebih tinggi itu kepada simbahungan yang lebih baik daripada semua segmen, tetapi ini sebahagianya diimbangi oleh segmen perhotelan.

Ng berkata, walaupun pendapatan yang lebih tinggi, pendapatan hartanah berbalik jauh sedikit sebanyak 0.4 peratus tahun ke tahun kepada RM10.5 juta disebabkan pertambahan operasi hartanah yang lebih tinggi.

Di samping itu, ia berkata, pertambahan ini meningkat sebanyak 19 peratus tahun ke tahun disebabkan kos kewangan yang lebih tinggi berikutan pelaksanaan program politik yang diambil untuk membiayai aktiviti pelaburan dari kos purata hutang yang tinggi sedikit berbanding nilai yang sama pada tahun sebelumnya.

"Mengambil petunjuk daripada prestasi kewangan dalam suku pertama di samping kos kewangan yang lebih tinggi, kami mengesalkan prospek hartanah bagi tahun kewangan ini memandangkan keyakinan pasaran umum," kata Ng. — asawana




12 theSUN ON FRIDAY | MARCH 22, 2019

SUNBIZ

SunReit plans RM10b perpetual notes

PETALING JAYA: Sunway Real Estate Investment Trust (SunReit) is establishing a perpetual note programme of RM10 billion to finance its investment activities, refinance borrowings and as working capital requirements.

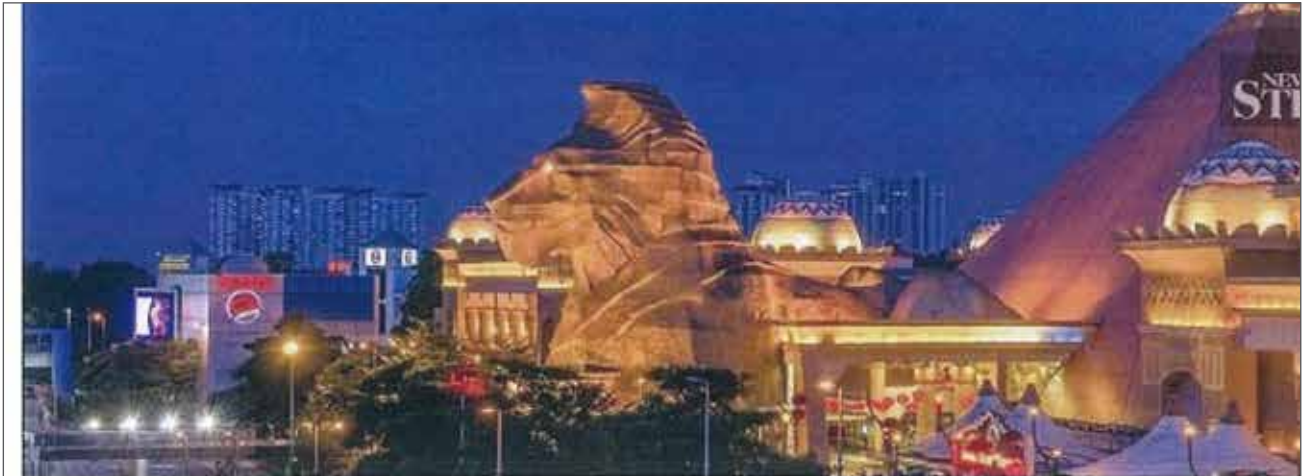
In a filing with Bursa Malaysia, SunReit said the investment activities include capital expenditure, asset enhancement and the related acquisitions and financing expenses.

The net proceeds will also be used for refinancing of existing and/or future borrowings of Sunreit for its investment activities as well as its working capital requirements.

The perpetual note programme will be established via SunReit Perpetual Bond Bhd, a special purpose company.

The first issuance of perpetual notes is expected by the second quarter of 2019. The perpetual notes will be issued with a perpetual tenure that does not have a fixed maturity date, and may be rated or unrated, which will be determined prior to each issuance.

HSBC Bank Malaysia Bhd and Kenanga Investment Bank Bhd are the joint principal advisers/lead arrangers/lead managers for the perpetual note programme.



Sunway REIT shareholders greenlit RM550m land buy proposal

By **Nst Business** - April 8, 2019 @ 9:22pm

KUALA LUMPUR: Sunway Real Estate Investment Trust (REIT) shareholders, today, greenlit the RM550 million land buy proposal.

In its filing to the stock market today, Sunway REIT said the purchase of land parcels that houses the Sunway College and Sunway University, is expected to improve the trust's earnings and dividend per unit.

Upon completion of the acquisition, the REIT's portfolio size will increase from RM7.3 billion as at June 30, 2018, to RM7.8 billion.

大馬產託經理協會 (MRMA) 主席
雙威產託(SUNREIT, 5176, 主板產業投資信託組) 首席執行員拿督黃中立

數項因素, 在2018年冲击大馬產託表現!
首季, 人們預期升息, 促使馬產託單位售價面臨調整; 次季單位價格仍處於橫盤格局。
截至2018年12月, 馬產託平均回報率增5.9%, 每單位售價平均跌12.5%, 馬股產託指數同步跌12.5%。
MRMA相信馬產託投資情緒保持謹慎。



2019年展望
按經濟基本面和全球利率周期, 上半年市場普遍謹慎, 預期全球利率在上半年走至高峰。期間, 投資者謹慎而選擇避險的產託投資。
若經濟進一步緩和, 國內利率環境料持續呈下行趨勢。
若缺乏重大投資和外来直接投資, 或者沒有激勵商業開銷和消費的催化劑, 產業次領域料保持挑戰。吸引外資至關重要, 這激勵辦公空間需求, 協助減緩產業市場滯銷情況。
MRMA預期馬產託未來增加吸引力, 政府在2019年財政

雙威產託續尋收購契機

預算案宣布將增機場產託, 勢打造成最大馬產託, 并繼續馬產託累積價值35%至超過700億令吉 (初步估計)。
MRMA相信, 擬議中的機場產託是大馬最大契機, 不僅使大馬債務合理化, 同時可刺激旅遊與投資的復甦; 大馬可恢復昔日榮景, 我國國防、空基建較十年前更便捷全面。
政府表明, 次領域的醫院和鐵道基建投資, 也可能考慮同樣投資結構! MRMA對此感到鼓舞, 這增加私人界投資, 緩和政府在資本準向計劃的債務負擔。
從證券市場角度看, 冗長的馬股波動不定, 可促使投資者轉向避險、高股息的馬產託投資; 未來利率持穩, 也使馬產託更受青睞!
新一年里, 亮點與風險何在?
次季或因經濟增長勢頭, 影響消費情緒; 產業市場供應過剩令市占稀釋, 潜在高空置率影響馬產託盈利。
至於阴霾中的亮點是, 產託營運者有更多資產供選購, 賣家需重新平衡表, 改善現金流而脫售產業。
利率穩定環境有利產託實踐積極資本管理, 可趁低息環境減低平均債務成本, 節省利息對每單位股息正面貢獻。
從全球大趨勢看, 新興增長領域富契機, 方興未艾的電商促進物流、倉儲

中心需求, 物聯網 (IoT) 應促成數據中心需求, 因而這提供契機開發活動, 興建和融合租戶所需資產。
處于此波周期, 長期而穩定租約或可表現更佳, 派發更穩定股息予單位投資者。
為使單位股息持續, 馬產託宜採收購策略以增長收入源; 因此, 有強后台和資產的產託, 未來潛在注入更多資產。

採取4大策略

雙威產託對2019年6月截止財政年謹慎, 主要是產業次領域產險, 經濟增長走緩; 零售與辦公室資產供應過剩。
本產託已經制定直至2025財政年之路線圖, 以強化前景。有關措施包括:
● 資產價值從73億 (截至2018年9月) 提高至150億令吉。
● 擴展至策略新方向, 新分類的“服務”, “工業與其他”將占總資產價值25%, 以擷取電商、教育、保健、工業4.0、物聯網 (IoT), 預期強化收入穩定和每單位回報。
未來也將持續尋求收購契機, 繼續採取四大策略, 一, 積極資產管理策略, 二, 收購增長策略, 三, 資本與風險管理, 四, 資產強化措施。

-  VITAL ATTRIBUTES
-  MESSAGE TO UNITHOLDERS
-  TRUST STRUCTURE & LEADERSHIP
-  MANAGEMENT DISCUSSION & ANALYSIS
-  PROPERTY DETAILS
-  CORPORATE GOVERNANCE & ACCOUNTABILITY
-  SUSTAINABILITY STATEMENT
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MARKET REPORT SUMMARY

ECONOMIC OVERVIEW

INDICATOR	CY2018	CY2019 FORECAST	REMARKS
GDP Growth	4.7%	4.3% - 4.8%	↔ In CY2018, actual GDP growth trailed potential output growth, mainly due to supply disruptions in the agriculture and mining sectors that led to an underutilisation of resources. Moving forward, the output gap is expected to turn marginally negative in CY2019, as actual output continues to be impacted by both domestic and external headwinds.
CPI	1.0%	0.7% - 1.7%	↔ Headline inflation, as measured by the annual growth of the Consumer Price Index (CPI), declined to 1.0% in CY2018 (CY2017: 3.7%), mainly due to the fixing of retail fuel prices and zerorisation of Goods and Service Tax (GST).
Unemployment Rate	3.4%	3.3% - 3.5%	↔ In CY2018, labour market indicators, such as the growth in real wage per worker in the private sector, improved amid a sustained unemployment rate (CY2017: 3.4%).
Overnight Policy Rate (OPR)	3.25%	3.00%	↓ The Monetary Policy Committee (MPC) reduced the OPR by 25bps to 3.00% during the May 2019 meeting to remain accommodative and supportive of economic activities.
Private Investment Growth	4.5%	4.9%	↑ Private investment grew at a slower pace of 4.5% (CY2017: 9.3%) amid heightened uncertainty stemming from both external and domestic developments.
Public Investment Growth	-5.2%	-7.1%	↓ Public investment declined by 5.2% (CY2017: 0.1%) following lower spending by public corporations. The projected contraction in public investment will be mainly due to lower investment by public corporations following the completion of large-scale projects, while the expectations for a moderate growth in public consumption reflect the continued reprioritisation of government spending.
Private Consumption Growth	8.1%	6.6%	↓ Domestic demand continued to anchor growth, supported mainly by private sector expenditure. Private consumption growth, in particular, recorded the fastest rate since CY2012 at 8.1% (CY2017: 7.0%).
Public Consumption Growth	3.3%	1.2%	↓ In line with the Government's commitment to reprioritise expenditures, public consumption growth moderated to 3.3% (CY2017: 5.4%).

Source: Bank Negara Malaysia

MARKET REPORT SUMMARY

RETAIL MARKET OVERVIEW

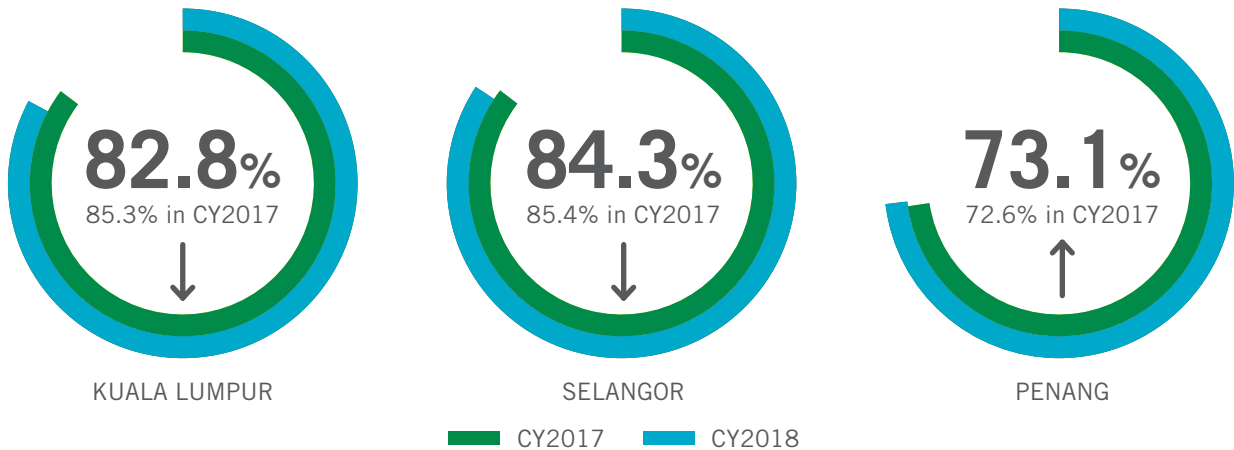
The Malaysian retail industry expects a slight increase in consumer spending towards the end of CY2019. Concerns over the growth of retail space supply outpacing demand still linger. To stay competitive, many retail operators have slowly shifted to a combination of e-commerce and physical stores.



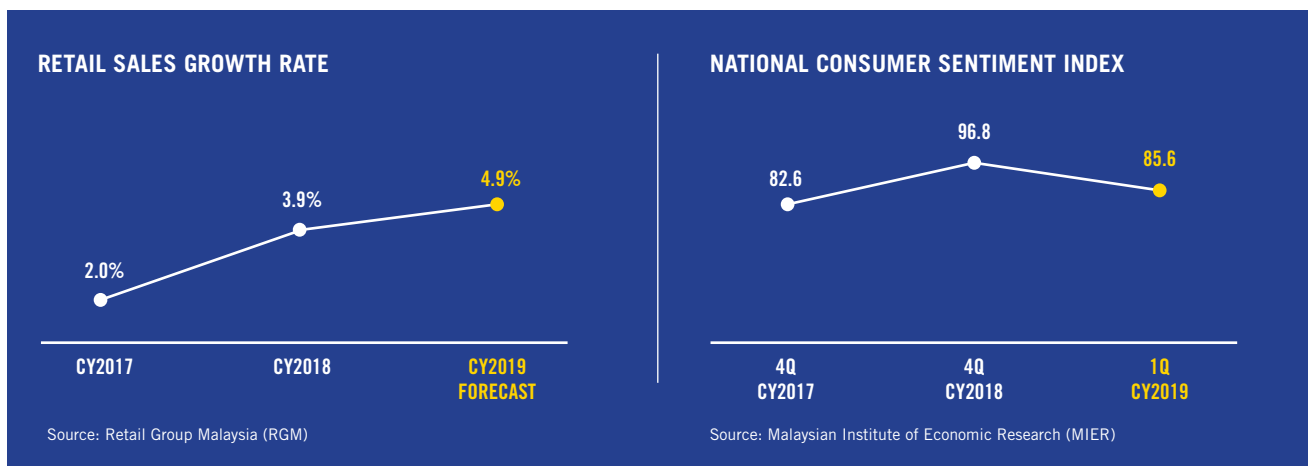
90 MILLION SQ.FT.
of Retail Space in Kuala Lumpur, Selangor and Penang

Source: Valuation and Property Services Department

Average Occupancy Rates of Retail Centres




Source: Valuation and Property Services Department



HOSPITALITY MARKET OVERVIEW

Aside from an oversupply of hotels in the city areas and lower tourism arrivals in CY2017, alternative accommodations contributed to the intense competition faced by hotel operators. The projected growth of tourist arrivals in Malaysia will continue to be an imperative factor in attracting new hoteliers to venture into the country.



256,682
Hotel rooms countrywide (CY2018)

Source: Valuation and Property Services Department

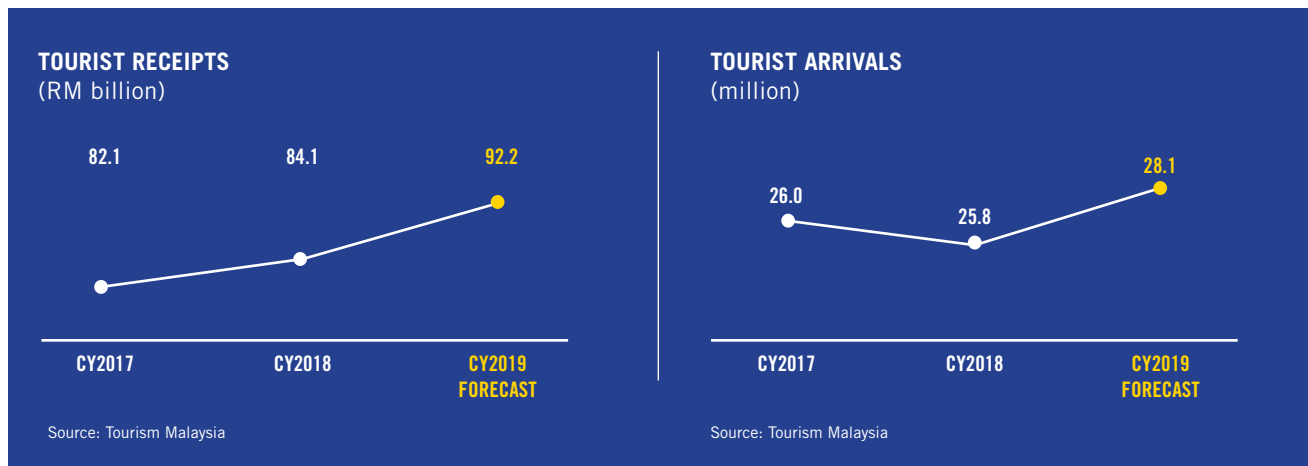
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-  FINANCIAL INSIGHTS
-  UNITHOLDERS' INFORMATION

MARKET REPORT SUMMARY

NUMBER OF HOTEL ROOMS

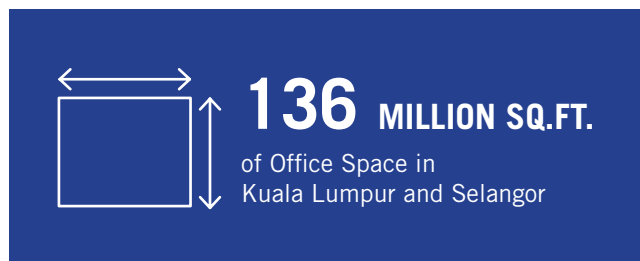


Source: Valuation and Property Services Department

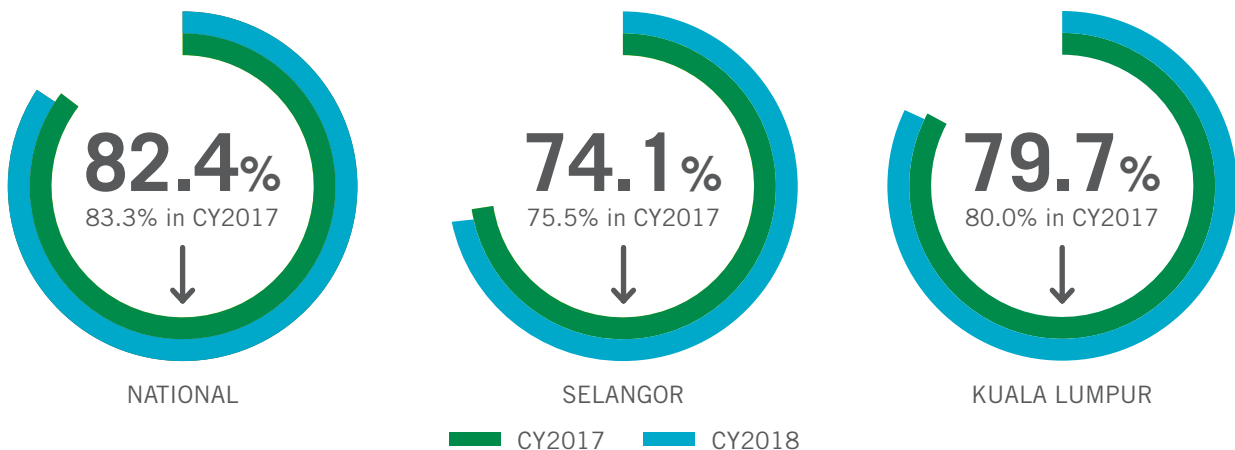


OFFICE MARKET OVERVIEW

Escalating supply and slowing occupiers' demand for office space are expected to impose challenges for the office market in Kuala Lumpur and Selangor for the next few years. The office market is expected to continue to be tenant-led in the foreseeable future due to weak absorption of space.



Source : Valuation and Property Service Department



Source: Valuation and Property Services Department

DETAILED MARKET REPORT

ECONOMIC OVERVIEW

The Malaysian economy grew at a slower rate of 4.7% in CY2018 as compared to CY2017. The slower growth rate in CY2018 was contributed by several factors, such as unanticipated supply disruptions in the agriculture and mining sectors that led to an underutilisation of resources. The reduction in commodity exports was also negatively affected by production disruptions.

Moving forward, the country's GDP is expected to inch lower to between 4.3% to 4.8% in CY2019, owing to the global electronics cycle slowdown, lower crude oil prices and the unpredictability due to trade tension between US and China. On the contrary, the labour market remains favourable as the unemployment rate of CY2019 is forecasted to remain at around 3.3% to 3.5% (CY2018: 3.4%) despite the slight contraction in GDP.

Private consumption expanded at the fastest pace since CY2012, recording 8.1% in CY2018 (CY2017: 7.0%) in CY2018, which was contributed by the favourable income and labour market conditions. However, it is expected to normalise closer to its long-term average of 6.7% in the latter half of CY2019.

Public consumption growth moderated to 3.3% in CY2018 from 5.4% in CY2017. This was contributed by the Government's commitment to rationalise and optimise expenses on non-critical items, as well as the effort in continuing to enhance efficiency in the procurement of supplies and services. Following this trend, public consumption growth is expected to continue its decline to 1.2% in CY2019.

With the change of regime after Malaysia's 14th General Election (GE14), a clearer direction for the country's economy coupled with supportive policies has been redefined. As such, Malaysia will continue to leverage on the expected improvement in private investment. Despite the uncertainties in the previous year, private investment is

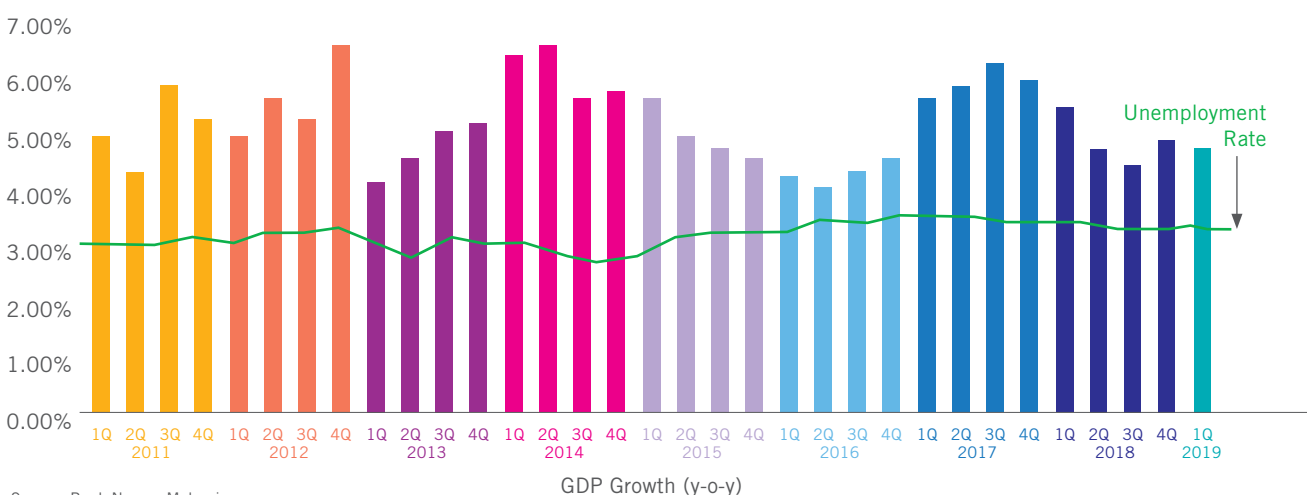
projected to continue to grow at a pace of 4.9% in CY2019 as compared to 4.5% in CY2018. This is in contrast with the growth of 9.3% in CY2017, due to increased uncertainty resulting from both external and domestic developments. However, firms in the export-oriented sectors continued to increase production capacity and improve efficiency to meet demand.

Weighed down by lower capital spending by public corporations, public investment experienced a drastic decline in growth of 0.1% in CY2017 to -5.2% in CY2018. Following the soon-to-be-completed large-scale projects in the downstream oil and gas and utilities sectors, public investment is forecasted to continue its current trend of decline to -7.1% in CY2019.

The inflation rate as measured by the Consumer Price Index (CPI) is projected to be stable at around 0.7% to 1.7% in CY2019, with its upward impact likely to be offset by the expected lower global oil prices and the implementation of price ceilings on domestic retail fuel prices. The lowest inflation rate recorded in the past nine years occurred in CY2018 at 1.0% compared to 3.7% in CY2017. The moderation mainly reflected the impact of the fixing of retail fuel prices and the zerorisation of the Goods and Services Tax (GST) rate. For CY2019, the implementation of targeted fuel subsidies which would have elevated consumer fuel prices to market levels, would be one of the key factors affecting the inflation rate.

The Overnight Policy Rate (OPR) was reduced to 3.00% from 3.25% by Bank Negara Malaysia's Monetary Policy Committee (MPC) on 7 May 2019, due to the continued effects of moderate expansion in the global economy. According to Bank Negara Malaysia, while domestic monetary and financial conditions remain supportive of economic growth, there are signs of tightening of financial conditions. The intention of adjusting the OPR is to preserve the degree of monetary accommodativeness. The balance of risks surrounding the outlook for domestic growth and inflation will continue to be monitored and assessed by the MPC.

Figure 1.1: GDP Growth and Unemployment Rate, 1Q CY2011 – 1Q CY2019

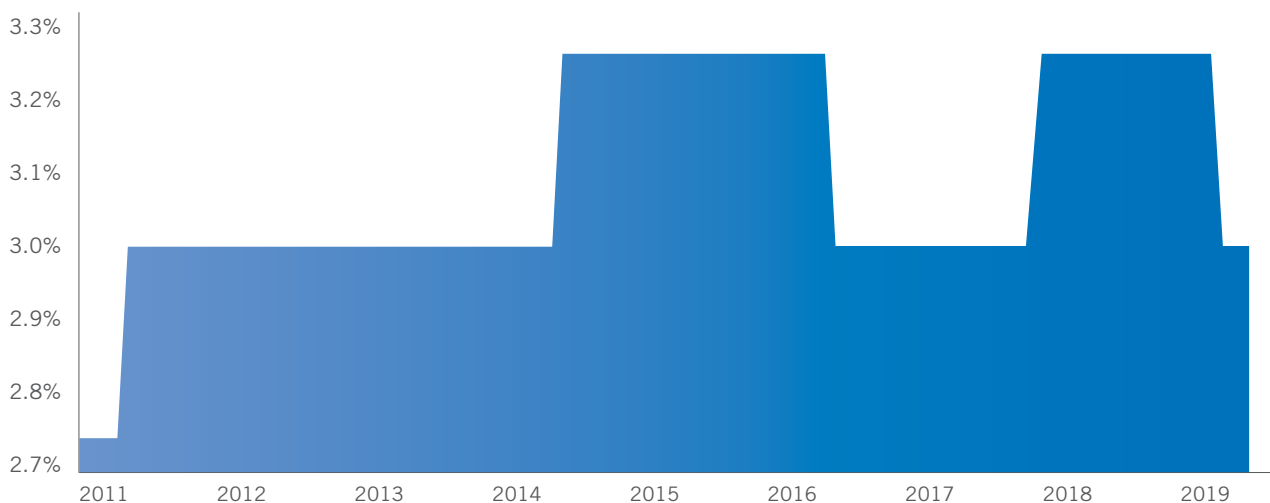


Source: Bank Negara Malaysia



DETAILED MARKET REPORT

Figure 1.2: Overnight Policy Rate, January 2011 – May 2019

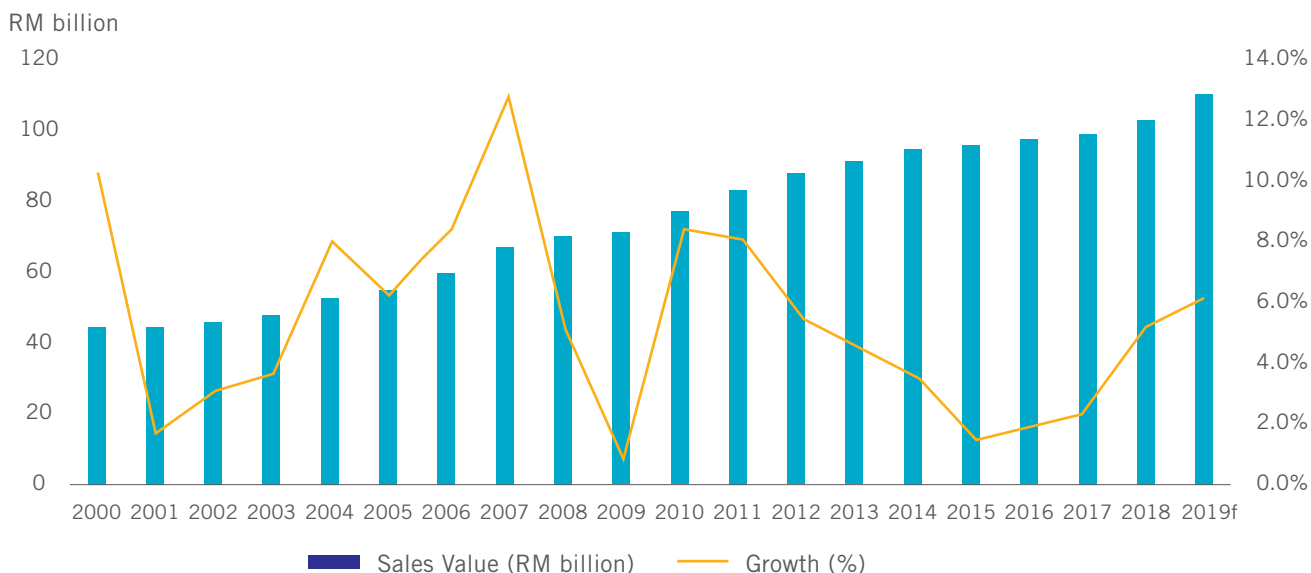


Source: Bank Negara Malaysia

RETAIL MARKET OVERVIEW

The Malaysian retail industry recorded a growth rate of 3.8% in retail sales in 1Q CY2019 compared with the same period in CY2018, as the retailers managed to generate more turnover than expected despite a subdued performance during the Chinese New Year period. According to Retail Group Malaysia (RGM), they revised the forecast growth rate for the Malaysian retail industry to 4.9% in CY2019 from 4.5% in the previous estimate released in April 2019.

Figure 1.3: Retail Sales Growth, CY2000 – CY2019 FORECAST

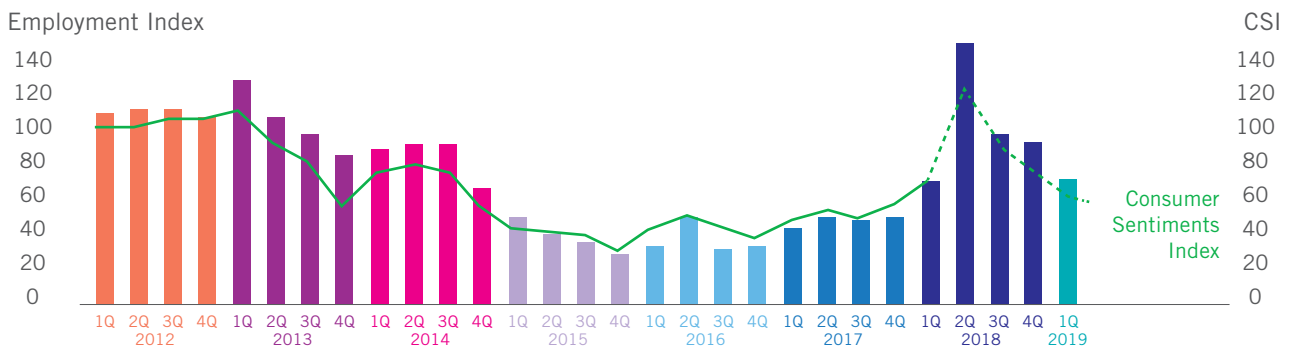


Source: Retail Group Malaysia

The Consumer Sentiment Index (CSI) declined to 85.6 points in 1Q CY2019 (4Q CY2018: 96.8 points), which is below the threshold level of confidence. In 3Q CY2018, there was a sharp increase in the CSI to 132.9 points, which was the result of the euphoria due to the change of government after GE14. However, the CSI slipped in 4Q CY2018 as a normalising effect from the overreaction, according to Malaysia Institute of Economics Research (MIER).

DETAILED MARKET REPORT

Figure 1.4: Employment Index and Consumer Sentiment Index, 1Q CY2012 – 1Q CY2019



Source: Malaysia Institute of Economics Research (MIER)

As at CY2018, Kuala Lumpur and Selangor both had 71.3 million sq.ft. of retail space, based on the Property Market Report 2018 by the Valuation and Property Services Department (JPPH). The average occupancy rate of retail centres in Kuala Lumpur and Selangor registered at 82.8% and 84.3% respectively for CY2018. Retail centres within Klang Valley are still facing similar challenges compared to previous years. High operational cost, reduced shoppers traffic, early tenancy termination and growing threat from online shopping are some of the factors affecting the retail space. Local brands are also embracing the e-commerce segment, as the digital atmosphere provides a wider marketplace at a lower operating cost compared to the traditional scene. Nevertheless, first-tier malls in prime locations such as Pavilion Kuala Lumpur, Suria KLCC, Mid Valley Megamall, Sunway Pyramid Shopping Mall and 1 Utama Shopping Centre will continue to command high traffic and footfall thanks to marketing activities and good tenant mix, which provide variations and excitements to the consumers.

Moving forward, the uncertainties of the global economy due to the ongoing US - China trade war and local economic performance will continue to impact consumer sentiment. In this era of digitalisation, the retail segment is currently confronted by the challenge of adapting to the evolving market. As e-commerce is becoming more prominent, some retailers are keen enough to pick up on this and embrace innovations, while others are not. The older malls may tend to falter as the proposition of embracing technology will not come cheap. Nevertheless, retailers are starting to lean towards having hybrid stores (i.e. online and offline stores) as physical stores will not be disappearing anytime soon.

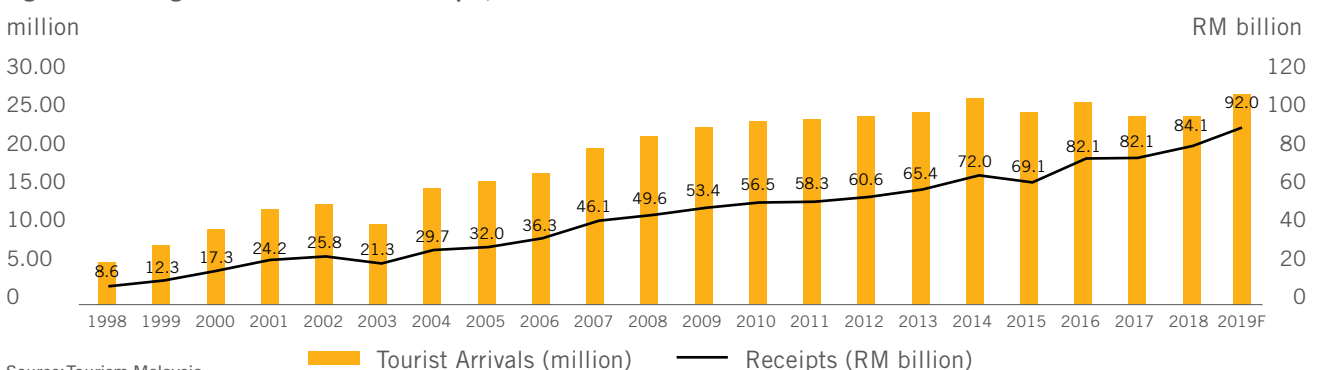
HOSPITALITY MARKET OVERVIEW

Tourist arrivals for CY2018 registered a marginal drop of 0.5% compared to the same period in CY2017. The country received 25.8 million tourists in CY2018 compared to 26.0 million tourists in CY2017. On the other hand, tourist receipts rose by 2.4%, contributing RM84.1 billion to the country's revenue against RM82.1 billion in CY2017. In terms of per capita expenditure in CY2018, Malaysia saw a 2.9% y-o-y increase to RM3,257 from RM3,166, while the average length of stay climbed to 6.5 nights from 5.7 nights a year ago.

As at the end of CY2018, there were 256,682 available hotel rooms across the country, with Kuala Lumpur, Selangor and Penang supplying 40,676 rooms, 22,372 rooms and 19,581 rooms, respectively.

For CY2019, the number of tourist arrivals is targeted at a higher number of 28.1 million, while the target for tourist receipts is at RM92.2 billion. The Government aims for Malaysia to be ranked among the top 10 tourist destinations in the world, in line with the preparation for the Visit Malaysia Year 2020 (VMY2020) campaign, where the target is to attract 30 million tourist arrivals with corresponding tourist receipts of RM100 billion in CY2020. The Government aims to achieve the targets through new promotional strategies and tourism products, together with the ongoing rail and road infrastructure developments and high-impact projects such as the East Coast Rail Link (ECRL) and High-Speed Rail (HSR) connecting Malaysia and Singapore. The Government also hopes that international events such as the World Congress on Information Technology (WCIT) held in CY2020 in Penang will be able to drive up tourism arrivals into the state and country. There is also a reliance on Penang, being the top medical tourism destination in Malaysia, to continue to support the hotel sector.

Figure 1.5: Foreign Tourist Arrivals and Receipts, CY1998 – CY2019 FORECAST



Source: Tourism Malaysia



DETAILED MARKET REPORT

OFFICE MARKET OVERVIEW

The performance of the office sub-sector deteriorated slightly in CY2018 as the occupancy rates for Kuala Lumpur, Selangor and the country as a whole experienced marginal decline in CY2018. The overall national occupancy rate stood at 82.4% in CY2018, down from 83.3% in CY2017.

Kuala Lumpur being the main supplier of new office space, saw a slight decrease in occupancy rate to 79.7% in CY2018 (CY2017: 80.0%) due to pending supply and weak absorption of office space. Decentralised office locations in Selangor also experienced similarly weak performance, with the occupancy rate in Selangor dropping to 74.1% in CY2018 (CY2017: 75.5%) as new spaces penetrate the market. As at CY2018, Kuala Lumpur and Selangor's total office space increased to 136 million sq.ft., compared to 135 million sq.ft. in CY2017.

In general, the overall office market is expected to remain subdued in CY2019. In Selangor, the overall occupancy and rental rates of office buildings are expected to hold steady, mainly through the availability of good grade office spaces at attractive rental rates coupled with new and improved rail and road infrastructure, providing easy accessibility and good connectivity. In Kuala Lumpur, the general outlook looks less promising, as the mismatch between the supply and demand of office spaces continues to widen due to the existing and incoming high supply pipeline, together with the slow take-up of office space. These factors will exert further pressure on the tenant-led Kuala Lumpur office market moving forward.

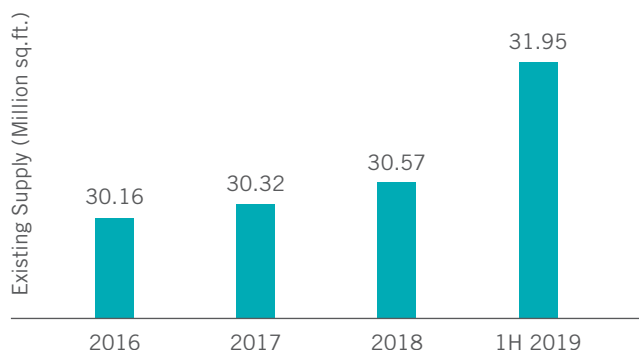
SELANGOR

RETAIL MARKET OVERVIEW

SUPPLY

The existing cumulative supply of retail space in Selangor increased to 30.57 million sq.ft. in CY2018 following the completion of Evo Shopping Mall @ Evo Bangi with circa 250,000 sq.ft. net lettable area (NLA).

Figure 2.1: Selangor – Cumulative Supply of Retail Space, CY2016 to 1H CY2019



Source: Knight Frank Research
Note: Putrajaya supply is included in Selangor.

The cumulative supply of retail space in Selangor stood at circa 31.95 million sq.ft. as at 1H CY2019 following the completion of Central I-City in Shah Alam, retail component at Pinnacle Petaling Jaya and Shaftsbury @ Putrajaya, with combined NLA of approximately 1.38 million sq.ft.

The scheduled completions of Tropicana Gardens Mall and the supporting retail component known as Pacific Star Mall @ Pacific Star by 2H CY2019 will increase the existing cumulative retail space supply by another 1.24 million sq.ft.

Figure 2.2: Selangor – Future Supply of Retail Space, 2H CY2019

NAME OF DEVELOPMENT	LOCATION	ESTIMATED NLA (SQ.FT.)
2H CY2019 – Expected Completion / Opening		
Tropicana Gardens Mall	Kota Damansara, Petaling Jaya	1,000,000
Pacific Star Mall @ Pacific Star	Section 13, Petaling Jaya	240,000
Total		1,240,000

Source: Knight Frank Research

DETAILED MARKET REPORT

DEMAND

The table below summarises the rental levels of selected shopping centres in Selangor from CY2017 to CY2018.

Figure 2.3: Selangor – Rental Levels of Retail Space in Selected Shopping Centres, CY2017 and CY2018 (p)

SHOPPING CENTRE	LOCATION	FLOOR LEVEL	FLOOR AREA (SQ.FT.)	RENTAL RANGE (RM PER SQ.FT. / MONTH)	
				CY2017	CY2018 (P)
The Mines	Seri Kembangan	1	147,756	7.33	7.33
		2	176,399	6.08	6.08
		3	151,115	6.10	6.10
		4	162,438	6.80	6.80
		5	15,005	3.36	3.36
		Canal Quay (CQ)	3,100	6.74	6.74
Subang Parade	Subang Jaya	Basement	21,366	1.80	1.80
		Lower Ground	140 – 151	50.00 – 56.60	50.00 – 56.60
			248 – 829	13.26 – 31.25	13.26 – 31.25
			14,660 – 28,094	2.88 – 2.88	2.88 – 2.88
		Ground	48,954	2.88	2.88
		Basement	161 – 861	2.42 – 23.97	2.42 – 23.97
			19,332 – 48,104	1.30 – 1.86	1.30 – 1.86
		Lower Ground	215 – 980	11.80 – 48.96	11.80 – 48.96
			1,033 – 1,528	9.29 – 36.79	9.29 – 36.79
			1,539 – 5,274	3.81 – 18.02	3.81 – 18.02
Ground	11,819 – 61,344	1.77 – 3.81	1.77 – 3.81		
	366 – 861	9.75 – 24.99	9.75 – 24.99		
	1,001 – 2,120	6.04 – 11.98	6.04 – 11.98		
	2,174 – 5,490	13.01 – 20.81	13.01 – 20.81		
IOI City Mall	Putrajaya	GE	16,318 – 20,925	3.34 – 13.01	3.34 – 13.01
			581 - 743	20.44 – 21.00	20.44 – 21.00
		L1	1,076 – 3,584	9.75 – 19.97	9.75 – 19.97
			506 - 980	10.03 – 24.99	10.03 – 24.99
			1,001 – 2,400	5.02 – 16.17	5.02 – 16.17
		L2	5,231 – 7,298	2.32 – 5.76	2.32 – 5.76
			8,665 15,629	1.30 – 1.95	1.30 – 1.95
			215 - 969	9.57 – 26.94	9.57 – 26.94
			1,012 – 2,885	6.04 – 18.02	6.04 – 18.02
			3,391 – 7,190	1.86 – 6.50	1.86 – 6.50

Source: NAPIC / Knight Frank Research
Note: (p) = Preliminary



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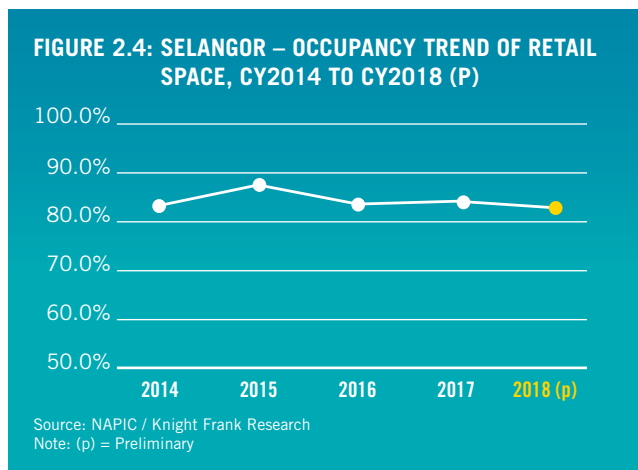


UNITHOLDERS' INFORMATION

DETAILED MARKET REPORT

In CY2018, the minimum rental rates of selected shopping centres within Selangor ranged from RM1.30 per sq.ft. to RM50.00 per sq.ft. per month while the maximum rental rates are from RM1.86 per sq.ft. to RM56.60 per sq.ft. per month, depending on the size of occupied space, floor level, unit orientation and other value factors.

The rental rates of retail space within the said shopping centres were generally stable year-on-year. The chart below exhibits the overall occupancy rates of shopping centres in Selangor from CY2014 to CY2018.



The average occupancy of retail space for Selangor continued to remain firm above the 80.0% threshold, at circa 84.3% in CY2018 (CY2017: 85.4%) despite the high supply pipeline of retail spaces coming into the market.

Nonetheless, the average occupancy rate of shopping centres which peaked at 87.9% in CY2015 has continued to slide, recording at 84.9% in CY2016, 85.4% in CY2017 and 84.3% in CY2018.

MARKET OUTLOOK

The retail landscape in Selangor is challenging amid changing retail trends and consumer shopping behaviour. With more supply coming on-stream, new shopping centres without high pre-committed take-up will continue to face challenges in the diluted retail market whilst those that fail to adapt to the changing retail trends may face a gloomy future.

Selected existing shopping centres are seen to embark on asset enhancement initiatives (AEIs) and are creating new experiences to stay relevant in the competitive retail market. There are now more creative ideas and trends that embrace technological innovation in the retail industry.

In line with Bank Negara Malaysia's 10-year roadmap towards a cashless society, more retailers are also venturing into e-commerce with leading e-wallet companies such as Boost, FavePay, GrabPay, Touch 'n Go and WeChat Pay.

The decline in CSI recently indicated that confidence continues to taper off due primarily to rising cost of living, tighter labour market and tepid growth in take-home pay. Consumers are expected to remain prudent in their spending. The short-term outlook for the sector is one of cautious optimism, with windows of opportunities for retailers with the right data, key insights and value.

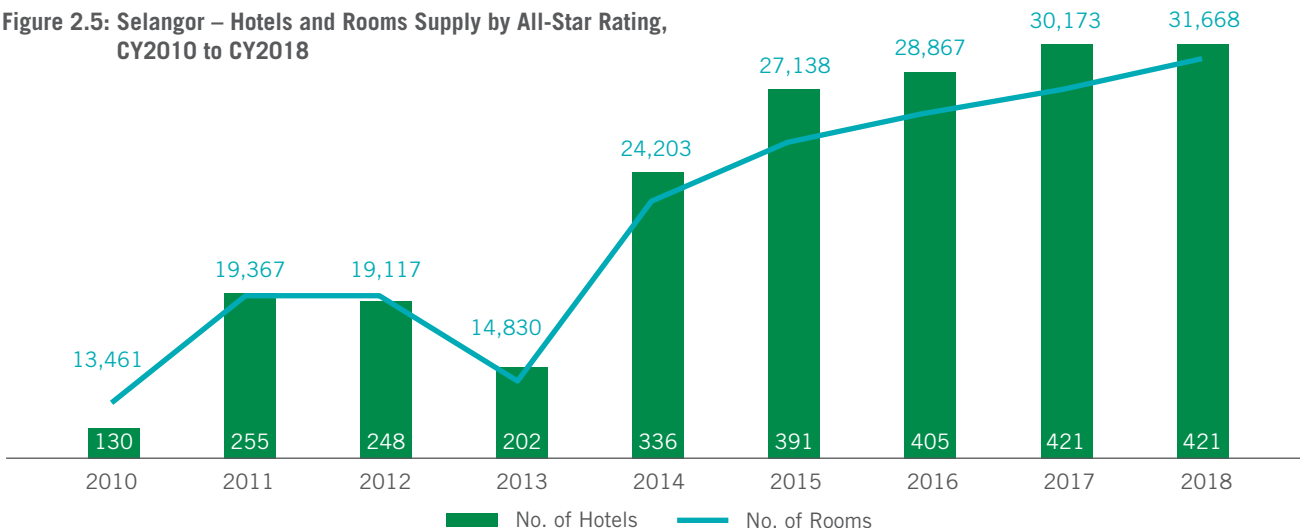
SELANGOR

HOTEL MARKET OVERVIEW

SUPPLY

The number of hotels and rooms supply in Selangor has continued to uptrend since CY2013. As of CY2018, although the total supply of all-star rating hotels remained unchanged at 421, there was an increase in the rooms supply, from 30,173 rooms in CY2017 to 31,668 rooms in CY2018.

Figure 2.5: Selangor – Hotels and Rooms Supply by All-Star Rating, CY2010 to CY2018



Source: Tourism Malaysia (Based on Hotel Survey) / Knight Frank Research
Note: All-Star Rating includes 1 to 5-Star Rated Hotels, 1 to 3-Orchid Rated Hotels and Unrated Hotels

DETAILED MARKET REPORT

The following table summarises selected upcoming hotels in Selangor:

Figure 2.6: Selangor – Future Hotel and Room Supply

NO.	HOTEL DEVELOPMENT	LOCATION	EXPECTED COMPLETION	TOTAL ROOMS
1	Wyndham Acmar Klang	Bandar Baru Klang	CY2019	488
2	Mercure Hotel	Ultrapolis, Glenmarie	CY2020	230
3	Doubletree by Hilton	i-City, Shah Alam	CY2021	300
4	Holiday Inn Sepang	Kota Warisan, Sepang	CY2021	250
5	Aloft Hotel @ Meta City	Seri Kembangan	CY2024	276
6	Citadines Montfort, Shah Alam	Emporia Shah Alam	CY2027	250
7	The Ritz Carlton			307
8	Marriott International Hotel			294
9	Artes by Autograph Collection	Empire City Damansara, Petaling Jaya	TBC	279
10	McGuffin Hotel			155
11	WOLO E.City			223
TOTAL				3,052

Source: Knight Frank Research

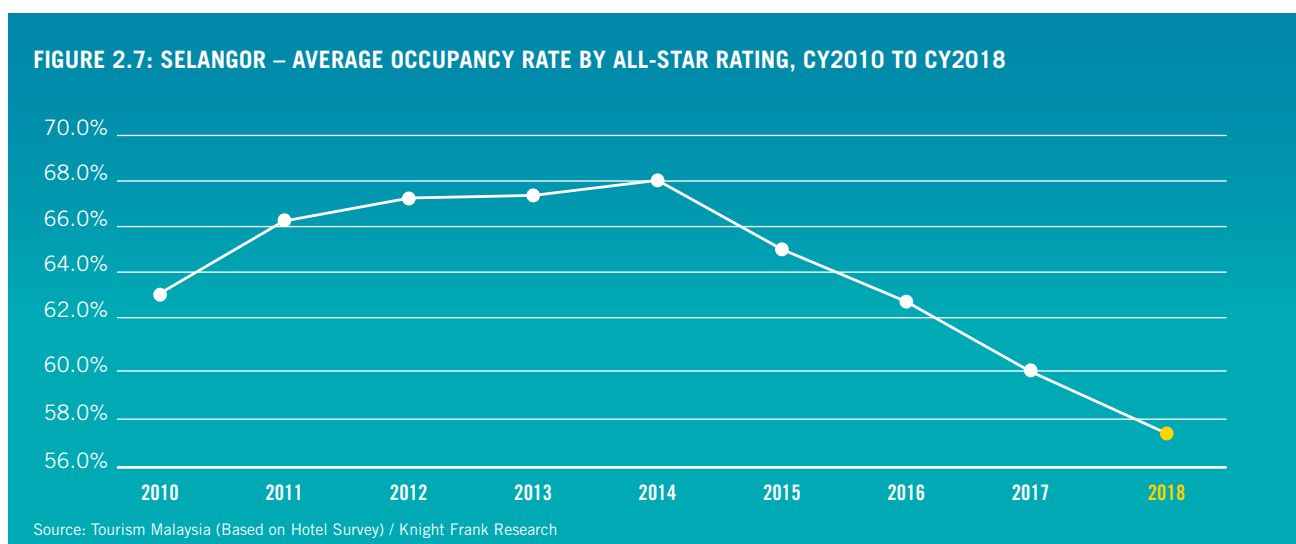
By 3Q CY2019, Selangor will welcome another hotel known as Wyndham Acmar Klang. This first international upscale hotel in Klang, offering 488 rooms, will be managed by Wyndham Hotels & Resorts.

In July 2019, the Intercontinental Hotels Group (IHG) signed a management agreement with Warisan City Development Sdn Bhd for a new Holiday Inn at Kota Warisan, Sepang. The hotel will feature 250 rooms and four state-of-the-art meeting rooms as well as a daytime lounge cum cocktail bar, a modern restaurant, gym and business corner. It is slated to be opened by CY2021.

Within the integrated development of Empire City Damansara, there are five upcoming hotels with a total of 1,258 rooms. The completion dates of these hotels, however, are yet to be confirmed.

DEMAND

The chart below shows the average occupancy rate (AOR) of all-star rating hotels in Selangor for the period from CY2010 to CY2018.



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The average occupancy rate of all-star rating hotels in Selangor for the 4-year period (CY2011 to CY2014) grew steadily to register between 66.2% and 68.2%. In CY2015, the occupancy rate declined sharply to record at 64.7% and it weakened further to 62.4% in CY2016. The weaker performance may be attributed to the higher supply of hotels (+69) with additional 4,664 rooms, the implementation of Goods and Services Tax (GST) in the second quarter of CY2015 and the aviation tragedies related to the national carrier, Malaysia Airlines.

Although the number of hotel guests increased 10.3% in CY2016, from 4.06 million to 4.48 million in CY2017, the overall occupancy rate continued to drop, and was recorded at 60.3% in CY2017. For CY2018, the occupancy rate dipped further to record at 57.2%, the lowest point since CY2010. Heightened competition coupled with the re-introduction of Sales and Service Tax (SST) in the third quarter of CY2018, the implementation of Tourism Tax in September 2017 at the flat rate of RM10 per room per night charged on foreign tourists and other factors may have led to this decline.

MARKET OUTLOOK

The Tourism Market Index declined 6.4 points to settle at 86.8 points in 1Q CY2019 (4Q CY2018: 93.2 points) mainly due to a slower travel season.

Malaysia targets to attract 30 million tourist arrivals with corresponding tourist receipts of RM100 billion in CY2020, to be supported by the Visit Malaysia Year 2020 (VMY 2020) tourism campaign.

On a state level, Tourism Selangor targets to attract 7.7 million tourists in CY2019, to be supported by promotional

strategies, new tourism products, MICE and cultural and heritage tourism segments in effort to support foreign tourist entries to Selangor through cooperation with Tourism Malaysia. The new tourism products include Sky Mirror Kuala Selangor, Royal Klang Heritage Walk, Kuala Kubu Bharu Eco Adventure Activities, Tanjung Sepat An Emerging Eco Agro Tourism, Kajang Heritage Centre and etc.

Tourism Selangor has launched the Selangor School Squad Programme Tourism Tour 2019 to promote domestic tourism by encouraging families to visit tourist attractions in the state. It targets to attract 4.0 million domestic tourists in CY2019.

The rail and road infrastructure developments have also played a critical role in the growth of Greater Kuala Lumpur / Klang Valley. The construction of the Damansara–Shah Alam Elevated Expressway (DASH) and the Sungai Besi–Ulu Kelang Elevated Expressway (SUKE) in Selangor will further enhance accessibility and connectivity within Klang Valley and interstates. Meanwhile, the under construction Light Rail Transit 3 (LRT3) project, connecting Bandar Utama to Klang, will boost economic activities upon its completion by CY2020.

In addition, several high impact projects such as the East Coast Rail Link (ECRL) project connecting the east coast regions and the High-Speed Rail (HSR) between Malaysia and Singapore, will further boost the tourism industry.

The outlook for the hospitality sector remains as one of cautious optimism in the mid to long term as Malaysia looks set to welcome more international and regional hotel brands and operators amid a resilient tourism market.

SELANGOR

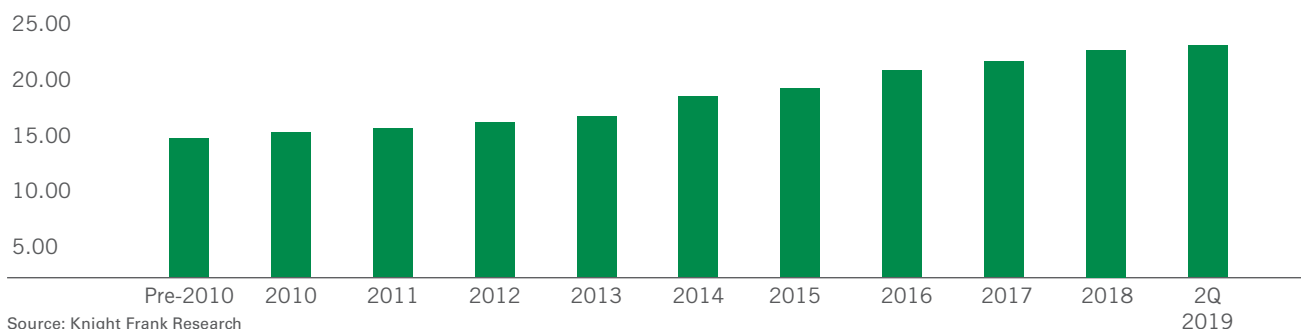
OFFICE MARKET OVERVIEW

SUPPLY

The supply of selected Grade A and Grade B purpose-built office space in Selangor has continued to grow steadily since CY2010. In CY2018, the cumulative supply of purpose-built office space in Selangor stood at circa 21.38 million sq.ft. following the completion of four buildings with combined NLA of approximately 1.09 million sq.ft.

The completed buildings are Celcom Tower (450,000 sq.ft.) and Nucleus Tower (238,000 sq.ft.) in the locality of Petaling Jaya; and Phase 1C @ Star Central (225,000 sq.ft.) and Tower 6 of Sky Park (178,000 sq.ft.), both in the locality of Cyberjaya.

Figure 2.8: Selangor – Cumulative Supply of Purpose-Built Office Space, Pre-CY2010 to 2Q CY2019



DETAILED MARKET REPORT

As at 2Q CY2019, the cumulative supply in Selangor stood at circa 21.8 million sq.ft., reflecting compound annual growth rate (CAGR) of circa 5.4% per annum.

The only notable office completions in 1H CY2019 are Symphony Square and KYM Tower. Symphony Square, fronting Jalan Semangat (now renamed Jalan Professor Khoo Kay Kim) in Section 13 of Petaling Jaya, is a dual-compliant 20-storey corporate office tower offering circa 226,000 sq.ft. of NLA. Similarly, KYM Tower is a dual-compliant office tower in Mutiara Damansara, having NLA of 180,000 sq.ft.

The bulk of incoming office supply in Selangor, amounting to approximately 2.75 million sq.ft., is expected to come on-stream in the next two years (CY2019 and CY2020). The buildings are mainly concentrated in the locality of Petaling Jaya.

Figure 2.9: Selangor – Future Supply of Office Space, CY2019 to CY2020

DEVELOPMENT	LOCATION	EXPECTED COMPLETION	ESTIMATED NLA (SQ.FT.)
1 Power House	Bandar Utama		
HCK Tower @ Empire City	Empire City, Damansara, Petaling Jaya	CY2019	1,479,000
Menara Star 2	Seksyen 13, Petaling Jaya		
Tropicana Gardens Office Tower	Kota Damansara		
Q Tower @ twentyfive.7	Shah Alam		
Quill 9 Annexe	Seksyen 19, Petaling Jaya	CY2020	1,271,000
Tower 5 @ PJ Sentral Garden City	Seksyen 52, Petaling Jaya		
Uptown 8	Damansara Uptown		
TOTAL			2,750,000

Source: Knight Frank Research

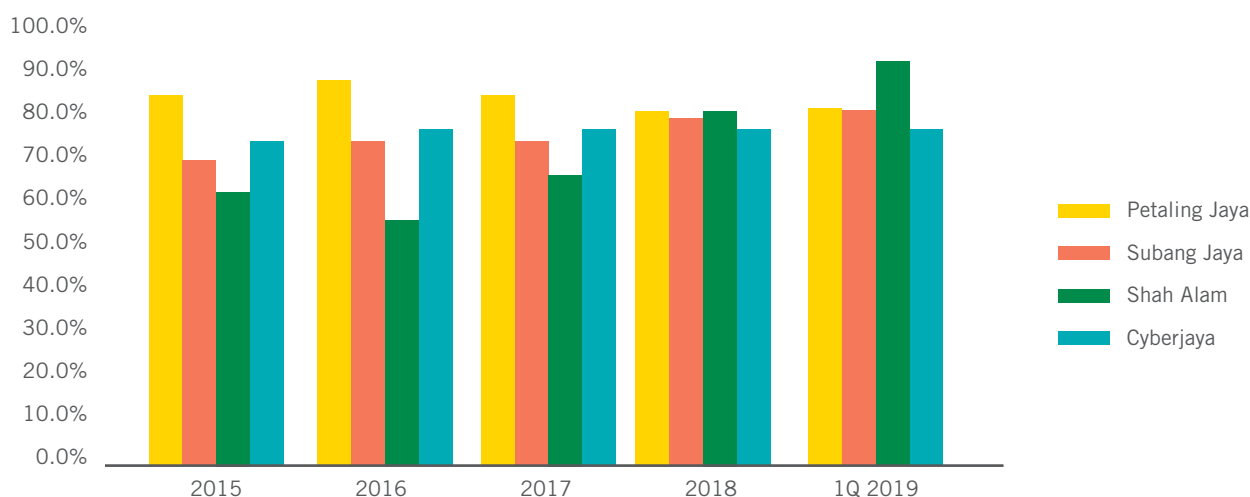
DEMAND

The overall occupancy rates of the localities under review, which include Petaling Jaya, Subang Jaya, Shah Alam and Cyberjaya, were generally higher in 1Q CY2019, compared to CY2018.

The overall occupancies for the localities of Petaling Jaya and Subang Jaya were similar at 80.8% in 1Q CY2019 (CY2018: Petaling Jaya - 80.4% and Subang Jaya - 79.6%). In Cyberjaya, the occupancy rate was at 76.0% (CY2018: 75.5%).

As for the locality of Shah Alam, the overall occupancy was significantly higher at 91.2% during the review quarter (CY2018: 81.3%) due to improved take-up in Wisma Sunway and Menara MRCB.

Figure 2.10: Selangor – Occupancy Trend of Purpose-Built Office Space by Locality, CY2015 to 1Q CY2019



Source: Knight Frank Research



VITAL ATTRIBUTES



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In the locality of Petaling Jaya, selected Grade A office buildings are commanding asking rentals between RM4.70 per sq.ft. to RM6.00 per sq.ft. per month. The asking rental rates of Grade B office space are slightly lower, ranging from RM3.50 per sq.ft. to RM5.50 per sq.ft. per month.

Meanwhile, the asking rental rates for selected Grade A office buildings in Subang Jaya range from RM4.75 per sq.ft. to RM6.00 per sq.ft. per month whilst Grade B office spaces command lower asking gross rentals of between RM3.00 per sq.ft. and RM4.50 per sq.ft. per month.

Figure 2.11: Selangor – Asking Gross Rentals of Selected Office Buildings, 1Q CY2019

BUILDING NAME	LOCATION	CLASSIFICATION	ASKING GROSS RENTAL (RM PER SQ.FT. / MONTH)
LOCALITY: PETALING JAYA			
1 First Avenue	Bandar Utama		6.00
Nucleus Tower	Mutiara Damansara	Grade A	5.80
The Ascent @ Paradigm	SS 7, Kelana Jaya		5.50 – 6.00
Oasis Square – Block F	Ara Damansara		4.70 – 5.00
PJ 33	Seksyen 13, Petaling Jaya		5.50
Uptown 1 & 2	Damansara Utama		5.50
Oasis Square - Block H	Ara Damansara	Grade B	5.00
Menara Axis	Seksyen 51A, Petaling Jaya		4.90
CP Tower	Seksyen 16, Petaling Jaya		4.50
Menara AmFirst	Seksyen 19, Petaling Jaya		3.50
LOCALITY: SUBANG JAYA			
The Pinnacle	Bandar Sunway		6.00
SunGeo Tower	Bandar Sunway	Grade A	6.00
Puchong Financial Corporate Centre (PFCC) - Towers 4 & 5	Bandar Puteri Puchong		4.75
Wisma Consplant 1 & 2	SS 16, Subang Jaya		4.50
MCT Tower	One City, UEP Subang Jaya		4.00
Puchong Financial Corporate Centre (PFCC) - Tower 2	Bandar Puteri Puchong	Grade B	4.00 – 4.50
Menara Summit	USJ 1, UEP Subang Jaya		3.80
Puchong Financial Corporate Centre (PFCC) - Tower 1	Bandar Puteri Puchong		3.00 – 3.50

Source: Knight Frank Research

DETAILED MARKET REPORT

MARKET OUTLOOK

The overall occupancy and rental rates of office buildings in Selangor are expected to hold steady moving forward.

The availability of good grade office space at attractive rental rates coupled with improved infrastructure providing easy accessibility and good connectivity via the fully operational MRT Line 1 as well as the existing LRT and KTM Komuter lines, continue to support the office decentralisation trend in Selangor.

The growing popularity of co-working space provides some alternative to landlords looking to improve the occupancy levels of their buildings. Securing a co-working operator as a tenant offers landlords the flexibility to cater to existing tenants' changing needs, such as accommodating leasing requirements as companies grow, downsize or require flexible expansion for short-term projects. It also provides a tangible commercial advantage in attracting other tenants and the millennial workforce to the building who can make use of the facilities offered.

Co-working and shared services operators continue to be active in the office market. Luxury co-working space and serviced office provider, Colony Space Asia Sdn Bhd, has announced their expansion into Mutiara Damansara earlier this year with their new space dubbed Colony @ Mutiara Damansara, occupying circa 19,000 sq.ft. in KYM Tower.

Over the mid to longer term, the Government's concerted efforts to implement numerous regulatory reforms augur well for the business operating environment and this is expected to be positive for the country's economic and property market performance.

Malaysia moved up nine places to rank number 15 in the World Bank Doing Business 2019 Report. Among the ASEAN countries, Malaysia is ranked second with 80.60 points after Singapore with 85.24 points. The country has considerable advantages in terms of location, infrastructure quality and resources with Selangor being a key investment destination with strong and stable fundamentals.

KUALA LUMPUR

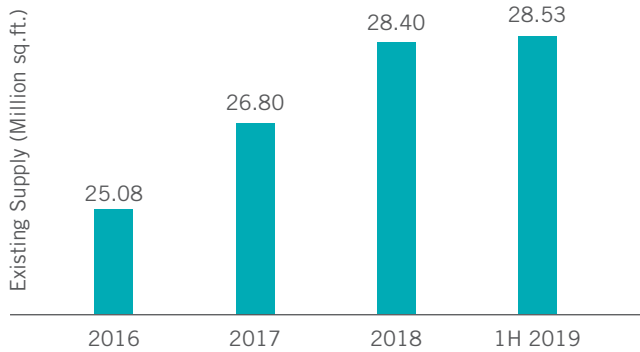
RETAIL MARKET OVERVIEW

SUPPLY

The existing supply of retail space in Kuala Lumpur currently stands at circa 28.53 million sq.ft. The bulk of retail supply comes from KL Fringe with 17.88 million sq.ft. (62.7%) while KL City accounts for the remaining 10.65 million sq.ft. of space (37.3%).

The first half of CY2019 saw the opening of Star Boulevard located in Jalan Yap Kwan Seng with circa 126,000 sq.ft. of NLA. It forms part of an integrated development comprising three residential towers and five blocks of retail units that are jointly developed by Symphony Life Berhad and United Malayan Land Berhad.

Figure 3.1: Kuala Lumpur - Cumulative Supply of Retail Space, CY2016 to 1H CY2019



Source: Knight Frank Research

Two new shopping centres in KL Fringe and a retail component within the Exchange 106, the tallest building at the financial district of Tun Razak Exchange (TRX), are expected to be completed by 2H CY2019.



DETAILED MARKET REPORT

Figure 3.2: Kuala Lumpur - Incoming Supply of Retail Space, 2H CY2019

NAME OF DEVELOPMENT	LOCATION	ESTIMATED NLA (SQ.FT.)
2H CY2019 – Expected Completion / Opening		
Retail component within the Exchange 106	KL City	126,000
Queensville	KL Fringe	412,000
Quarza @ Melawati	KL Fringe	360,000
	Total	898,000

Source: Knight Frank Research

DEMAND

The rental levels of selected shopping centres in Kuala Lumpur are summarised in the table below.

Figure 3.3: Kuala Lumpur - Rental Levels of Retail Space in Selected Shopping Centres, CY2017 and CY2018 (p)

SHOPPING CENTRE	LOCATION	FLOOR LEVEL	FLOOR AREA (SQ.FT.)	RENTAL RANGE (RM PER SQ.FT. / MONTH)	
				CY2017	CY2018 (P)
KL City					
Suria KLCC	Jalan Ampang	Concourse (LG)	151 - 4,306	25.24 - 190.87	25.24 - 190.87
		Ground	301 - 4,306	17.16 - 165.47	17.16 - 165.47
		L1 to L4	205 - 4,467	30.17 - 92.60	30.00 - 97.64
Avenue K	Jalan Ampang	Ground	151 - 2,960	12.50 - 22.00	12.50 - 22.00
		Mezzanine	258 - 3,283	9.00 - 20.00	9.00 - 20.00
		L1 to L3	215 - 5,382	3.80 - 19.50	3.80 - 19.50
KL Fringe					
Mid Valley Megamall	Mid Valley City	Lower Ground	474 - 3,229	27.65 - 59.65	27.65 - 59.65
		Ground	215 - 3,455	38.65 - 60.65	38.65 - 60.65
		L1 to L3	129 - 3,670	10.65 - 47.65	10.65 - 47.65
The Gardens Mall	Mid Valley City	Lower Ground	753 - 3,810	18.10 - 40.15	18.10 - 40.15
		Ground	495 - 4,252	23.65 - 38.55	23.65 - 38.55
		L1 to L4	194 - 4,252	6.15 - 38.15	6.15 - 38.15

Source: NAPIC / Knight Frank Research
Note: (p) = Preliminary

DETAILED MARKET REPORT

Suria KLCC, Malaysia's premier shopping centre which is located at the base of the iconic Petronas Twin Towers in Kuala Lumpur City Centre, commands high rental rates ranging from RM17.16 per sq.ft. to RM190.87 per sq.ft. per month.

In KL Fringe, rentals at popular shopping centres such as Mid Valley Megamall and The Gardens Mall currently range between RM6.15 per sq.ft. to RM60.65 per sq.ft. per month.

The pipeline of supply continues to dilute the retail market. The average occupancy rate of shopping centres in Kuala Lumpur was lower at 82.8% in CY2018 (CY2017: 85.3%).

Figure 3.4: Kuala Lumpur - Occupancy Rates of Selected Shopping Centres, CY2018

SHOPPING CENTRE	LOCATION	ESTIMATED OCCUPANCY RATE
KL City		
Suria KLCC	Jalan Ampang, KLCC	98.0% ⁽²⁾
Pavilion Kuala Lumpur	Jalan Bukit Bintang	98.7% ⁽³⁾
Lot 10	Jalan Bukit Bintang	100.0% ⁽¹⁾
Starhill Gallery	Jalan Bukit Bintang	100.0% ⁽¹⁾
KL Fringe		
Mid Valley Megamall	Lingkar Syed Putra	99.3% ⁽³⁾
The Gardens Mall	Lingkar Syed Putra	97.2% ⁽³⁾

Source: Knight Frank Research / REIT Company Annual Reports

Notes:

⁽¹⁾ Occupancy rates as at June 2018 with Katagreen Development Sdn Bhd as the master tenant

⁽²⁾ Occupancy rate as at October 2018

⁽³⁾ Occupancy rates as at December 2018

MARKET OUTLOOK

Similar to Selangor, the Kuala Lumpur retail landscape continues to remain challenging amid changing retail trends and consumer shopping behaviour.

In the foreseeable future by CY2022, Kuala Lumpur will see a significant increase in retail space as a result of the completion of large-scale mixed developments, such as, Pavilion Bukit Jalil, Pavilion Damansara Heights, Tun Razak Exchange (TRX), Bukit Bintang City Centre and etc. The capacity of Kuala Lumpur to further absorb retail space within such developments will be in doubt. The substantial incoming supply has the potential to affect smaller and standalone projects that do not differentiate themselves and prioritise consumer experience.



VITAL ATTRIBUTES



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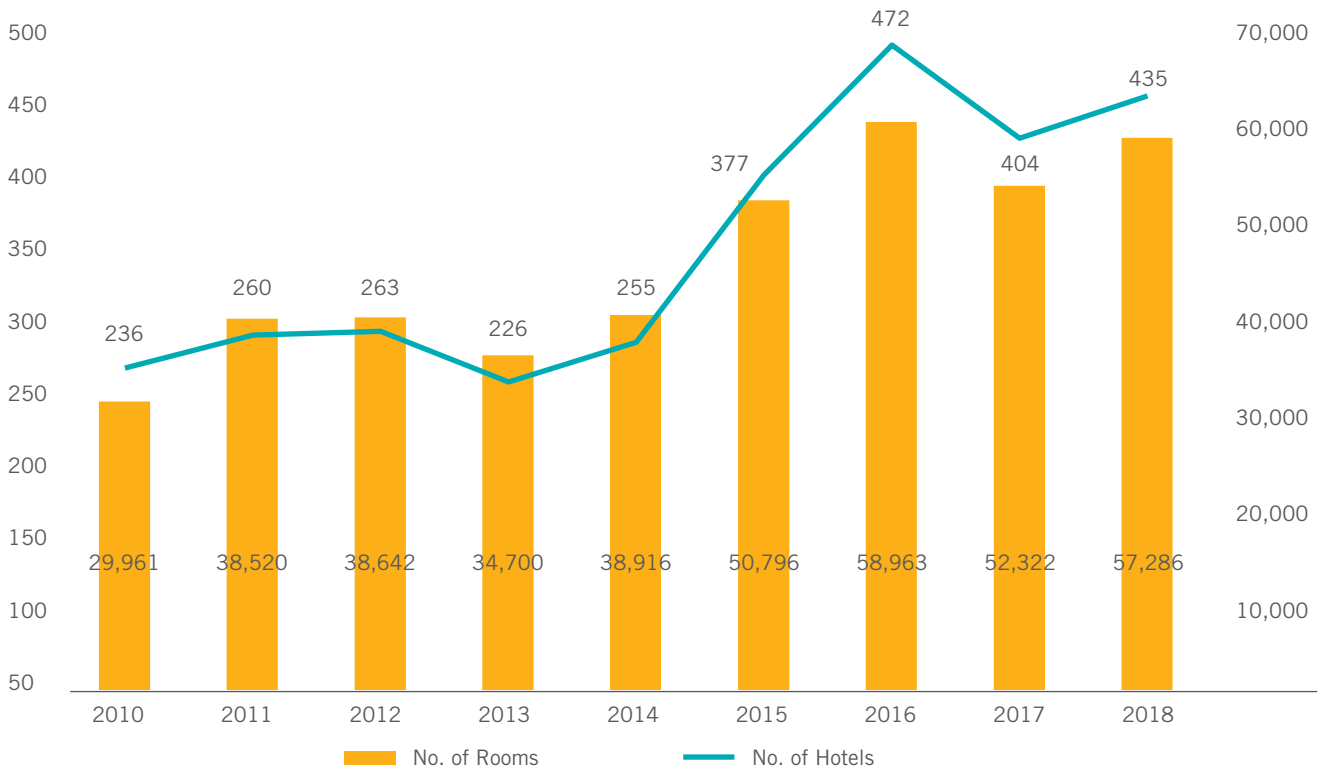
HOTEL MARKET OVERVIEW

SUPPLY

The number of hotels and rooms supply in Kuala Lumpur has continued to uptrend since CY2013. As of CY2018, there were a total of 435 hotels (all-star categories) in Kuala Lumpur, contributing 57,286 rooms.

There were eight completions in CY2018 offering a total number of 1,698 rooms. They are Four Seasons Hotel, Pavilion Kuala Lumpur Hotel, The RuMa Hotel, Hyatt House Kuala Lumpur Hotel, W Kuala Lumpur Hotel, Banyan Tree Kuala Lumpur Hotel, Hilton Garden Inn Kuala Lumpur Hotel and Alila Bangsar Hotel.

Figure 3.5: Kuala Lumpur – Hotels and Rooms Supply by All-Star Rating, CY2010 to CY2018



Source: Tourism Malaysia (Based on Hotel Survey) / Knight Frank Research

DETAILED MARKET REPORT

The following table summarises selected upcoming hotels in Kuala Lumpur which are either under construction or are being planned.

Two of the hotels in KL City, offering a total of 455 guest rooms are scheduled for completion in CY2019.

Figure 3.6: Kuala Lumpur – Future Hotels and Rooms Supply

NO.	DEVELOPMENT NAME	LOCATION	OPERATOR	EXPECTED COMPLETION	NO. OF HOTEL ROOMS (SUITES)
1	Hotel Jen	Jalan P. Ramlee	Shangri-La International	CY2019	200
2	Monopoly Mansion	Jalan Baba	M101's Sirocco Group	CY2019	255
3	Fairfield by Marriott	Jalan Pahang	Marriott International	CY2020	188
4	So Sofitel	Jalan Ampang	AccorHotels	CY2020	207
5	Planet Hollywood Hotel	Jalan Raja Muda Aziz	N/A	CY2020	207
6	Kempinski Hotel	Jalan Conlay	Kempinski Hotels	CY2020	260
7	Four Point by Sheraton	Jalan Petaling	Starwood Hotels & Resorts	CY2020	318
8	Unnamed Hotel	Jalan Bukit Bintang	N/A	CY2020	500
9	Jumeirah Kuala Lumpur	Jalan Ampang	Jumeirah Group	CY2021	181
10	Amari Hotel	KL Eco City	ONYX Hospitality Group	CY2021	252
11	Shangri-La	Jalan Sultan Hishamuddin	Shangri-La International	CY2021	300
12	Capri by Fraser	Jalan Imbi	Fraser Hospitality	CY2021	317
13	Crowne Plaza Hotel	Jalan Yap Kwan Seng	InterContinental Hotels Group	CY2021	338
14	The Edition Kuala Lumpur	Jalan Stonor	Marriott International	CY2021	350
15	Canopy by Hilton	Jalan Imbi	Hilton Worldwide	CY2021	456
16	Ascott Star	Jalan Yap Kwan Seng	The Ascott Limited	CY2021	(353 suites)
17	Goldmen Suites	Jalan Imbi	N/A	CY2021	(600 suites)
18	Park Hyatt Kuala Lumpur	Jalan Stadium	Hyatt Hotels & Resorts	CY2021	174 (28 suites)
19	Regent Kuala Lumpur	Jalan Tun Razak (TRX)	Intercontinental Hotels Group (IHG)	CY2021	N/A
20	JW Marriott	Brickfields	Marriott International	CY2021	N/A
21	Radisson Red Kuala Lumpur	Jalan Raja Laut	Carlson Rezidor Hotel Group	CY2022	166
22	Fairmont Kuala Lumpur	KLCC	Fairmont Hotels & Resorts	CY2022	690
23	Imperial Lexis	Jalan Kia Peng	Lexis Hotel Group	CY2022	(272 suites)
24	Unnamed Hotel	Jalan Ampang	Marriott International	N/A	200
25	Holiday Villa Hotel	Jalan Mayang	Holiday Villa Hotels & Resorts	N/A	204
26	WOLO Chinatown	Jalan Tun HS Lee	Mammoth Empire Holdings Sdn Bhd	N/A	300
27	Jakel Hotel	Persiaran Capsquare	N/A	N/A	300
28	Hyatt Regency	KL Metropolis	Hyatt Hotels & Resorts	N/A	400
TOTAL					> 6,763 (1,253 suites)

Source: Knight Frank Research



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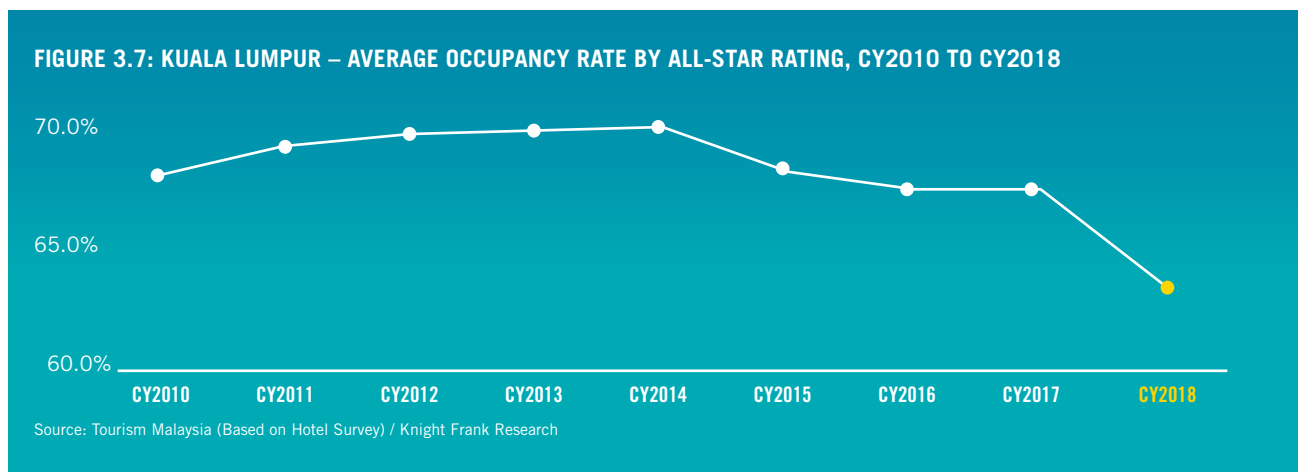


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DEMAND

The chart below shows the average occupancy rate (AOR) of all-star rating hotels in Kuala Lumpur for the period from CY2010 to CY2018:



For the first four years of the review period starting from CY2011 to CY2014, the average occupancy rate of all-star rating hotels Kuala Lumpur grew steadily from 68.6% to peak at 69.7%. Thereafter, the occupancy rate declined to record 67.1% in CY2015, 66.1% in CY2016 and remained stagnant in CY2017. The weaker performance since CY2015 was attributed to the higher supply of hotels (+217) with additional 20,047 rooms, the implementation of GST in the second quarter of CY2015 and the aviation tragedies related to the national carrier, Malaysian Airlines.

For CY2018, the average occupancy rate continued to decline to 63.3%, despite higher number of hotel guests (9.1%), from 17.98 million in CY2017 to 19.62 million in CY2018. This may be attributed to the re-introduction of SST in the third quarter of CY2018 and also the introduction of tourism tax at the flat rate of RM10 per room per night charged on foreign tourists and other factors such as higher hotel supply (and rooms) that may have led to this decline in average occupancy rate.

MARKET OUTLOOK

Malaysia aims to be ranked among the world's top 10 tourist destinations in CY2019, supported by concerted efforts by various stakeholders to promote Malaysia as one of the must-visit destinations. The country remains an attractive destination attributed to its price competitiveness, good air connectivity and beautiful natural resources, amongst other reasons.

Malaysia is also emerging as a hub for medical tourism due to a confluence of factors. The sector has shown impressive growth in recent years. The weak ringgit coupled with the country's high quality and affordable healthcare, which is further supported by its multi-lingual population base augur well for the growth of the healthcare travel industry.

In CY2017, Malaysia's healthcare sector achieved about RM1.3 billion in revenue from more than one million healthcare traveller arrivals. The total number of healthcare travellers increased to 1.05 million compared with 921,000 in CY2016.

The outlook for the hospitality sector is one of cautious optimism in the mid to long term as Kuala Lumpur looks set to welcome more international and regional hotel brands and operators due to the factors mentioned above.

DETAILED MARKET REPORT

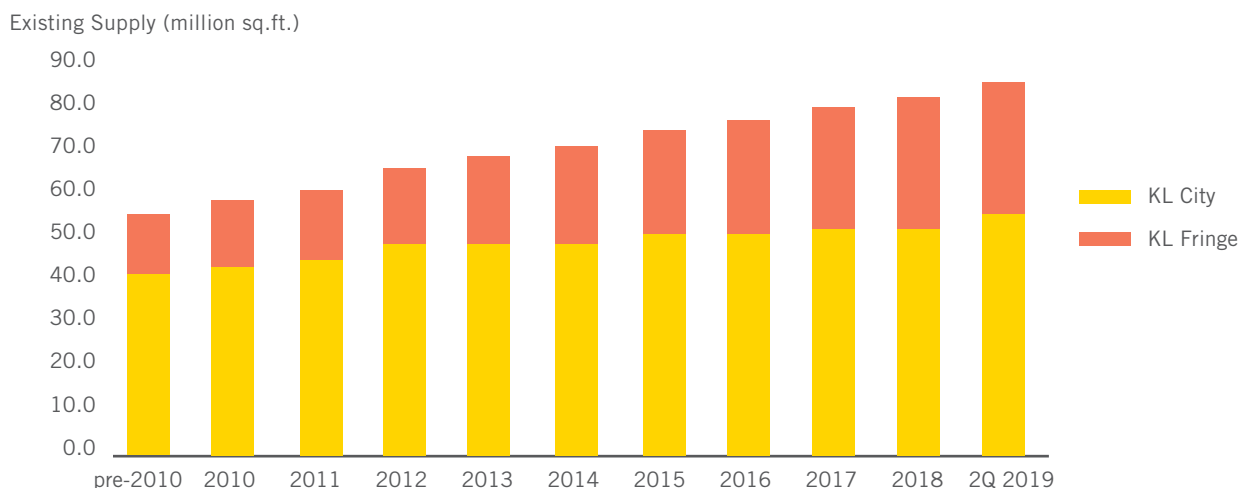
KUALA LUMPUR

OFFICE MARKET OVERVIEW

SUPPLY

The supply of office space in Kuala Lumpur has grown steadily over the years, as depicted in the chart below:

Figure 3.8: Kuala Lumpur - Cumulative Supply of Purpose-Built Office, Pre-CY2010 to 2Q CY2019



Source: Knight Frank Research

New supply from KL Fringe has been outpacing KL City since CY2010, recording a CAGR of 7.5% in comparison to a modest 2.8% for KL City.

As at 2Q CY2019, the cumulative supply of purpose-built office space in KL City was recorded at about 55.7 million sq.ft. whilst in KL Fringe, the existing stock stood at about 29.5 million sq.ft.

Two buildings were completed in KL City in CY2018, namely Equatorial Plaza at Jalan Sultan Ismail and Menara Khuan Choo at Jalan Raja Chulan. In KL Fringe, the completed buildings were Mercu 2 @ KL Eco City, Menara Etiqa in Jalan Bangsar and Menara Southpoint @ Mid Valley City.

In KL City, the recent completions (1H CY2019) of The Exchange 106 and Menara Prudential in Tun Razak Exchange (TRX) as well as BB Tower at Jalan Bukit Bintang collectively contributed approximately 3.3 million sq.ft. to the existing office stock.



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Figure 3.9: Kuala Lumpur – Future Supply of Office Space, CY2020 to CY2021

DEVELOPMENT	LOCATION	LOCALITY	EXPECTED COMPLETION YEAR	ESTIMATED NLA (SQ.FT.)
Affin Tower	Tun Razak Exchange			
Felcra Tower	Jalan Sultan Yahya Petra			
HSBC HQ	Tun Razak Exchange			
Kompleks Dayabumi Phase 3	Jalan Sultan Hishamuddin			
Lot 91 KLCC	Jalan Kia Peng	KL City	CY2020	5,909,000
Menara Hap Seng 3	Jalan P. Ramlee			
TCM Tower	Jalan Tun Razak			
TS Law Tower	Jalan Inai			
Menara Legasi	Jalan Raja Muda Musa			
Oxley Tower	Jalan Ampang			
Menara Tun Razak	Jalan Raja Laut			
MTR 2 (Tradewinds Tower)	Jalan Raja Laut			
PNB 1194 (previously known as MAS Annex)	Jalan Sultan Ismail	KL City	CY2021	2,491,000
The Galleria (Lot 76)	Jalan Ampang			
The Stride Strata Office	Bukit Bintang City Centre (BBCC)			
UOB Tower 2	Jalan Raja Laut			
Menara TNB, Bangsar	Bangsar			
Pavilion Damansara Heights (Phase 1)	Damansara Heights	KL Fringe	CY2021	3,020,000
The MET Corporate Towers	KL Metropolis			
Aspire Tower	Jalan Bangsar			
TOTAL				11,420,000

Source: Knight Frank Research

The bulk of incoming supply, amounting to approximately 11.42 million sq ft of space, is expected to come on-stream in the next two years (CY2020 and CY2021).

DETAILED MARKET REPORT

DEMAND

Referring to the table in Figure 3.10, Prime A+ office buildings generally command high asking rental rates due to their quality finishes and modern facilities, at RM11.00 per sq.ft. per month.

The asking rental rates of selected Grade A offices are lower, ranging from RM5.50 per sq.ft. to RM9.50 per sq.ft. per month whereas for selected Grade B offices, the asking rentals are from RM4.00 per sq.ft. to RM6.50 per sq.ft. per month.

In the Old Central Business District, the monthly asking rental rates of selected purpose-built office buildings range from RM3.60 per sq.ft. to RM6.50 per sq.ft. whilst in KL City Centre Peripheral, they are between RM3.70 per sq.ft. and RM4.15 per sq.ft.

Figure 3.10: KL City – Asking Gross Rental Rates of Selected Office Buildings, 1Q CY2019

BUILDING NAME	LOCATION	CLASSIFICATION	ASKING GROSS RENTAL (RM PER SQ.FT. / MONTH)
New CBD (formerly Golden Triangle)			
Integra Tower	Jalan Tun Razak	Prime A+	11.00
Menara Binjai	Jalan Binjai		8.80
Menara Khuan Choo	Jalan Raja Chulan		8.50
Menara Maxis	Jalan Ampang	Grade A	8.00 - 9.50
Vista Tower	Jalan Tun Razak		7.50 - 8.50
Menara Standard Chartered	Jalan Sultan Ismail		7.00 - 7.50
Menara Hap Seng 2	Jalan P. Ramlee		7.00
Wisma Golden Eagle Realty (formerly known as Wisma Selangor Dredging)	Jalan Ampang		6.50
Menara Atlan	Jalan Ampang		5.00 - 6.00
Menara HLA	Jalan Kia Peng	Grade B	4.80
Wisma MCA	Jalan Ampang		4.50
Wisma MPL	Jalan Raja Chulan		4.00
Old CBD (formerly Central Business District)			
Menara Cap Square	Jalan Dang Wangi		6.50
Wisma Hamzah-Kwong Hing	Lebuh Ampang	Grade A	6.50
JKG Tower	Jalan Raja Laut		5.50 - 6.50
Menara Multi-Purpose	Jalan Munshi Abdullah		5.00
Menara TH Perdana	Jalan Sultan Ismail		4.70
Menara Olympia	Jalan Raja Chulan	Grade B	4.00 - 6.00
Wisma Bumiraya	Jalan Raja Laut		3.60
KL City Centre Peripheral			
Plaza See Hoy Chan	Jalan Raja Chulan		4.15
Menara KPJ	Jalan Tun Razak	Grade B	4.00
Bangunan TH Selborn	Jalan Tun Razak		3.70

Source: Knight Frank Research



DETAILED MARKET REPORT

In KL Fringe, the asking rental rates for selected Grade A and Grade B office buildings range from RM5.50 per sq.ft. to RM8.50 per sq.ft. per month and RM4.80 per sq.ft. to RM6.00 per sq.ft. per month, respectively.

Figure 3.11: KL Fringe – Asking Gross Rentals of Selected Office Buildings, 1Q CY2019

BUILDING NAME	LOCATION	CLASSIFICATION	ASKING GROSS RENTAL (RM PER SQ.FT. / MONTH)
KL FRINGE			
Menara Shell	KL Sentral		8.50
The Gardens	Mid Valley City		7.50
Menara LGB	Taman Tun Dr. Ismail		6.50
UOA Corporate Tower A	Bangsar South	Grade A	6.20
Mercu 3	KL Eco City		6.00
Menara Milenium	Damansara Heights		6.00
Menara BRDB	Bangsar		5.50 - 6.50
Menara TM	Pantai		5.50 – 6.00
Menara Kembar Bank Rakyat	KL Sentral	Grade B	5.50
Menara MBSB	Damansara Heights		4.85
Menara Manulife	Damansara Heights		4.80 – 5.20

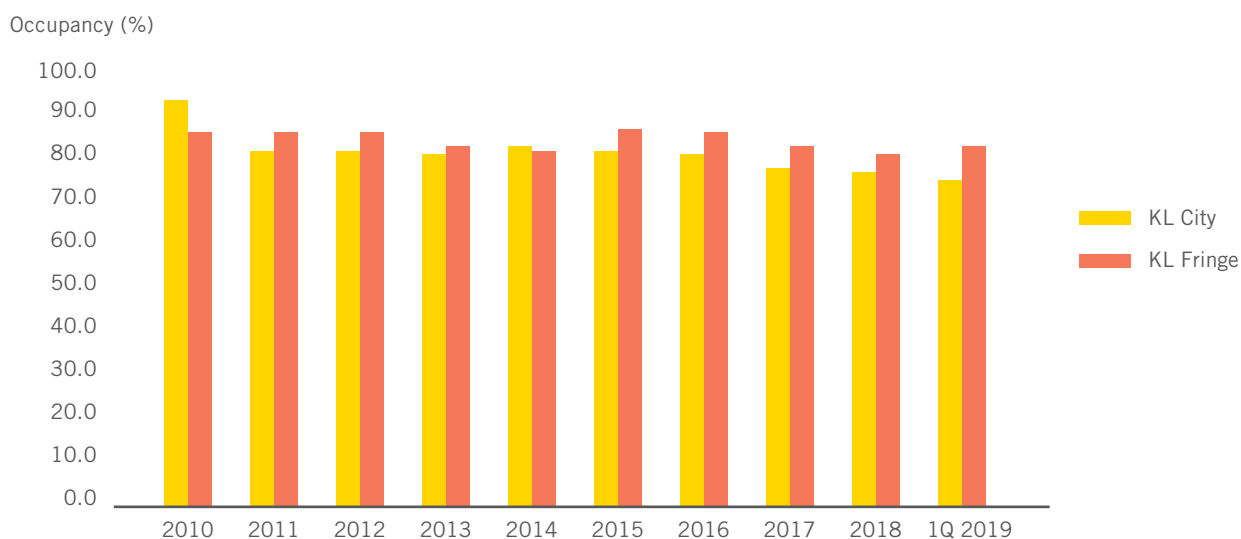
Source: Knight Frank Research

Amid growing challenges in the office market with widening gap between supply and demand, the overall occupancy rate for KL City dipped below the 80.0% mark (CY2017) to record at 78.8% in CY2018. The completion of Equatorial Plaza in CY2018 (circa 460,000 sq ft NLA), which has yet to achieve significant occupancy level coupled with several notable tenant movements from buildings such as Menara Dion, Menara Worldwide and G Tower continued to exert pressure on the office market.

The overall occupancy level weakened further to 76.9% in 1Q CY2019 although there was no office completion during the quarter under review.

In KL Fringe, the overall occupancy rate declined to record 83.2% in CY2018, a drop of 1.4% from 84.6% in CY2017 due to the completion of new buildings such as Mercu 3 in CY2017 as well as Mercu 2 and Menara Etiqa in CY2018. However, following healthy take-up of space in these newly completed office buildings, the overall occupancy improved to register at 84.6% in 1Q CY2019.

Figure 3.12: Kuala Lumpur – Overall Occupancy of Purpose-Built Office Space, CY2010 to 1Q CY2019



Source: Knight Frank Research

DETAILED MARKET REPORT

MARKET OUTLOOK

The high supply pipeline, both existing and incoming, coupled with slow take-up of office space are expected to exert further pressure on the tenant-led Kuala Lumpur office market moving forward.

The short to medium term outlook for the KL City office market is expected to be lacklustre as mismatch between supply and demand continues to widen. The office market in KL Fringe, however, is expected to remain resilient with both occupancy and rental levels holding steady. The expanding rail network in Klang Valley continues to drive demand for office space in these decentralised locations, evident by active leasing activities.

Amid the challenging office market environment, the growing popularity of co-working space provides some stability to the oversupplied market.

Co-working and shared services operators continue to be active in the office market. WeWork, the US-based co-working space provider, recently launched its largest regional space in South-East Asian, occupying circa 100,000 sq.ft. of space across five floors at the new Equatorial Plaza in KL City.

The lack of immediate catalyst to boost demand has motivated landlords to offer attractive leasing packages to retain existing tenants and attract new occupiers to maintain and improve occupancy levels of their buildings.

Given the current market condition, it may also be opportune for the building owners of well-located buildings which are dated and older to consider asset enhancement initiatives to improve the competitiveness of their properties.

PENANG

RETAIL MARKET OVERVIEW

SUPPLY

As per NAPIC data, the total existing supply of retail space in Penang stood at 18.75 million sq.ft. as at CY2018 where 11.16 million sq.ft. (59.5%) of retail space are situated on Penang Island while the remaining 7.58 million sq.ft. (40.5%) are on the mainland. Two new retail malls with total retail space of 0.57 million sq.ft. were completed on the mainland in 1Q CY2019, i.e. Tesco Bagan Ajam (102,257 sq.ft.) and Ikea Batu Kawan (470,146 sq.ft.). Therefore, the retail space in Penang has increased to 19.32 million sq.ft. in CY2019. The retail space per capita in Penang stands at 10.9 sq.ft. per capita, which suggests a challenging retail market for Penang, as compared to 8.5 sq.ft. per capita in Greater Kuala Lumpur.

The new upcoming malls include Botanica CT Centre, the first integrated commercial development in Balik Pulau, Sunshine Tower (900,000 sq.ft.), Penang Times Square Phase 3 & 4 (341,971 sq.ft.), Sunway Carnival Shopping Mall extension (350,000 sq.ft.) and GEM Megamall (1,200,000 sq.ft.).

Figure 4.1: Penang – Future Supply of Retail Space

NO.	NAME	EXPECTED COMPLETION	DEVELOPER	NLA (SQ.FT.)	STATUS
Penang Island					
1	Penang Times Square - Phase 3 & 4	CY2020	Ivory Properties	340,000	Under Construction
2	Sunshine Tower	Post CY2020	Suiwah Corporation	900,000	Under Construction
3	Southbay Plaza	Post CY2020	Mah Sing	750,000	Being Planned
4	The Light Waterfront Mall	Post CY2020	IJM	860,000	Being Planned
5	The Light Mixed Commercial Mall	Post CY2020	IJM	500,000	Being Planned
6	Sunway Valley City	Post CY2020	Sunway Group	n/a	Being Planned
7	Penang World City	Post CY2020	Tropicana Ivory	n/a	Being Planned
8	Penang Mitsui Outlet Park	Post CY2020	MFMA Development	n/a	Being Planned
9	Penang International Commercial Centre (Hunza)	Post CY2020	Hunza Properties	n/a	Being Planned
Mainland					
1	Sunway Carnival Shopping Mall New Wing	CY2020	Sunway REIT	350,000	Under Construction
2	Penang Sentral- Phase 2	CY2020	MRCB	409,000	Under Construction
3	Gem Megamall	CY2021	Bellevue	1,200,000	Under Construction

Source: Savills Malaysia



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



SUSTAINABILITY STATEMENT



FINANCIAL INSIGHTS

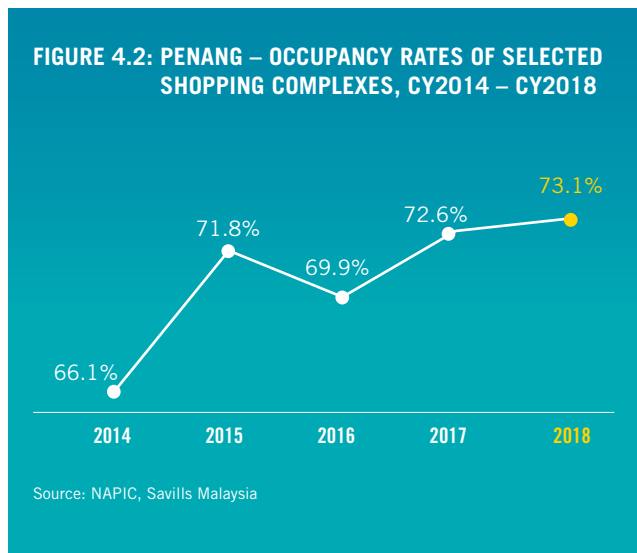


UNITHOLDERS' INFORMATION

DETAILED MARKET REPORT

DEMAND

Nevertheless, the overall occupancy rate of retail space in Penang improved marginally to 73.1% in CY2018 from 72.6% in CY2017. The occupancy rate in the mainland increased to 80.6% while the rate stayed stagnant at 62.6% on Penang Island in CY2018.



The prime retail malls registered over 80% occupancy rate, with some achieving close to 100% occupancy rate. Sunway Carnival Shopping Mall in Seberang Perai continues to be one of the leading malls in the mainland with an occupancy rate of 98.3% in CY2018. Its performance is expected to remain healthy with the extension that will double its current NLA. The first phase of the mall will be undergoing refurbishment once the expansion is done and is expected to be completed by CY2022.

On the rental front, the rental rates for ground floor retail lots in the prime shopping malls ranged from RM12.00 per sq ft (psf) per month to as high as RM45.00 psf per month, depending on the mall, location and size of the units. The prime shopping malls are expected to hold up its rental rate despite the influx of more retail space in the future.

MARKET OUTLOOK

The resilience of retail market in Penang is expected to be further challenged in the next few years as the substantial influx of new retail supply in Penang could potentially weigh on tenant retention and rental rates for existing shopping malls. Nevertheless, the outlook for the state’s economy and retail sector remains positive, driven by anticipated growth in tourist arrivals and the various infrastructure projects that are being implemented.

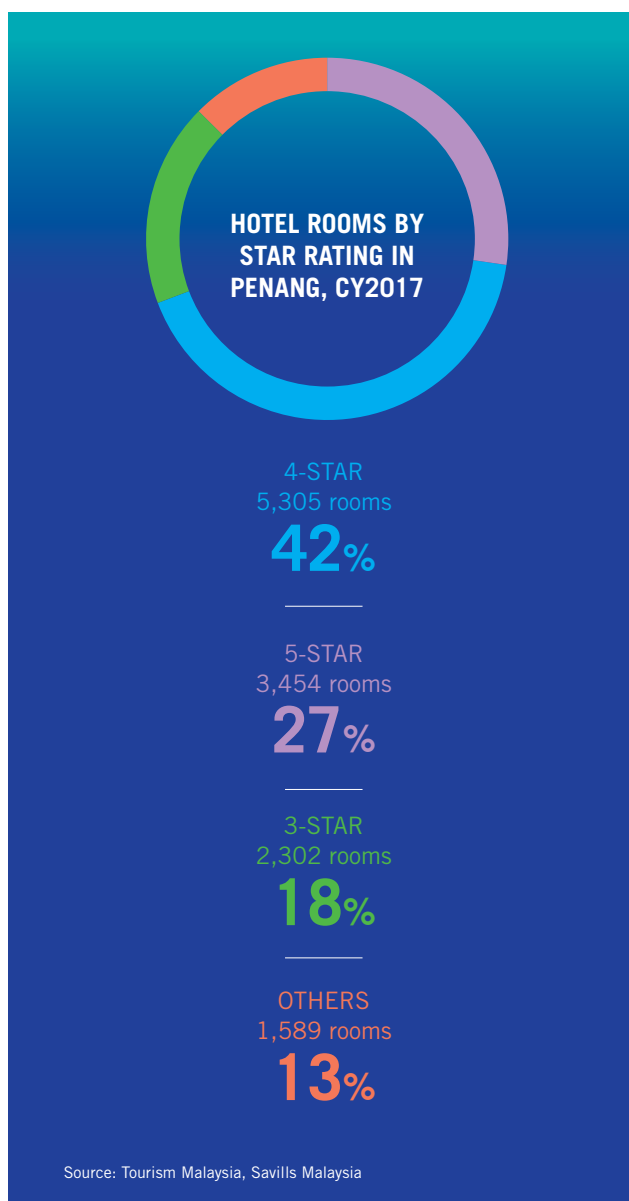
PENANG

4.1 HOTEL MARKET OVERVIEW

SUPPLY

According to Malaysia Tourism Key Performance Indicators 2017, there were 66 hotels providing a total of 12,650 rooms in Penang as at CY2017. Out of the 12,650 hotel rooms, about 27% were 5-star rated hotel, 42% were 4-star hotel and 18% were 3-star hotel. The remaining 13% were either unrated or local boutique hotels. In total, the average hotel occupancy in Penang declined to 62.1% in CY2017 as compared to 63.9% in CY2016.

Figure 4.3: Penang – Supply of Hotel Rooms, CY2017



DETAILED MARKET REPORT

New hotel completions in Penang in CY2018 included Vangohh Premier Hotel, a 5-star hotel which offers only 39 rooms to the market. The upcoming hotels to be completed in Penang Island in CY2019 include The Quay (162 rooms), Angsana Teluk Bahang (102 rooms), Hompton by The Beach (246 rooms) and Ozo hotel (132 rooms).

Figure 4.4: Penang – New Supply of Hotel Rooms, CY2019

NO.	NAME	ZONE	LOCATION	NO. OF ROOMS
1	The Quay Hotel	Penang Island	Georgetown	162
2	Angsana Teluk Bahang	Penang Island	Teluk Bahang	102
3	Hompton by the Beach	Penang Island	Tanjung Bungah	246
4	Ozo Hotel	Penang Island	Argyll Road	132

Source: Savills Malaysia

DEMAND

Penang has long been a favourite destination for domestic and international guests, hence the hospitality market of Penang Island is highly-dependent on the tourism industry. The passenger traffic at Penang International Airport (PIA) reached an all-time high of 7.79 million passengers in CY2018 with several new international flights flying directly into the state from Doha, Banda Aceh, Jakarta, Hanoi, Phuket, Kunming and Surabaya. In PIA, there are currently 803 weekly flights comprising 320 international flights and 480 domestic flights. Besides, Malaysia Airports Holding Berhad (MAHB) in July 2019 announced it is ready to proceed with the expansion plan for PIA that is going to increase the airport's capacity to 12 million passengers from the current 6.5 million after getting the approval from the Ministry of Finance.

Figure 4.5: Penang – Flights per Week to Penang

Direct Flights	City	Flights Per Week
Domestic	Kuala Lumpur	337
	Johor Bahru	53
	Kota Kinabalu	14
	Kuching	14
	Malacca	7
	Langkawi	34
	Kota Bharu	14
	Kuantan	7
	International	Bangkok
Phuket		14
Ho Chi Minh		7
Hanoi		7
Hong Kong		14
Taipei		7
Singapore		115
Jakarta		32
Subaraya		14
Banda Aceh		14
Guangzhou		14
Kunming	4	
Knoekke / Het Zoute	49	
Doha	7	
TOTAL		803

Source: PIA, Savills Malaysia



VITAL ATTRIBUTES



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DETAILED MARKET REPORT

Figure 4.6: Passenger Traffic in Penang International Airport, CY2014 – CY2018



Source: Penang Institute, Savills Malaysia

MARKET OUTLOOK

As Penang is the top medical tourism destination in Malaysia, this will continue to support the hotel sector. Nevertheless, shop-house boutique hotels, SOHO, serviced apartments and listings on Airbnb that offer more affordable rates, varying sizes and unique designs continue to appeal to young millennials, budget travelers and families who need bigger space. As such offerings are growing increasingly popular in the market, purpose-built hotels will face further competition in order to attract guests.

In CY2020, Penang will host the World Congress on Information Technology (WCIT). WCIT 2020 is the largest and the most reputable international event among worldwide IT leaders. This event is expected to attract 4,000 international visionaries, captains of industries, government leaders and academics coming from more than 80 countries. WCIT 2020 will potentially drive up the tourist arrivals in Penang.

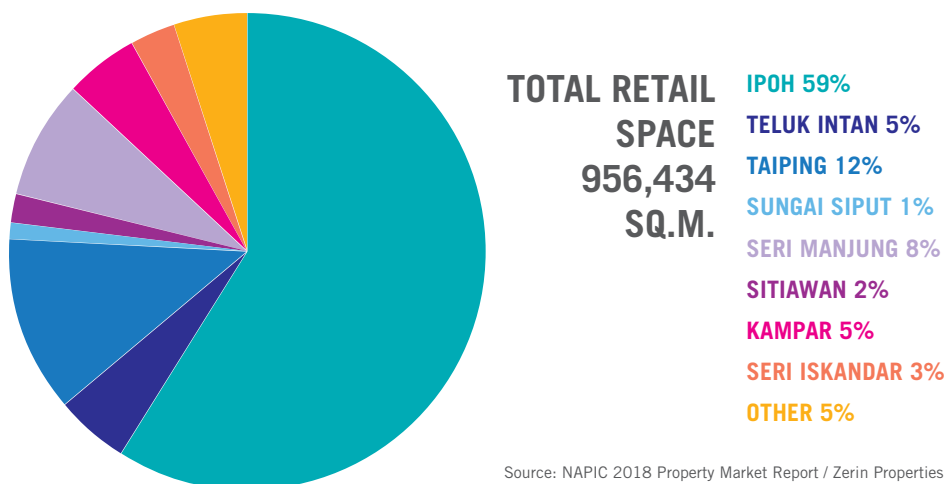
PERAK

5.0 RETAIL MARKET OVERVIEW

SUPPLY

The total retail space in Perak amounted to 10.3 million sq.ft. as at CY2018, housing 75 shopping malls. About 59% of these retail spaces are situated in Ipoh. Giant Hypermarket in Falim, Ipoh (72,700 sq.ft.) was the latest addition to Perak’s retail market in CY2018. The upcoming retail mall includes Silverlake Brand Village (SBV) in Kinta Valley, which will be the first lakeside outlet mall in the country. It is scheduled for opening in Q4 CY2019, and this outlet is part of the 533-acre Silverlakes development, consisting of 150 shops.

Figure 5.1: Distribution of Retail Space in Perak, CY2018



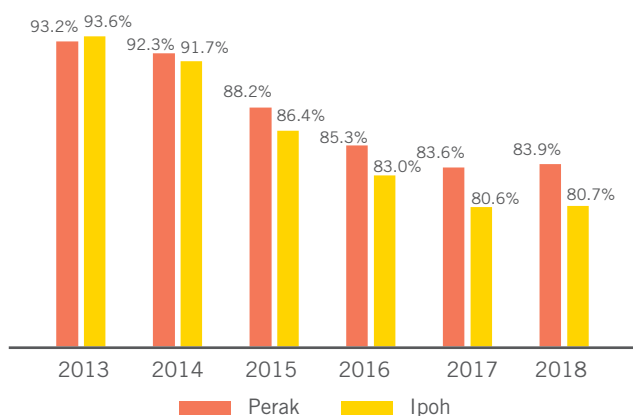
Source: NAPIC 2018 Property Market Report / Zerin Properties Research

DETAILED MARKET REPORT

DEMAND

The occupancy rate of retail space in Perak started experiencing a drop since CY2013, dragged down by the unoccupied new retail spaces in Ipoh. The retail occupancy rate in Perak and Ipoh registered their lowest points of 83.6% and 80.6% respectively in CY2017 and stabilised in CY2018 with marginal increases.

Figure 5.2: Occupancy Rate of Retail Space in Perak and Ipoh, CY2013 – CY2018



Source: NAPIC, Savills Malaysia

On the rental front, the rental rates for ground floor retail lots in Ipoh's prime shopping malls such as Ipoh Parade range from RM7.00 psf per month to RM24.00 psf per month. The rental rates for hypermarkets range from RM1.60 psf per month to RM18.00 psf per month depending on the location, size and conditions agreed between landlord and tenant.

Figure 5.3: Rental Rates of Selected Shopping Complexes in Ipoh, CY2017 - CY2018

SHOPPING COMPLEX	FLOOR LEVEL	RENTAL RANGE (RM PER SQ.FT. / MONTH)	
		CY2017	CY2018
AEON Big Falim	Ground	4.00 - 18.00	4.00 - 18.00
	2	1.50 - 9.60	1.60 - 9.60
Ipoh Parade Shopping Centre	Ground	7.00 - 24.00	7.00 - 24.00
	1	3.30 - 16.30	3.30 - 17.75
Angsana Ipoh Mall	Ground	7.70 - 11.50	7.70 - 11.60
	1	4.69 - 8.85	4.69 - 8.85

Source: NAPIC 2018 Property Market Report / Zerin Properties Research

MARKET OUTLOOK

Recently, there were a couple of announcements on future retail developments within Perak. Sunway Berhad announced that it was considering Perak as one of the potential locations for its new malls over the next four years. Sunway's mall in Tambun, Ipoh is currently under construction with expected completion in CY2023. Harvey Norman, on the other hand, is planning to open four new stores in the second half of CY2019, which include one store in Ipoh.

Furthermore, Ipoh has been named as one of the nine best places to retire and recognised as the third most affordable place to retire after Nha Trang, Vietnam and Chiang Rai, Thailand in CY2014. Ipoh has become an increasingly popular retirement place among Malaysians due to its fresh air, clean water and relaxing lifestyle that can improve the quality of life and promote longevity. Besides, researchers and experts in the field of retirement living agreed that Ipoh is an ideal place for Asian senior citizens to retire, particularly from China, Hong Kong, Macau and Taiwan.





ADVANCING THE LANDSCAPE WITH OPPORTUNITY-LED ACQUISITION AND DIVESTMENT

What makes us unique is our asset management capability and foresight to develop and expand our asset portfolio with great business acumen.

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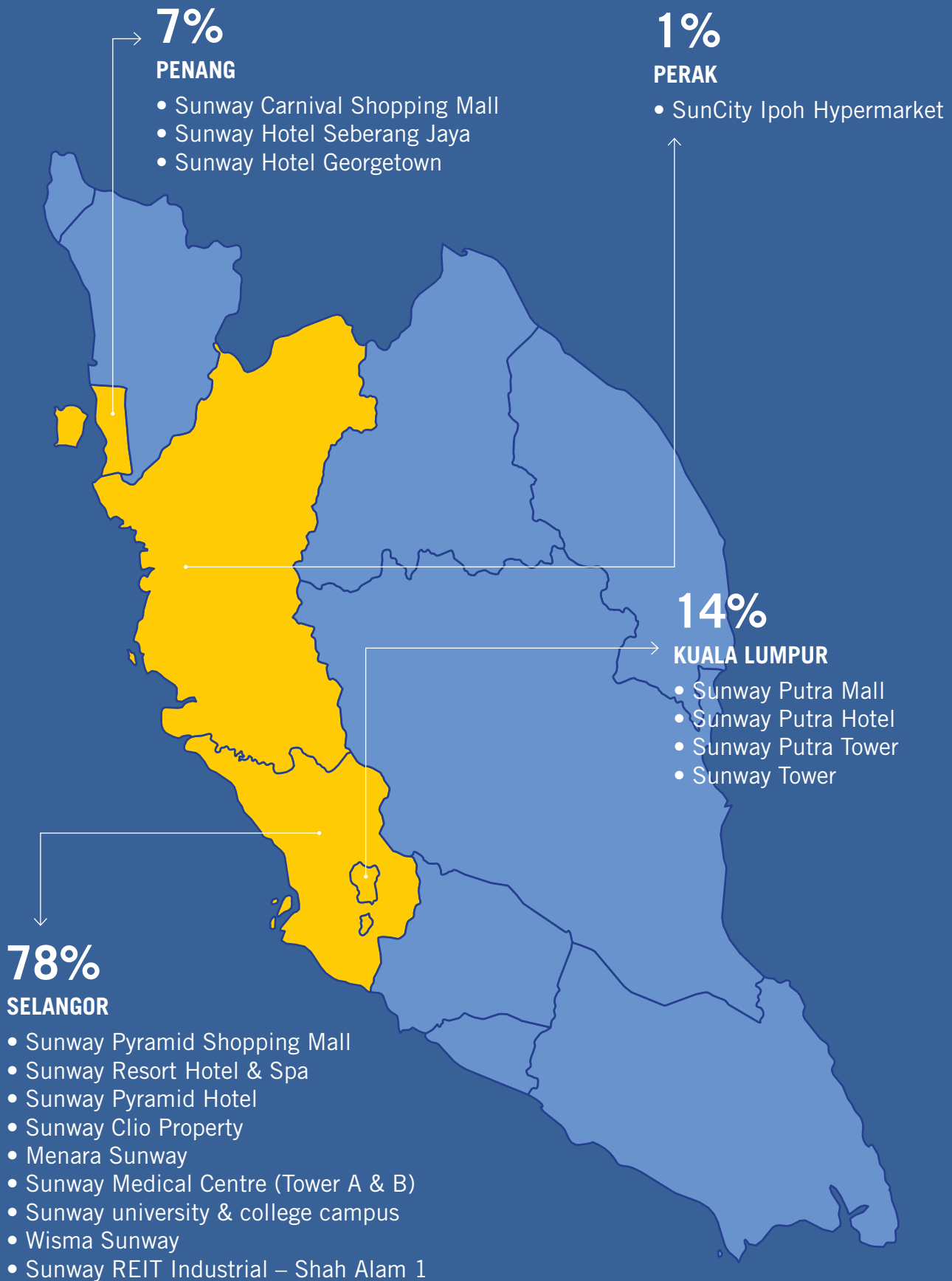
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PORTFOLIO AT A GLANCE

GEOGRAPHICAL CONTRIBUTION BY PROPERTY VALUE OF RM8.05 BILLION AS AT 30 JUNE 2019



RETAIL

Led by mall industry veterans and professionals with a proven track record, Sunway Malls is today's leading mall group with diverse expertise in managing malls of different sizes that redefines industry standards



VITAL ATTRIBUTES



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PROPERTY SUMMARY



SUNWAY PYRAMID SHOPPING MALL

Location
Selangor

Date of acquisition
08 July 2010

Acquisition price (RM million)
2,132

Title, expiry date & years remaining

- PN 17414 Lot 62059 - 21 February 2102 (83 years remaining)
- PN 9495 Lot 32 - 1 April 2097 (78 years remaining)
- H.S(D) 259957 PT 1312 - 1 April 2097 (78 years remaining)
- PN 9500 Lot 51175 - 1 April 2097 (78 years remaining)
- H.S(D) 233143 Lot PT 891 - 14 August 2105 (86 years remaining)

All in Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
Leasehold - 99 years

Encumbrance

- Charged to Public Investment Bank Berhad
- Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building
Phase 1 in 1997; Phase 2 in 2007 / 23 years; 13 years

Appraised value (RM million)
3,774

Date of latest valuation*
June 2019



SUNWAY CARNIVAL SHOPPING MALL / LAND FOR EXPANSION¹

Location
Penang

Date of acquisition
08 July 2010 / 27 December 2016¹

Acquisition price (RM million)
232 / 17¹

Title, expiry date & years remaining

- PN 1816 Lot 5497 - 21 October 2092 (73 years remaining)
- PN 1817 Lot 5498 - 21 October 2092 (73 years remaining)
- PN 1818 Lot 5499 - 21 October 2092 (73 years remaining)
- PN 1814 Lot 5493 - 21 October 2092 (73 years remaining)¹

All in Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang

Tenure
Leasehold - 99 years

Encumbrance

Charged to Affin Hwang Investment Bank Berhad (excluding land for expansion)

Year of Completion / Age of Building
2007 / N/A² / 13 years

Appraised value (RM million)
400 / 66²

Date of latest valuation[#]
June 2019

¹ Land for expansion of Sunway Carnival Shopping Mall
² Based on land and property development cost as at 30 June 2019

* Valued by Knight Frank Malaysia Sdn Bhd
Valued by Savills (Malaysia) Sdn Bhd



SUNCITY IPOH HYPERMARKET

Location
Perak

Date of acquisition
08 July 2010

Acquisition price (RM million)
46

Title, expiry date & years remaining
PN 258216 Lot 331232 - 22 February 2100
(81 years remaining)

Mukim Hulu Kinta, Daerah Kinta, Negeri Perak

Tenure
Leasehold - 99 years

Encumbrance

- Charged to Public Investment Bank Berhad
- Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building
2005 / 15 years

Appraised value (RM million)
61

Date of latest valuation[#]
June 2019



SUNWAY PUTRA MALL

Location
Kuala Lumpur

Date of acquisition
19 April 2011

Acquisition price (RM million)
219

Title, expiry date & years remaining
Geran 10012, Lot 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan

Tenure
Freehold

Encumbrance

- Charged to Public Investment Bank Berhad
- 30 years lease to Tenaga Nasional Berhad expiring 4 April 2047
- Private Caveat by Trustee
- Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building
1988 / 32 years

Appraised value (RM million)
583

Date of latest valuation^{*}
June 2019



VITAL ATTRIBUTES



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RETAIL ASSETS	SUNWAY PYRAMID SHOPPING MALL	SUNWAY CARNIVAL SHOPPING MALL	SUNCITY IPOH HYPERMARKET	SUNWAY PUTRA MALL	TOTAL
Land Area (sq.ft.)	820,070	348,428	354,994	193,621 ¹	1,717,113
Gross Floor Area (sq.ft.)	2,454,795	769,546	193,408	1,248,216 ²	4,665,965
Gross Floor Area - Car Park (sq.ft.)	1,873,470	213,554	-	574,588 ¹	2,661,612
Net Lettable Area (sq.ft.)	1,627,534	456,606	183,327	549,441	2,816,908
Net Lettable Area - Convention Centre (sq.ft.)	143,467	32,292	-	-	175,759
Number of Parking Bays	> 4,000	> 1,000	400	> 1,500 ¹	> 6,900
Number of Tenancies	763	200	1	236	1,200
Occupancy as at 30 June 2019 (%)	97.0	96.4	100.0	88.2	95.5
Annual Shopper Traffic (million)	> 34.0	> 6.0	N/A	> 9.0	> 49.0
Revenue (RM million)	327.9	47.1	4.4	47.3	426.7
Net Property Income (RM million)	256.9	27.8	3.9	21.9	310.5
Appraised Value as at 30 June 2019 (RM million)	3,774 ³	400 ⁴	61 ⁴	583 ³	4,818
Value per sq.ft. (RM)	2,131	818	333	1,061	N/A
Capitalisation Rate - Current / Reversionary (%)	6.25 - 6.75 / 6.50	6.50 / 7.00	6.50 / 7.00	6.75 / 9.00 ⁵	N/A

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower

² Based on Approved Building Plan Conversion Rate 1 sq.m. : 10.76047 sq.ft. including car parking areas, service area and part of hotel areas

³ The properties are valued by Knight Frank Sdn Bhd

⁴ The properties are valued by Savills (Malaysia) Sdn Bhd

⁵ Discount Rate

N/A - Not Applicable

PROPERTY DETAILS

SUNWAY PYRAMID SHOPPING MALL



Your Unique Lifestyle Adventure

Since it first opened its doors in 1997, Sunway Pyramid Shopping Mall (Sunway Pyramid), Malaysia's first themed shopping and entertainment mall had undergone a magnificent transformation back in 2007 to herald a new shopping kingdom that boasts 4 million sq.ft. of retail extravaganza.

Architecturally spellbinding, this Egyptian-inspired mall with an eye-catching lion standing guard at the entrance is now joined by two glorious domes – the Orange Atrium and Blue Atrium. Inspired by the Sun God 'Ra', the Orange Atrium is an architectural marvel with its sun flared pattern and bright, warm and radiant hues, while the Blue Atrium is themed according to the Great River Nile with shades of blue and panels symbolising the water waves of river Nile.

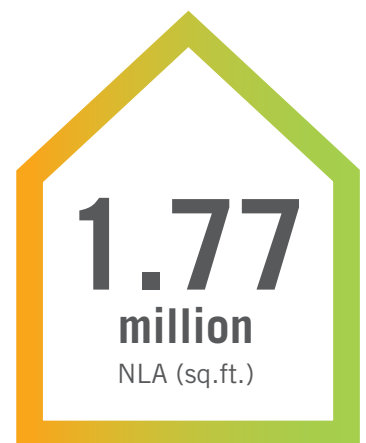
The Egyptian-inspired design still echoes on but in a more contemporary fashion. The rest of the building is embellished in the monumental style, complete with hieroglyphics decorating facades, along with numerous Pharonic statuaries. The re-modeled mall is seamlessly connected on all 4 floors in a loop corridor, offering 360° splendour to shoppers as well as comfort and convenience.

Visitors are in for a unique shopping adventure, all thanks to more than 900 specialty outlets. Be spoilt for choice when you visit our specialty outlets where you will find variety in fashion, accessories, shoes, jewellery, timepieces, music, videos, gifts, souvenirs, leather products, books, pharmacies, electrical products, home furnishing, wellness and a one-stop IT centre.

CENTRE MANAGEMENT OFFICE
Level CP6, Blue Atrium,
Sunway Pyramid Shopping Mall,
No 3 Jalan PJS 11/15, Bandar Sunway,
47500 Selangor Darul Ehsan,
Malaysia.

Tel: (603) 7494 3000
Fax: (603) 7492 6333

Email: pyramidcares@sunway.com.my
Website: www.sunwaypyramid.com
Facebook: www.facebook.com/SunwayPyramid



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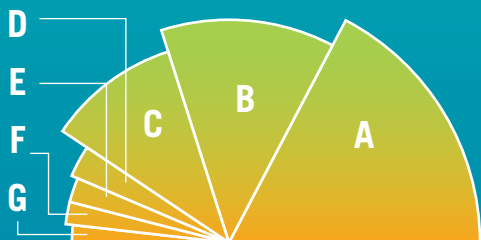
SUNWAY PYRAMID SHOPPING MALL

PROPERTY DETAILS

Land area (sq.ft.)	820,070
GFA (sq.ft.)	Retail and Convention Centre: 2,454,795 Carpark: 1,873,470
NLA (sq.ft.)	Retail: 1,627,534 Convention Centre: 143,467
No. of parking bays	> 4,000
No. of tenancies	763
Occupancy as at 30 June 2019 (%)	97.0
Annual shopper traffic (million)	> 34.0
Revenue (RM million)	327.9
NPI (RM million)	256.9

TENANT MIX BY TRADE SECTOR

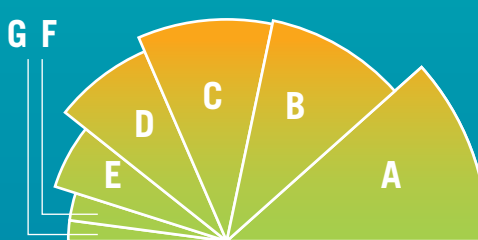
Based on June 2019 Gross Rental Income



A	34.6%	Fashion & Footwear
B	24.7%	Others
C	21.5%	Food & Beverage
D	6.1%	Education & Services
E	4.9%	Electronics
F	4.5%	Leisure & Entertainment
G	3.7%	Department Store

TENANT MIX BY TRADE SECTOR

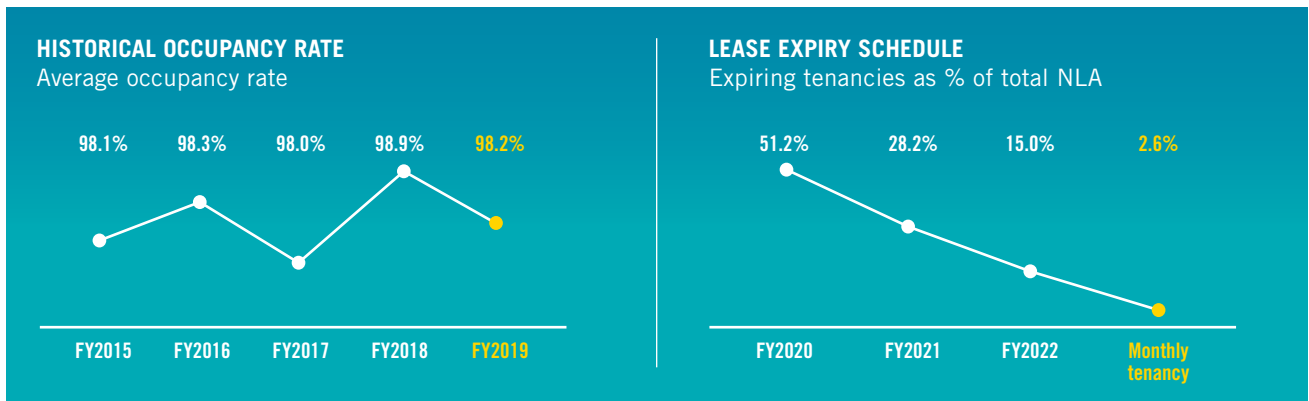
Based on June 2019 Net Lettable Area



A	23.1%	Fashion & Footwear
B	20.1%	Others
C	19.7%	Department Store
D	15.7%	Food & Beverage
E	11.6%	Leisure & Entertainment
F	5.6%	Education & Services
G	4.2%	Electronics

PROPERTY DETAILS

SUNWAY PYRAMID SHOPPING MALL



TOTAL TOP TENANTS

Based on June 2019 Gross Rental Income

14.3% Total Top Tenants

2.1%		Aeon Co. (M) Bhd (Aeon)
1.9%		Padini Dot Com Sdn Bhd (Padini Concept Store)
1.6%		Parkson Corporation Sdn Bhd (Parkson, Origin)
1.5%		JD Sports Fashion Sdn Bhd
1.4%		TGV Cinemas Sdn Bhd (TGV Cinemas)
1.2%		Beauty in Motion Sdn Bhd (Sephora)
1.2%		Sunway Resort Hotel Sdn Bhd (Sunway Pyramid Convention Centre)
1.2%		Cotton On (Malaysia) Sdn Bhd (Typo, Cotton On Body, Cotton on)
1.1%		Uniqlo (Malaysia) Sdn Bhd
1.1%		Amorepacific (M) Sdn Bhd (Innisfree, Sulwhasoo, Laniege)

Weighted Average Lease Expiry
1.10 YEARS

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SUNWAY PYRAMID SHOPPING MALL MARKETING ACTIVITIES

COLLABORATION / PARTNERSHIP



Barbie Dreamtopia
19 July – 29 July 2018

Girls experienced an exciting world of Barbie like never before as they stepped into Barbie 2-storey Career Dreamhouse! In addition to that, there were different career zones and fun activities happening at the same time.



KouKou Fun Time
17 August – 17 September 2018

In partnership with DreamWorks, Malaysians had the opportunity to celebrate the National Day and Malaysia Day with their favourite movie characters such as Po, the noodle-slurping martial arts obsessed Kung Fu Panda; Shrek, the lovable curmudgeonly ogre; and Alex the Lion, the main protagonist of Madagascar at the Blue Concourse.



Warner TV Heroes Arena
19 - 21 October 2018

It's time to be a Warner TV hero! At the Warner TV Heroes Arena. Shoppers tested their skills at the different activities' stations such as DC Legends of Tomorrow Maze, The Arrow Escape Room, Lethal Weapon Crime Scene, The Big Bang Theory Challenge, Young Sheldon Puzzle Challenge and the Fallen City Photobooth. Exciting prizes were up for grabs.



Play Everything Lounge
October 2018 – March 2019

From the adrenaline rush of FIFA and Soulcaliber, to the excitement of Bomberman, shoppers took advantage and chilled with their friends in a friendly competition battling each other at the Play Everything Lounge located at the Blue Zone.

PROPERTY DETAILS

SUNWAY PYRAMID SHOPPING MALL MARKETING ACTIVITIES

COLLABORATION / PARTNERSHIP



#MySakuraFever by KLOOK
22 – 24 February 2019

KLOOK brought on a pink adventure across the globe to witness the beauty of Sakura. There were exclusive on-site deals and promotions including Happy Hour Deals, various freebies and prizes were up for grabs. Shoppers dressed up in beautiful kimonos have their pictures taken at the photobooth.



Pengembara Bijak (Upin & Ipin)
28 February – 3 March 2019

Dutch Lady presented 'Pengembara Bijak' (Smart Adventurer) with Upin & Ipin. With every purchase of Dutch Lady product, shoppers redeemed Upin & Ipin collectables and had the chance to snap pictures with them.



PASKAL Challenge
22 – 24 March 2019

In line with the preview of the movie PASKAL, shoppers had the chance to join Lion for PASKAL obstacles to win some exclusive merchandises.



Nickelodeon Slime Time
15 – 31 March 2019

During the school holidays, the orange concourse turned into a world of green adventure at Nickelodeon's Slime Time event which was a first for Malaysia. The slime event attracted kids and their families as there were interactive and free-to-play slimy activities and games.



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COLLABORATION / PARTNERSHIP



Hot Wheels® #ChallengeAccepted Roadshow
26 – 31 March 2019

The Hot Wheels® #ChallengeAccepted Roadshow was held at the Blue Concourse with fun-filled activities for the kids. In addition, as a Sunway Pyramid Leo Club Member, there was something special to be redeemed.



I Love Bazaar
January – ongoing

The brand 'I Love Bazaar' was conceptualised with a mission to provide local entrepreneurs a platform to sell and showcase their products.



PJ Masks Meet & Greet
6 – 23 June 2019

It's time to be a hero with PJ Masks! Kids joined Lion at the Blue Concourse for exciting activities and learnt the magical powers of being a hero with games and fun activities such as Spot the Ninjalinos, Mix & Match 'The PJ Masks', Game On PJ Masks and more. There were awesome merchandises as well as Meet & Greet 'The PJ Masks' Heroes in an interactive musical session.

REBRANDING



A Fresher Pyramid
June 2018 – June 2019

Several areas in Sunway Pyramid had been given an uplift to enrich shoppers experience in the mall. Shoppers can now experience the renewed, rejuvenated and refreshed lifestyle.

PROPERTY DETAILS

SUNWAY PYRAMID SHOPPING MALL MARKETING ACTIVITIES

FESTIVE CELEBRATIONS



Jolly Rainbow Christmas Fun Factory

23 November 2018 – 1 January 2019

Welcome to the Jolly Rainbow Christmas Fun Factory, where fun, hope and happiness were created! Christmas passports were available for shoppers to journey through Rainbow Fun activities such as sliding down the interactive Rainbow Slide to create rainbows, colour-in the Christmas characters and watch them come to life at the Unicorns Alive dome as well as insta-worthy spots at Rainbow Memory Lane. On weekends, there were meet-and-greet Santa sessions. Shoppers who had completed their journey at the Rainbow Fun activities were rewarded with a Christmas badge and stood a chance to win prizes worth up to RM12,000.



Bunga-Bunga Raya

3 May – 9 June 2019

Sunway Pyramid decked the orange concourse with lots of flowers to be in line with the theme 'Bunga-Bunga Raya'. The selected theme was chosen to symbolise togetherness. There was a unique interactive flower garden and various creative activities. Some of the activities that the shoppers could enjoy were the 'Bunga-Bunga' Swing, a Hopscotch Play Area, Blooming Flower Walk, Floral Memory Lane, Interactive Blooming Garden and craft station.



Hakka Heritage Celebration

5 January – 7 February 2019

Sunway Pyramid welcomed shoppers to 'A Hakka Heritage Celebration' during the Lunar New Year. The mall decked out the LG2 Orange Concourse with a fitting tribute to the Hakka people of Malaysia in celebration of the new year. The concourse area of the mall was anchored by a Tulou, which is a traditional communal residence of the Hakka people. The Tulou was first constructed between the 15th and 20th century to accommodate a whole clan. Traditionally, everyone living in the Tulou would share a family name, with the building providing both a haven from outsiders and a sense of community.



Love Lock Bridge (Valentine's Day)

14 February 2019

In this years' Valentine's Celebration, lovers celebrated their ♥ by locking their love at our Love Lock Bridge near the Canopy Walk entrance.



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



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SUNWAY PYRAMID SHOPPING MALL MARKETING ACTIVITIES

TENANT ENGAGEMENT

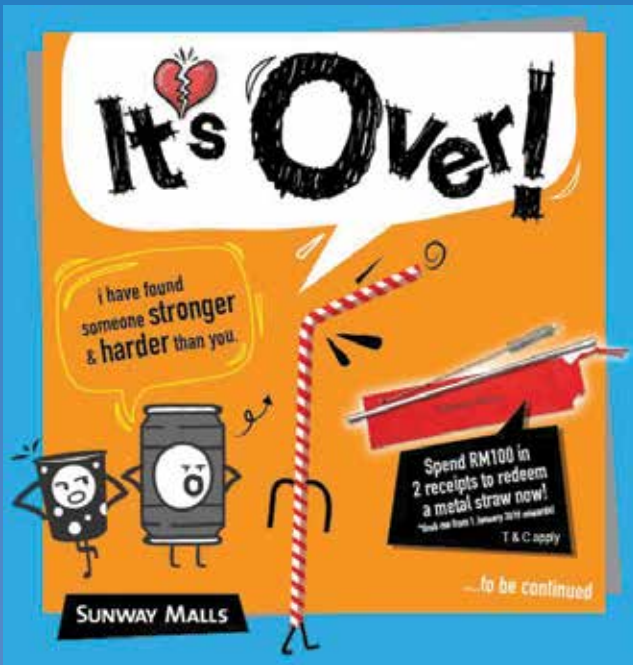


Golden Generation

1 October – 31 December 2018

In conjunction with the International Day of Older Persons, Sunway Pyramid introduced the first Senior Privilege Wristband for seniors aged 60 and above. Family members could write their contact details on the back of the Senior Privilege Wristband for mall personnel or shoppers to assist in reconnecting seniors with their families or guardians. The mall's security hotline and Selangor police contact information are also available on the wristband should there be any emergencies. Seniors can also flash the wristband to enjoy promotions at selected outlets such as Juice Works, Caring Pharmacy, Eu Yan Sang, Guardian and more. For ease of mobility in the mall, mobile walkers, power strollers and wheelchairs are available for rent at the concierges. We have also levelled our main entrance and all other entrances (Blue Entrance and Orange Entrance) for ease of wheelchair access and placed benches around the mall for the convenience and ease of senior shoppers.

TENANT ENGAGEMENT / BRANDING / INTERNAL



Metal Straw

1 January 2019 – 31 December 2019

It's over, plastic! Lion has found a new love – metal straws! From 1 January 2019, shoppers can redeem their personal metal straws from the Concierge with a minimum spend of RM100 in 2 receipts. Sunway Malls' decision to 'break up' with plastic straws is in line with the UN's Sustainable Development Goals and the banning of plastic straws in all Federal Territories of KL, Labuan and Putrajaya next year.



Sunway Pyramid Mobile App

12 April 2019 - ONGOING

Sunway Pyramid recently launched the FIRST shopping mall real-time indoor navigation mobile app in Malaysia to ease shoppers experience in navigating their way throughout the mall. In addition to that, shoppers took part in a quiz within the app to determine their shopping persona and enjoyed exclusive in-app rewards.

PROPERTY DETAILS

SUNWAY CARNIVAL SHOPPING MALL



The Mainland's Treasured Mall

Sunway Carnival Shopping Mall is a stylish 4-storey shopping mall strategically located within the town center of Seberang Jaya, Penang – a well-integrated township initiated by the Government to boost the administrative, residential, industrial and commercial sectors of Malaysia's northern region.

The mall opened in June 2007 and is one of mainland Penang's largest and most popular malls. With more than 200 specialty outlets that includes international to regional retailers, shoppers could indulge in a wholesome range of offerings such as fashion boutiques, restaurants, cineplex and fitness centre.

Sunway Carnival Shopping Mall is now embarking on the next phase of expansion which will double its gross floor area (GFA). The expansion phase will add an additional 350,000 sq.ft. of new net lettable area (NLA) once the expansion phase is completed in the fourth quarter of 2020, followed by the refurbishment of the first phase of the mall, which is expected to be completed by year 2022. This new retail icon in the making will be catalytic in transforming the retail landscape in mainland Penang.

CENTRE MANAGEMENT OFFICE

3068, Jalan Todak, Pusat Bandar Seberang Jaya,
13700 Seberang Jaya, Pulau Pinang.

Tel: (604) 397 9888
Fax: (604) 397 9883

Website: www.sunwaycarnival.com
Facebook: www.facebook.com/SunwayCarnivalMall



VITAL ATTRIBUTES



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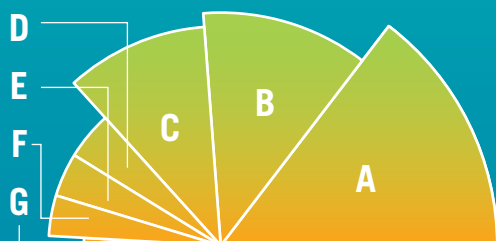
SUNWAY CARNIVAL SHOPPING MALL

PROPERTY DETAILS

Land area (sq.ft.)	348,428
GFA (sq.ft.)	Retail and Convention Centre: 769,546 Carpark: 213,554
NLA (sq.ft.)	Retail: 456,606 Convention Centre: 32,292
No. of parking bays	> 1,000
No. of tenancies	200
Occupancy as at 30 June 2019 (%)	96.4
Annual shopper traffic (million)	> 6.0
Revenue (RM million)	47.1
NPI (RM million)	27.8

TENANT MIX BY TRADE SECTOR

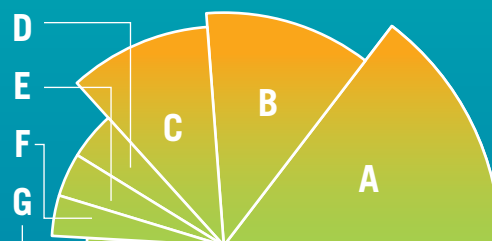
Based on June 2019 Gross Rental Income



A	29.6%	Others
B	23.3%	Fashion & Footwear
C	20.1%	Food & Beverage
D	9.1%	Department Store
E	8.3%	Education & Services
F	7.7%	Electronics
G	1.9%	Leisure & Entertainment

TENANT MIX BY TRADE SECTOR

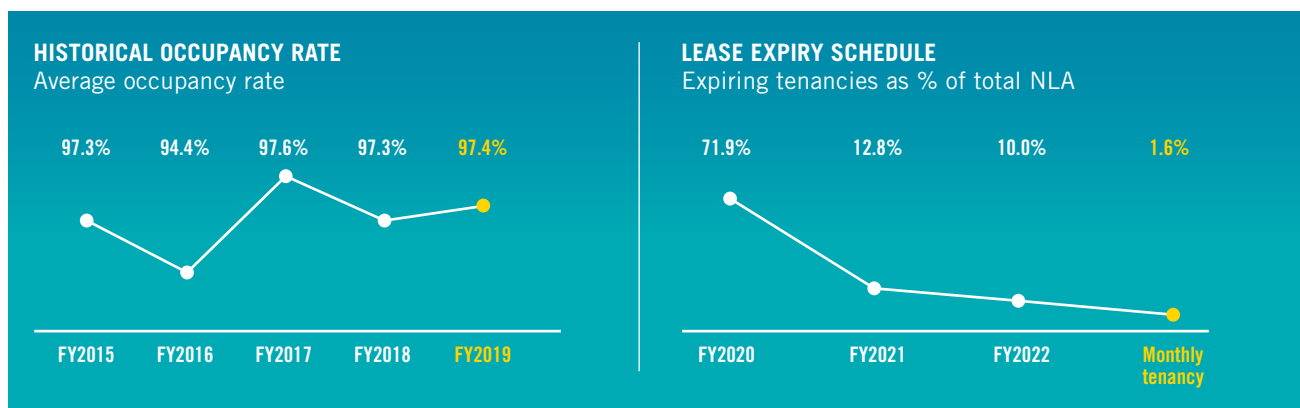
Based on June 2019 Net Lettable Area



A	36.5%	Department Store
B	25.2%	Others
C	12.3%	Fashion & Footwear
D	12.2%	Food & Beverage
E	6.6%	Leisure & Entertainment
F	4.0%	Education & Services
G	3.2%	Electronics

PROPERTY DETAILS

SUNWAY CARNIVAL SHOPPING MALL



TOTAL TOP TENANTS

Based on June 2019 Gross Rental Income

22.3% Total Top Tenants

8.5%		Parkson Corporation Sdn Bhd (Parkson)
2.6%		Padini Dot Com Sdn Bhd (PDI)
2.0%		PECC Sdn Bhd (Prai Exhibition Convention Centre)
1.5%		Life Habitat Sdn Bhd (Studio)
1.4%		JD Sports Fashion Sdn Bhd
1.3%		Apex Pal (Malaysia) Sdn Bhd (Sakae Sushi)
1.3%		CG Computers Sdn Bhd (Switch)
1.3%		Istibaru Sdn Bhd (LEVI'S)
1.2%		C.H.I. Fitness Sdn Bhd (C.H.I. Fitness)
1.2%		Golden Screen Cinemas Sdn Bhd (Golden Screen Cinemas)

Weighted Average Lease Expiry
1.05 YEARS



VITAL ATTRIBUTES



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SUNWAY CARNIVAL SHOPPING MALL MARKETING ACTIVITIES

COLLABORATION / PARTNERSHIP



Balloon Carnival
17 – 26 August 2018

During the August school holidays, there was a ‘Dinosaur Land’ themed balloon carnival which saw parents and children spending time together. Shoppers were also entitled to redeem two free entry tickets to the balloon carnival.



DreamWorks KouKou
5 – 21 October 2018

The mall brought the first DreamWorks KouKou event to Penang. ‘KouKou Fun Time’ offered shoppers a fun, interactive time with DreamWorks characters highlighting Penang’s food heritage. Shoppers were astonished by the giant replicas of Penang’s favourite local food such as Char Kuey Teow and Hokkien Mee with delectable DreamWorks KouKou characters in it. Shoppers got to experience a wide variety of Kou-licious activities and redeem DreamWorks KouKou Shopping Bag.



Dora the Explorer
21 – 31 March 2019

Featuring Northern Region’s first ever and largest Nickelodeon Dora the Explorer event during the March School Holidays, shoppers were encouraged to bring their kids on a magical adventure with Dora and Dora’s best friend, Boots. Children were given the opportunity to meet and greet these characters at the mall’s Upper Ground Concourse on selected dates. Furthermore, they were also encouraged to explore and make new discoveries at Dora’s activity corners. It was a wholesome play environment and a fun interactive experience for the whole family.



Dine & Win Contest
1 – 31 March 2019

Shoppers were encouraged to dine at our F&B outlets to stand a chance to win a 2D1N stay at The Banjaran Hotsprings Retreat or 10,000 Pals Points worth RM100.

PROPERTY DETAILS

SUNWAY CARNIVAL SHOPPING MALL MARKETING ACTIVITIES

FESTIVE CELEBRATIONS



A Flourishing Mid-Autumn

31 August – 24 September 2018

During the 25-day celebration, shoppers were treated with various activities such as riddle competition, Chang Er appearances, lantern-making workshop and lantern walk. Besides that, shoppers were offered the opportunity to meet their favourite Astro Hua Hee Dai celebrities and a selection of renowned mooncake brands were on sale at the mall's Upper Ground Floor for the Mid-Autumn festival.



Happy Deepavali

26 October – 11 November 2018

To welcome the Festival of Lights, the mall's entrance was decorated with colourful garlands and Indian cloth lanterns to welcome visitors to the mall. There were two elephant statues that symbolises auspiciousness and wisdom which stands majestically at the mall's main entrance. To further enhance the festive mood, shoppers were entitled to redeem 1,500 Sunway PALS points worth RM15 when they spend in the mall.

Christmas Fun Factory Season of Joy

23 November 2018 – 1 January 2019

The mall celebrated a 'Christmas Fun Factory Season of Joy' theme where the Upper Ground Concourse was transformed into a Christmas stocking factory to deliver a fun-filled and memorable holiday season for all. There were snowfall sessions to enhance the festive mood where visitors were able to take spectacular landscape photo opportunities. Shoppers were also entitled to redeem a star light.



VITAL ATTRIBUTES



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SUNWAY CARNIVAL SHOPPING MALL MARKETING ACTIVITIES

FESTIVE CELEBRATIONS



A Hokkien Heritage Celebration

11 January – 17 February 2019

Bringing the theme 'A Hokkien Heritage Celebration', shoppers were invited to celebrate the unique culture and tradition of the largest Chinese subgroup in Malaysia where there were special workshops, cultural performances and history highlights about Hokkiens in the mall. There were exclusive demonstration workshops to make traditional Hokkien delicacies such as 'Ang Ku Kuih' and 'Popiah'. Shoppers were delighted with the amazing Hokkien puppet show 'potehi', and the Hokkien community's history at the exhibition corner every weekend. Apart from that, shoppers were rewarded with a 'Ceramic Reunion Bowl' and limited-edition Sunway Malls' red packet(s).



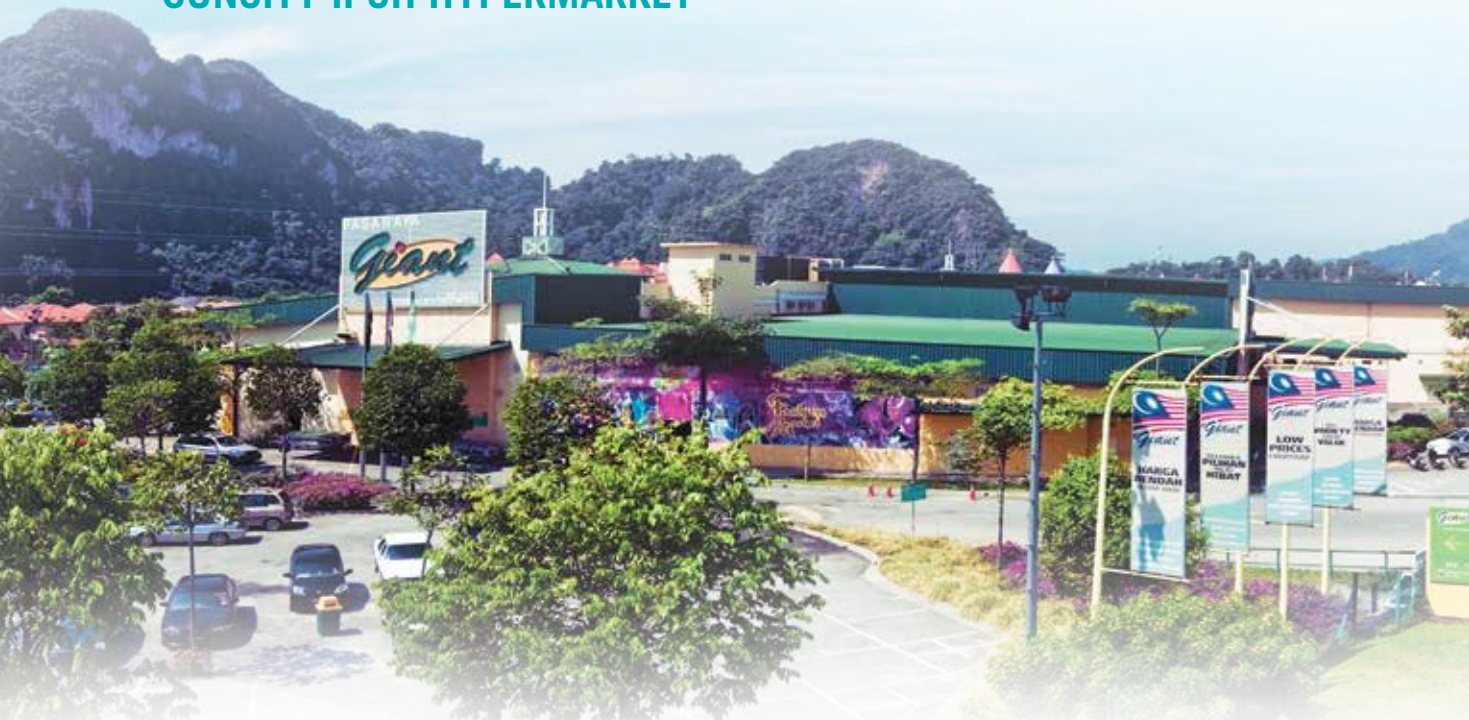
Bunga-Bunga Raya

3 May – 16 June 2019

Celebrating the theme of 'Bunga-Bunga Raya', the mall placed a lot of importance in decorating its concourse with gorgeous voluminous geranium flowers and greeneries to enhance the festive mood that resemble a 'kampung halaman'. The Raya season was celebrated with fun interactive workshops such as batik and wau painting. Besides that, shoppers were welcomed to get beautiful intricate henna designs drawn on their hands for free and families had the opportunity to take photos with different sizes of geranium flowers. Shoppers were entitled to redeem a set of Cenderahati Aidilfitri Raya packet and an exclusive Kurma Jar.

PROPERTY DETAILS

SUNCITY IPOH HYPERMARKET



The Shopper's Hypermarket

SunCity Ipoh Hypermarket is a single-storey hypermarket designed and purpose-built to the specifications of the original and current sole tenant, GCH Retail (Malaysia) Sdn Bhd (GCH). GCH is a major hypermarket and retail chain operating under the "Giant" brand in Malaysia, Singapore, Indonesia and Brunei Darussalam.

The hypermarket, located in Sunway City Ipoh township, opened in 2005 and is master-planned and developed by the Sponsor in collaboration with the Perak State government. Sunway City Ipoh was launched in 1996 and is being developed to replicate many of the key features of Sunway City. Sunway City Ipoh is the first township in the surrounding area.

It is conveniently located near an exit point of the North-South Expressway that connects Kuala Lumpur to Penang. The township is planned to include approximately 3,500 residential and commercial properties by 2025 of which more than 1,650 have been built by the Sponsor. The township offers a diverse mix of retail, office, entertainment, hospitality and residential properties, which includes the Lost World of Tambun theme park, a 174-room Lost World Hotel and a luxury retreat known as The Banjaran Hot Springs Retreat.

Mirroring the success of Sunway City, Sunway City Ipoh is expected to succeed through synergies and cross-promotion opportunities between various Sunway Properties that were built within Sunway City Ipoh. This will directly grow and support the customer base of SunCity Ipoh Hypermarket in a sustainable manner.

CENTRE MANAGEMENT OFFICE
No. 2, Jalan SCI 2/2, Sunway City Ipoh,
Perak Darul Ridzuan



Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2019 (%)	Annual shopper traffic (million)	Revenue (RM million)	NPI (RM million)
354,994	193,408	183,327	400	1	100.0	N/A	4.4	3.9

N/A - Not applicable

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PROPERTY DETAILS

SUNWAY PUTRA MALL



Your Sunsational Shopping Experience

Sunway Putra Mall, a self-sustained integrated development positioned in the heart of the Diamond Triangle, is one of the most vibrant business hubs and residential districts in downtown Kuala Lumpur. Its refurbishment was completed in February 2015 and the mall reopened on 28 May 2015. Completely revamped with an ultra-modern architecture design, stunning interior layout, the mall also enjoys superb access and connectivity providing an exhilarating place to shop which caters to the surrounding businesses and residents with nine levels of retail podiums.

Sunway Putra Mall now hosts more than 300 international fashion and local brands alongside delectable delights. The mall also hosts an array of stylish fashion from local designer brands such as Bonia, Bohari Kuala Lumpur, EGG, Gerobok Kalsom and Ratio Apparel. Visitors can also enjoy a gastronomic feast at Selera Street which promotes the local heritage concept by maintaining the original Medan Hang Tuah section while the Market Place is a gathering point for all essentials from fresh and quality products, household items, fancy knick-knacks, to delectable snacks and cosy eateries.

Apart from that, shoppers may visit an exciting array of home décor in addition to relaxing and rejuvenating at the wellness centres available within the mall. The mall also has two main mini-anchors – TGV Cinemas and Cold Storage.

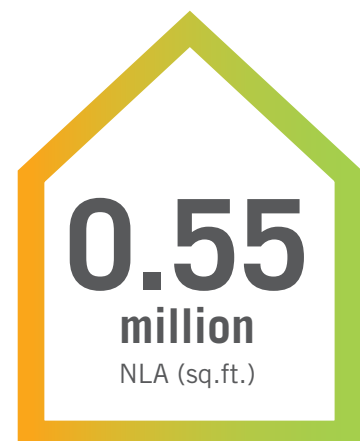
Sunway Putra Mall provides shopping fun to the local and international tourists, with immediate access from Sunway Putra Hotel, Seri Pacific Hotel, Vistana Hotel, Quality Hotel, Silka Hotel and many other prominent hotels nearby. In terms of connectivity, the mall enjoys a superb pedestrian traffic and accessibility via a number of public transportation namely KTM, Rapid KL, bus, monorail and LRT.

CENTRE MANAGEMENT OFFICE

6-2, Sunway Putra Mall
No. 100, Jalan Putra,
50350 Kuala Lumpur, Malaysia

Tel: (603) 2786 9300
Fax: (603) 2786 9499

Website: www.sunwayputramall.com
Facebook: www.facebook.com/SunwayPutraMall



PROPERTY DETAILS

SUNWAY PUTRA MALL

PROPERTY DETAILS

Land area (sq.ft.) 193,621¹

GFA (sq.ft.) Retail: 1,248,216²
Carpark: 574,588¹

NLA (sq.ft.) 549,441

No. of parking bays > 1,500¹

No. of tenancies 236

Occupancy as at 30 June 2019 (%) 88.2

Annual shopper traffic (million) > 9.0

Revenue (RM million) 47.3

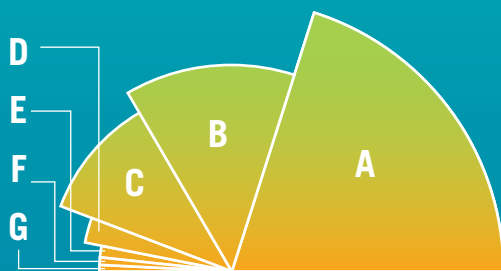
NPI (RM million) 21.9

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower

² Based on Approved Building Plan Conversion Rate | sq.m. : 10.76047 sq.ft. including car parking areas, service area and part of hotel areas

TENANT MIX BY TRADE SECTOR

Based on June 2019 Gross Rental Income



- A 40.2%** Fashion & Footwear
- B 26.6%** Food & Beverage
- C 21.6%** Others
- D 5.4%** Leisure & Entertainment
- E 2.8%** Education & Services
- F 1.8%** Supermarket
- G 1.6%** Electronics

TENANT MIX BY TRADE SECTOR

Based on June 2019 Net Lettable Area



- A 40.4%** Fashion & Footwear
- B 23.0%** Others
- C 20.3%** Food & Beverage
- D 10.3%** Leisure & Entertainment
- E 3.9%** Supermarket
- F 1.1%** Education & Services
- G 1.0%** Electronics



VITAL ATTRIBUTES



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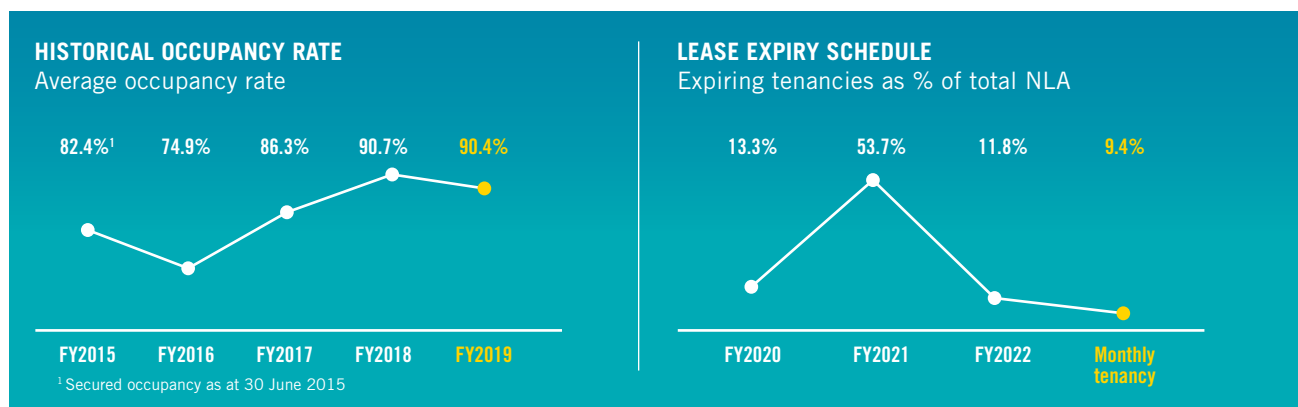


FINANCIAL INSIGHTS



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PROPERTY DETAILS SUNWAY PUTRA MALL



TOTAL TOP TENANTS

Based on June 2019 Gross Rental Income

24.2% Total Top Tenants

6.2%		Padini Dot Com Sdn Bhd (Padini Concept Store)
4.5%		TGV Cinemas Sdn Bhd (TGV Cinemas)
3.3%		Yee Fong Hung (M) Sdn Bhd (Brands Outlet)
1.8%		GCH Retail (Malaysia) Sdn Bhd (Cold Storage)
1.8%		Uniqlo (Malaysia) Sdn Bhd
1.5%		NFC Clothier Sdn Bhd (NICHII, KITSCHEN & Dressing Paula)
1.4%		Sports Direct MST Sdn Bhd (SPORTSDIRECT.COM)
1.3%		RCB Marketing Sdn Bhd (Royal Country of Berkshire Polo Club)
1.2%		Guardian Health And Beauty Sdn Bhd
1.2%		Lygon Gourmet Sdn Bhd

Weighted Average Lease Expiry
1.52 YEARS

PROPERTY DETAILS

SUNWAY PUTRA MALL MARKETING ACTIVITIES

COLLABORATION / PARTNERSHIP



Nickelodeon Playground

10 – 26 August 2018

In conjunction with the school break, Sunway Putra Mall partnered with Nickelodeon for school holiday fun and educational campaign. Children get to play and had an enjoyable time at Nickelodeon's Playground that consist of Shimmer and Shine, Paw Patrol and Blaze and the Monster Machines play areas. The mall also hosted a special day out for Putra Junior Club members and children from two charity homes to enjoy the activities at the Main Concourse. On the event day, they danced along with The Shimmer and Shine team, learn about Road and Fire Safety by both Road Transport Department Malaysia (JPJ) and the Fire and Rescue (Bomba) Officers.



Kou Kou Fun Time

28 September - 14 October 2018

The mall partnered with Dreamworks bringing in adorable KouKou characters to the mall and brought exciting activities such as bowling challenge, coloring session, pancake time and more at Kou Kou Fun Time. Fans also got to Meet and Greet with their favourite DreamWorks Movie Characters such as Po, Shrek and Alex.



Surprise Wonderland by Sanrio

9 -18 November 2018

During the school holiday, the mall engaged with Sanrio to bring in Robocar Poli, PJ Masks and LOL Surprise to attract school holiday crowds for a rolling good time. There were activities such as colouring, mascot Meet and Greet, dance along session with Robocar Poli.



Matta Fair

8 - 17 March 2019

Together with the Matta Fair organising team, the mall took the initiative to cross-promote our Internal Travel Fair held at the Main Concourse throughout the three days promotion period. At the same time, visitors of Matta Fair got to redeem attractive vouchers when they flashed their wristbands at the Concierge Counter or when they take the LRT to PWTC.

PROPERTY DETAILS

SUNWAY PUTRA MALL MARKETING ACTIVITIES

COLLABORATION / PARTNERSHIP



World Autism Awareness Day Celebration
2 April 2019

In conjunction with World Autism Awareness Day (WAAD), Sunway Putra Mall and National Autism Society of Malaysia (NASOM) celebrated hope and acceptance. More than 200 autistic children from NASOM coming together to kick-start the 'Autism April' event. The theme adopted by the UN for WAAD 2019 is 'Assistive Technologies, Active Participation'. During the launch, it was officially commemorated with the Humanoid Robot NAO as it is part of the assistive technologies that have been shown to have positive effects on the social-cognitive behaviour of brain-impaired children, particularly those with autism. Sunway Putra Mall was also presented the Certificate of Recognition together with the other 11 individuals and organisations who have made significant contributions in making differences to the autism community. The award recognised the mall for its Autism-Friendly Initiative which has truly impacted public awareness and acceptances of the ASD community.

FESTIVE CELEBRATIONS



Mid-Autumn Festival
7 - 24 September 2018

The mall invited their visitors to celebrate the Mid-Autumn festival in a different light by making it an experiential shopping experience by adding a twist of the Japanese culture as part of their décor and activities. 'Tales of the Moonlight' décor is inspired by a folktale of the 'Rabbit on the Moon' where the mall's visitors were welcomed with a view of 8,888 origami rabbits displayed in different sizes and colours, surrounded by warm coloured lanterns, and a 14 feet pagoda that resembles the legendary folktale ambience. Sunway Putra Mall held their annual lantern parade festival with more than 800 participants joining the parade. This campaign also broke The Malaysia Book of Records for the most number of origami rabbits.



In The Woods For Wonder
23 November 2018 – 1 January 2019

The gnomes took over Sunway Putra Mall during 'In The Woods For Wonder' campaign that gave shoppers the experience to explore the secret gnome's village buried deep in the magical forest, bustling away creating Christmas Trees. There were also the Rooms of Wonder, 4 sets of sensory rooms that test our sense of sight, sound and smell placed at the Main Concourse, including a mini petting zoo, which allowed public of all ages to pet, feed and play with the animals.

PROPERTY DETAILS

SUNWAY PUTRA MALL MARKETING ACTIVITIES

FESTIVE CELEBRATIONS



A Teochew Heritage Celebration

5 January – 19 February 2019

To mark the beginning of a fruitful year, the mall was decorated with splendid Teochew heritage decor, delightful offerings, activities and heart thumping performances. The décor is inspired by Teochew region's most recognisable landmark, the Guangji Bridge, which is one of the famous ancient bridges in China that spans over Han River in Chaozhou of Guangdong Province. The mall collaborated with the Selangor and Kuala Lumpur Teochew Association for 'A Teochew Heritage Celebration' aiming to promote and preserve the Teochew culture and customs among young generations.



Egg-tastic Easter Day

12 - 21 April 2019

The mall organised a fun activity for Putra Junior Club members and 35 children from an Autism School where Easter themed activities were lined up for families to enjoy. From trampoline, bunny face painting to Easter egg hunt, it was enough to get little ones Egg-cited!



Bunga-Bunga Raya

3 May - 16 June 2019

Under the umbrella theme of Floral inspired décor, the mall's Main Concourse was festooned with Orchid blooms which universally symbolises love, beauty and forgiveness. Dubbed the 'Bunga-Bunga Raya' campaign the entire mall was transformed into a blossoming Orchid garden with larger than life birdcages placed around the fountain features in a garden setting, providing a picturesque backdrop for patrons. Aside from the festive offerings and redemptions, the mall also showcased Malaysia Local Designers Ready to Wear (RTW) collection such as Tom Abang Saufi, Variante and Salikin Sidek for sale.

PROPERTY DETAILS

SUNWAY PUTRA MALL MARKETING ACTIVITIES

LONG-TERM INITIATIVE



Autisme is Awesome Initiative
8 January 2019

The mall's latest initiative that aims to educate the public and to advocate acceptance and inclusiveness as well as celebrate togetherness with the autism community. This initiative is in line with Sunway's commitment to the Sustainable Development Goals (SDG) No.10, to Reduce Inequalities and No. 11, moving towards Sustainable Cities and Communities. Sunway Putra Mall is the 1st shopping mall in Malaysia to be an Autism Friendly Mall. Every Tuesday, from 10am to 5pm (except Public Holiday) is the mall's Autism-Friendly Shopping Hour where most of the lights are dimmed and music volume is softened. Facilities such as Calm Room, Sensory Walls, RSVP Parking are also available to facilitate the needs of families with autistic individuals.

TACTICAL CAMPAIGN



Shop, Spin and Win
1 – 31 July 2018

Sunway Putra Mall hosted their annual 'Shop.Spin.Win' campaign where shoppers stood a chance to win amazing prizes. Shoppers were entitled a chance to spin the Lucky Wheel and win attractive prizes.

HOTEL

Our hotels are able to deliver the finest local hospitality to a kaleidoscope of guests, drawing inspiration from avid travellers who seek efficiencies, variety in choice, uncompromising service quality and to be part of a hotel where they can feel truly welcomed.



VITAL ATTRIBUTES



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PROPERTY SUMMARY



SUNWAY RESORT HOTEL & SPA

Location
Selangor

Date of acquisition
08 July 2010

Acquisition price (RM million)
445

Title, expiry date & years remaining

- PN 9492 Lot 35 - 1 April 2097 (78 years remaining)
- PN 9498 Lot 51173 - 1 April 2097 (78 years remaining)

All in Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
Leasehold - 99 years

Encumbrance

- Charged to Public Investment Bank Berhad
- 10 years lease to Sunway Resort Hotel Sdn Bhd expiring 7 July 2020
- Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building

Sunway Resort Hotel & Spa: 1997; Three Villas: 2004 / 23 years; 16 years

Appraised value (RM million)
525

Date of latest valuation*
June 2019



SUNWAY PYRAMID HOTEL

Location
Selangor

Date of acquisition
08 July 2010

Acquisition price (RM million)
250

Title, expiry date & years remaining

PN 17415/M1/1/1 Lot 62060 - 21 February 2102 (83 years remaining)

Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
Leasehold - 99 years

Encumbrance

- Charged to Public Investment Bank Berhad
- Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building

2004; Refurbished in 2017 / 16 years

Appraised value (RM million)
350

Date of latest valuation*
June 2019

* Valued by Knight Frank Malaysia Sdn Bhd

PROPERTY SUMMARY



SUNWAY CLIO PROPERTY

Location
Selangor

Date of acquisition
09 February 2018

Acquisition price (RM million)
340

Title, expiry date & years remaining
HSD 259881 Lot No. PT 1333 - 16 November 2108
(89 years remaining)

Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
Leasehold - 99 years

Encumbrance

- Charged to Public Investment Bank Berhad
- 10 years lease to Sunway Resort Hotel Sdn Bhd expiring 9 February 2028

Year of Completion / Age of Building
2016 / 4 years

Appraised value (RM million)
340

Date of latest valuation*
June 2019



SUNWAY HOTEL SEBERANG JAYA

Location
Penang

Date of acquisition
08 July 2010

Acquisition price (RM million)
52

Title, expiry date & years remaining
PN 2602 Lot 5785 - 21 October 2092
(73 years remaining)

Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang

Tenure
Leasehold - 99 years

Encumbrance

- Charged to Affin Hwang Investment Bank Berhad
- 10 years lease to Sunway Hotel Seberang Jaya Sdn Bhd expiring 7 July 2020
- 30 years lease to Tenaga Nasional Berhad expiring 15 March 2028

Year of Completion / Age of Building
1997; Refurbished: 2013 / 23 years

Appraised value (RM million)
60

Date of latest valuation#
June 2019



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



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CORPORATE GOVERNANCE & ACCOUNTABILITY



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FINANCIAL INSIGHTS



UNITHOLDERS' INFORMATION

* Valued by Knight Frank Malaysia Sdn Bhd
Valued by Savills (Malaysia) Sdn Bhd

PROPERTY SUMMARY



SUNWAY PUTRA HOTEL

Location

Kuala Lumpur

Date of acquisition

19 April 2011

Acquisition price (RM million)

214

Title, expiry date & years remaining

Geran 10012, Lot 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan

Tenure

Freehold

Encumbrance

- Charged to Public Investment Bank Berhad
- 30 years lease to Tenaga Nasional Berhad expiring 4 April 2047
- Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building

1993; Refurbished in 2015 / 27 years

Appraised value (RM million)

335

Date of latest valuation*

June 2019



SUNWAY HOTEL GEORGETOWN

Location

Penang

Date of acquisition

28 January 2015

Acquisition price (RM million)

74

Title, expiry date & years remaining

- GRN 63519 Lot No. 2220
- GRN 35332 Lot No. 1754

Seksyen 12, Bandar Georgetown, Daerah Timor Laut Pulau Pinang

Tenure

Freehold

Encumbrance

- 10 years lease to Sunway Biz Hotel Sdn Bhd expiring 27 January 2025
- 30 years lease to Lembaga Letrik Negara Tanah Melayu (Tenaga Nasional Berhad) expiring 14 February 2024

Year of Completion / Age of Building

1994; Refurbished in 2013 / 26 years

Appraised value (RM million)

82.5

Date of latest valuation#

June 2019

PROPERTY SUMMARY

HOTEL ASSETS	SUNWAY RESORT HOTEL & SPA	SUNWAY PYRAMID HOTEL	SUNWAY CLIO PROPERTY	SUNWAY HOTEL SEBERANG JAYA	SUNWAY PUTRA HOTEL	SUNWAY HOTEL GEORGETOWN	TOTAL
Land Area (sq.ft.)	376,274	- ¹	77,403	46,220	193,621 ²	33,592	727,110
Gross Floor Area (sq.ft.)	1,130,177	356,888	798,762	175,000	833,844	193,115	3,487,262
Number of Rooms	439 rooms and 3 villas	564	401	202	650	250	2,509
Number of Parking Bays	> 520	> 530	>730	> 60	> 1,500 ²	> 90	> 3,430
Average FY2019 Occupancy (%)	65.4	68.1	74.4	74.7	62.4	84.5	69.3%
Revenue (RM million) ³	20.1	15.6	24.0	3.1	10.8	5.0	78.6
Net Property Income (RM million)	18.6	15.0	20.5	2.9	9.5	4.8	71.3
Appraised Value as at 30 June 2019 (RM million)	525 ⁴	350 ⁴	340 ⁴	60 ⁵	335 ⁴	82.5 ⁵	1,693
Average Value per Room (RM)	1,187,783	620,567	847,880	297,030	515,385	330,000	N/A
Capitalisation / Discount Rate (%)	7.00 / 9.00	6.75 / 9.00	6.75 / 9.00	7.50 / 8.50	6.75 / 9.00	7.50 / 8.50	N/A

¹ The hotel is on a strata title

² For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower

³ The revenue represents the total rent under the respective hotel master leases and carpark tenancy agreements for Sunway Resort Hotel & Spa, Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya. For Sunway Clio Hotel, Sunway Putra Hotel and Sunway Hotel Georgetown, the revenue represents the total rent under the hotel master lease agreement only

⁴ The properties are valued by Knight Frank Malaysia Sdn Bhd

⁵ The properties are valued by Savills (Malaysia) Sdn Bhd

N/A - Not Applicable



PROPERTY DETAILS

SUNWAY RESORT HOTEL & SPA



Spectacular Choices, Memorable Experiences!

Sunway Resort Hotel & Spa is the flagship hotel located in the integrated township of Sunway City. The hotel is part of a cluster of three hotels, a massive convention centre, an iconic shopping mall and a popular theme park in the 800-acre vibrant destination, just minutes to Kuala Lumpur city centre.

As one of Kuala Lumpur's most iconic hotels, Sunway Resort Hotel & Spa offers 442 well-appointed guestrooms, suites and pool villas with commanding views of the theme park and the resort city skyline. The collection of rooms includes the Premier Rooms, Junior Suites, Premier Executive Suites, The Club Rooms and Suites, an impressive Presidential Suite and the Pool Villas which are tucked away amidst lush tropical gardens. Equipped with all the conveniences and modern amenities, the hotel is a preferred choice for both business and leisure travellers.

Located next to Sunway Resort Hotel & Spa is the Sunway Pyramid Hotel which showcases a collection of 564 Deluxe guestrooms and the new purpose-built Family Rooms and Suites to cater to the needs of a new generation of travellers. On the west side of the integrated destination is the 401-room Sunway Clio Hotel. The cluster of three hotels offers over 1,400 guestrooms, suites and pool villas, affording guests every conceivable choice and budget.

For meetings, incentives, conventions and exhibitions, this integrated destination offers over 10,000 square metres of world-class meeting space, including 62 meeting and function rooms, a grand ballroom, specialised meeting zone and the massive Sunway Pyramid Convention Centre, making Sunway Resort Hotel & Spa one of the most versatile conventions and exhibitions venues in Malaysia.

The Hotel's food and beverage offerings include an all-day dining restaurant which serves Malaysian, Asian and regional favourites with a selection of Middle Eastern and Western cuisines, along with a lounge and bar for evening cocktails and a cigar lounge. These are complemented further by a range of new dining offerings opened right at the door steps of the Hotel and over 170 speciality food and beverage outlets within Sunway City.

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PROPERTY DETAILS

SUNWAY RESORT HOTEL & SPA

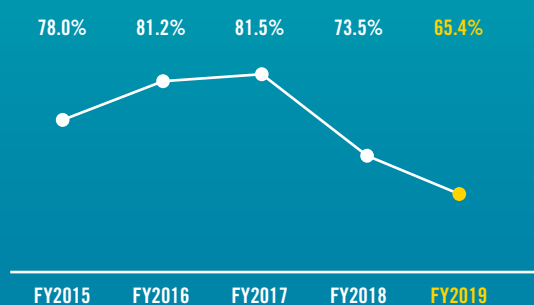
PROPERTY DETAILS

Land area (sq.ft.)	376,274
GFA (sq.ft.)	1,130,177
No. of rooms	439 rooms and 3 villas
No. of parking bays	> 520
Average FY2019 Occupancy (%)	65.4
Revenue* (RM million)	20.1
NPI (RM million)	18.6

* Note: The revenue represents the total rent under the hotel master lease and carpark tenancy agreement

HISTORICAL OCCUPANCY RATE

Average occupancy rate



GUEST PROFILE



MASTER LEASE DETAILS

Master Lessee	Sunway Resort Hotel Sdn Bhd (SRH)
Duration	10 years from 8 July 2010 with an option to renew for another 10 years
Total Rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Resort Hotel & Spa and Sunway Pyramid Hotel consists of RM42.0 million for FY2011 and FY2012 and RM31.6 million for each of the financial years for the remaining 10-year term.
Variation to Master Lease	<p>The variation of the SRH master lease was announced on 16 August 2018 to exclude approximately 21,755 sq.ft. of the Ground Floor within the Sunway Pyramid Hotel on Pyramid Tower Land, subject to terms and conditions set out in the Second Supplemental Agreement.</p> <p>The excluded area is managed by Sunway Pyramid retail team for all tenancy and operational matters within the food and beverage (F&B) tenants, for better control and tenant mix synergy for future reviews.</p>



VITAL ATTRIBUTES



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SUNWAY RESORT HOTEL & SPA MARKETING ACTIVITIES

FESTIVE CELEBRATIONS



DEEPAVALI LIGHTING CEREMONY

2 November 2018

Sunway Resort Hotel & Spa kicked-off the 2018 Deepavali celebrations at the hotel with a 'Kolam' lighting ceremony at Sunway Clio Hotel before proceeding to the lobby of Sunway Pyramid Hotel and Sunway Resort Hotel & Spa. The event was attended by the hotel's senior management team and members of the staff who dressed in traditional Indian attire to mark the occasion.



CHINESE NEW YEAR LION DANCE PERFORMANCE

5 February 2019

Sunway Resort Hotel & Spa ushered in the Lunar New Year with energetic Lion Dance performances at the Main Lobby driveway for a large crowd in attendance. Themed 'Winds of Prosperity', guests joined in the celebrations with the beating of the drums and clanging of cymbals which accompanied the spectacular performance signifying the New Year celebrations as the lions bestowed blessings for a prosperous year ahead.



LET'S GET CRACKIN' - 2018 FESTIVE YEAR-END

3 December 2018 - 1 January 2019

Sunway Resort Hotel & Spa celebrated the year-end festivities of 2018 with the theme 'Let's Get Crackin'' which was inspired by the fantastical world of the Nutcracker, a story filled with wonder, goodwill and whimsy, where a fairy-tale Christmas came to life with inspired decorations, festive gourmet treats, stay packages and much more. Stepping into the main lobby of Sunway Resort Hotel & Spa, guests were greeted by a life-size Nutcracker in the centre piece depicting a fantastical playground surrounded by live poinsettias, coupled by brightly-lit decorated Christmas trees, festive wreaths, garlands and other ornaments, capturing the whimsical spirit of the season. Over at Sunway Pyramid Hotel and Sunway Clio Hotel, guests also received the same warm festive feeling with Christmas trees, decorations, lingering sweet scents of conifer and Christmas tunes playing all day long in the background.

PROPERTY DETAILS

SUNWAY RESORT HOTEL & SPA MARKETING ACTIVITIES

FESTIVE CELEBRATIONS



JEMPUT MAKAN – RAMADAN DINING

6 May - 4 June 2019

The Resort Café at Sunway Resort Hotel & Spa celebrated a vibrant mixture of flavours and aromas, featuring indoor and outdoor bazaar-style food, reminiscing the classic bustling atmosphere of the Ramadan bazaar found around Malaysia. The highlight of the 'Jemput Makan' 2019 buffet is 10 food highlights outdoor bazaar-style food stations with live-action cooking.

IN-HOUSE EVENT / TACTICAL CAMPAIGN



THE SWEETEST MOTHER'S DAY EVER AT THE RESORT CAFÉ

12 May 2019

Mums were given a sweet treat during the high tea buffet on Mother's Day where the World Pastry Champion – Chef Patrick Siau and his team from Sunway University's School of Hospitality prepared a selection of over 30 scrumptious desserts served during the buffet. There were also interactive activities for the diners with Chef Patrick with each mum receiving a specially-baked mini-cake to take home.

IN-HOUSE EVENT / TACTICAL CAMPAIGN



RE:DEFINE – BANQUET SHOWCASE EVENT

29 May 2019

The banquet showcase is an event organised to display the versatility and capabilities of the refreshed ballroom and function spaces and technology in Sunway Resort Hotel & Spa to valued business partners, corporate clients and members of the media.

INNER-CIRCLE COCKTAIL APPRECIATION EVENT

18 April 2019

Sunway Resort Hotel & Spa organised a cocktail event as a gesture of appreciation to its valued business partners and members of the media. During the event, different function rooms were also set-up differently to showcase its versatility. Claire Organics and Arada were also invited as partners of the event, giving them the opportunity to introduce their products and have interactive activities with the guests. The chefs prepared a delightful range of light bites and treats, and there were lucky draws with prizes to be won.



VITAL ATTRIBUTES



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SUNWAY PYRAMID HOTEL

Check In and Be Spoilt for Choice!

Sunway Pyramid Hotel forms part of the cluster of hotels in Sunway City. The hotel offers 564 rooms, including 21 new family rooms and suites, purpose-built to accommodate a growing increase in family and leisure travellers to the destination.

Each guestroom and suite in Sunway Pyramid Hotel includes convenient touches and technology improvements, complemented by enhanced facilities and technology upgrades which includes complimentary Wi-Fi, smart lighting, bedside USB charger outlets, 42" LED Smart TV with satellite news, sports and movies channels, high pressure walk-in shower and other enhanced facilities and services.

At the lobby level of the hotel, Kaffeinate serves freshly-brewed specialty beverages and light snacks for those on the go.

Guests of Sunway Pyramid Hotel have access to the leisure facilities at Sunway Resort Hotel & Spa. These include the free-form landscaped swimming pool with cascading waterfall, a fitness centre and the Balinese-inspired Mandara Spa to enhance the leisure experience for travellers. The hotel is directly linked to the Sunway Pyramid Mall and steps away from Sunway Lagoon theme park.

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PROPERTY DETAILS

SUNWAY PYRAMID HOTEL

PROPERTY DETAILS

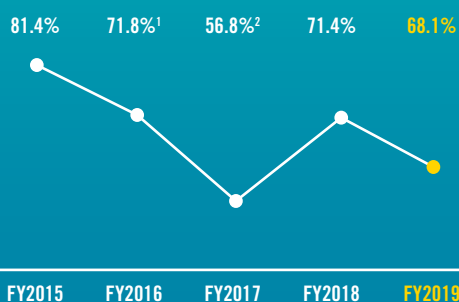
Land area (sq.ft.)	- ¹
GFA (sq.ft.)	356,888
No. of rooms	564
No. of parking bays	> 530
Average FY2019 Occupancy (%)	68.1
Revenue (RM million)	15.6
NPI (RM million)	15.0

¹ The hotel is on a strata title

* Note: The revenue represents the total rent under the hotel master lease and carpark tenancy agreement

HISTORICAL OCCUPANCY RATE

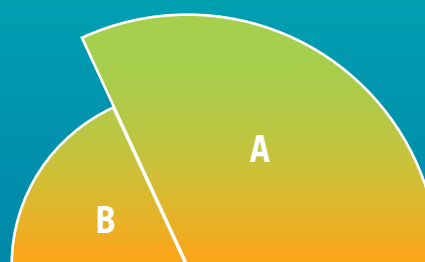
Average occupancy rate



¹ Computed up to March 2016 before full closure for refurbishment

² Re-opened on 3 November 2016, on a progressive basis with full re-opening in June 2017

GUEST PROFILE



A 69.2% Leisure

B 30.8% Corporate

MASTER LEASE DETAILS

Master Lessee	Sunway Resort Hotel Sdn Bhd (SRH)
Duration	10 years from 8 July 2010 with an option to renew for another 10 years
Total Rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Resort Hotel & Spa and Sunway Pyramid Hotel consists of RM42.0 million for FY2011 and FY2012 and RM31.6 million for each of the financial years for the remaining 10-year term.
Variation to Master Lease	<p>The variation of the SRH master lease was announced on 16 August 2018 to exclude approximately 21,755 sq.ft. of the Ground Floor within the Sunway Pyramid Hotel on Pyramid Tower Land, subject to terms and conditions set out in the Second Supplemental Agreement.</p> <p>The excluded area is managed by Sunway Pyramid retail team for all tenancy and operational matters within the food and beverage (F&B) tenants, for better control and tenant mix synergy for future reviews.</p>



VITAL ATTRIBUTES



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SUNWAY CLIO PROPERTY



Relax with Perfection

Sunway Clio Hotel forms part of the cluster of hotels in Sunway City. Located on the west side of the iconic Sunway Pyramid mall, the 26-storey hotel features 401 guestrooms, each including convenient touches such as complimentary Wi-Fi and wired broadband internet access, USB charger outlets, 42" LED Smart TV with satellite news, sports and movie channels, flexible workspaces, high pressure walk-in rain shower, ample closet space, in-room electronic safe box and coffee and tea making facilities.

Sunway Clio Hotel provides the right balance between work and play. The hotel has 5 fully-equipped function rooms with a seating capacity of 20 to 160 persons and a host of other facilities including the 174-seater Café West, the hotel's all-day dining restaurant, in-room dining services, a fitness centre and an outdoor swimming pool.

Adjoining the hotel is Sunway Clio's retail, where hotel guests can look forward to more food and beverage offerings, and is also within steps away from Sunway Lagoon theme park.

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PROPERTY DETAILS

SUNWAY CLIO PROPERTY

PROPERTY DETAILS

Land area (sq.ft.) 77,403

GFA (sq.ft.) 798,762

No. of rooms 401

No. of parking bays > 730

Average FY2019 Occupancy (%) 74.4

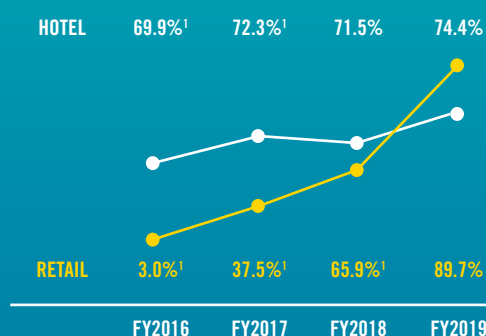
Revenue (RM million) 24.0

NPI (RM million) 20.5

* Note: The revenue represents the total rent under the hotel master lease and carpark tenancy agreement. Guaranteed NPI of RM20.23 million per annum for 4 years excluding the podium carpark comprising 274 bays.

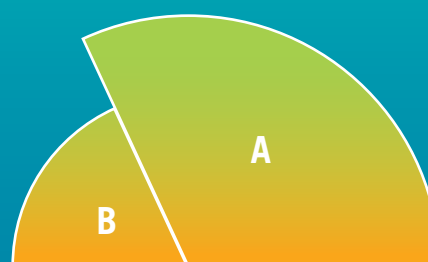
HISTORICAL OCCUPANCY RATE

Average occupancy rate



¹ Historical information (FY2014-FY2017) are provided by vendor

GUEST PROFILE



A 61.4% Corporate

B 38.6% Leisure

MASTER LEASE DETAILS

Master Lessee	Sunway Resort Hotel Sdn Bhd
Duration	10 years from 10 February 2018 with an option to renew for another 10 years
Total Rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Clio Hotel consists of RM10.9 million for FY2019 and FY2020 and RM8.2 million for each of the financial years for the remaining 10-year term.



VITAL ATTRIBUTES



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SUNWAY HOTEL SEBERANG JAYA



Stay With Us and Feel the Difference

Strategically located in the Seberang Jaya town centre at the intersection of the North-South and East-West Highways, Sunway Hotel Seberang Jaya is conveniently accessible via a 40-minute drive from the iconic Penang Bridge and Penang International Airport. The hotel sits in the centre of a vibrant hub which offers entertainment, leisure and shopping options which is perfect for holiday makers and corporate travellers seeking easy access to the highly-developed industrial links and commercial zones on Penang's mainland.

All 202 tastefully-appointed guestrooms and suites offer a panoramic view of the surrounding area, whilst the Deluxe and Premier rooms provide a wide range of amenities at any time of the day. The contemporary bed panelling and matching writing chair in warm earthen colours, sets the mood for a comfortable yet relaxing day.

The Club rooms which are located on the upper levels feature a 'Hotel within a Hotel' concept with comfortable, private and exclusive facilities and services for the discerning traveller. The luxurious Suites offer a separate living area, Coffee Bean & Tea Leaf coffee making machine, air purifier and a dedicated work desk. The Club Lounge pampers guests staying at Club rooms and Suites with a wide array of exclusive facilities, breakfast and meeting venue as well as evening cocktails. Convenience and exclusivity is second to none.

To satisfy the hunger pangs, head to Sun Café – an all-day dining outlet located at the lobby for a good mix of local and international dishes from the well-thought a la carte menu to innovative buffet selections served in a casually chic setting. For social gatherings or a great night out, the Lounge is the place to unwind.

Events and meetings are handled professionally and with flair at the function rooms and the Sri Cengal Ballroom which can accommodate up to 550 pax for various functions.

MANAGEMENT OFFICE

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PROPERTY DETAILS

SUNWAY HOTEL SEBERANG JAYA

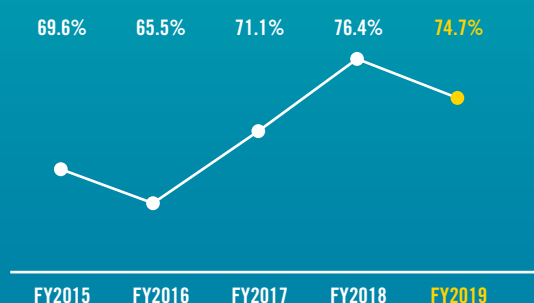
PROPERTY DETAILS

Land area (sq.ft.)	46,220
GFA (sq.ft.)	175,000
No. of rooms	202
No. of parking bays	> 60
Average FY2019 Occupancy (%)	74.7
Revenue (RM million)	3.1
NPI (RM million)	2.9

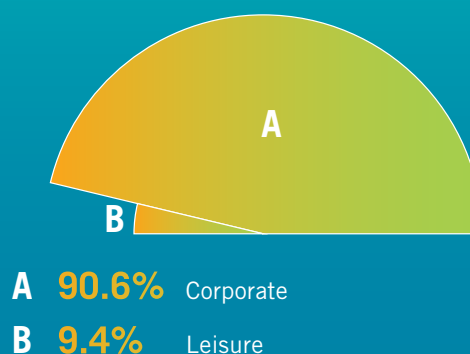
* Note: The revenue represents the total rent under the hotel master lease and carpark tenancy agreement

HISTORICAL OCCUPANCY RATE

Average occupancy rate



GUEST PROFILE



MASTER LEASE DETAILS

Master Lessee	Sunway Hotel (Seberang Jaya) Sdn Bhd
Duration	10 years from 8 July 2010 with an option to renew for another 10 years
Total Rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Hotel Seberang Jaya consists of RM4.5 million for FY2011 and FY2012 and RM3.4million for each of the financial years for the remaining 10-year term.
Variation to Master Lease	As announced on 27 July 2017, the guaranteed rent has been varied to RM3.1 million with effect from FY2018 for the remaining 3 years of the 10-year term. The variation was made due to expiry and non-renewal of the Lessee's tenancy at Sunway Carnival Convention Centre (SCCC).



VITAL ATTRIBUTES



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TRUST STRUCTURE & LEADERSHIP



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SUNWAY HOTEL SEBERANG JAYA MARKETING ACTIVITIES

FESTIVE CELEBRATIONS



Christmas Eve Buffet Dinner Food Review

19 October 2018

Both Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown held a media preview in Sunway Hotel Seberang Jaya for their joint Christmas Eve Buffet Dinner with members of the media and bloggers.



Ramadan Buffet Dinner Food Review

29 March 2019

Both Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown jointly organised the hotels' Ramadan buffet food review in order to kick off the Ramadan Buffet Dinner promotion. The event was attended by members of local media and was joined by the senior management team of both the Sunway hotels, led by General Manager Mr Prakash Kumaran.

COLLABORATION / PARTNERSHIP



Starwalk Prize Presentation

14 August 2018

Both Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown sponsored room vouchers to Star Media Group for their annual Starwalk event. The sponsorship was meant to encourage public participation to the event as well as to promote healthy living among the community.

IN-HOUSE EVENT



Corporate Thank You Party

12 December 2018

The successes of Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown were celebrated together with corporate partners with the theme of Oscar Night. Over 150 corporate guests turned up at the event held in the Sri Cengal Ballroom, Sunway Hotel Seberang Jaya, experiencing great service and delicious food.

PROPERTY DETAILS

SUNWAY PUTRA HOTEL



VITAL ATTRIBUTES



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UNITHOLDERS' INFORMATION

A Preferred City Hotel

Sunway Putra Hotel is a 5-star hotel with integrated mixed-use development combining the hotel with a shopping mall and an office tower. The 35-storey hotel is located opposite Putra World Trade Centre (PWTC) and within the city's main commercial district. The hotel is easily accessible with key transportation services virtually at the hotel's doorstep making it convenient for both the corporate and leisure travellers.

The hotel boasts 650 guestrooms, 15 function rooms and 3 outlets namely the Coffee House, the Atrium Lounge and Gen Japanese. The collection of rooms ranges from Superior room, Deluxe room, Family room, Club room and Suite as well as a Premier Suite.

Hotel guests have easy access to Sunway Putra Mall which offers a wide spectrum of international and local brands, delectable dining as well as entertainment experience. The hotel is also conveniently connected to popular tourist hotspots and major retail mall in the city.

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Email : spkl.enquiry@sunwayhotels.com



PROPERTY DETAILS

SUNWAY PUTRA HOTEL

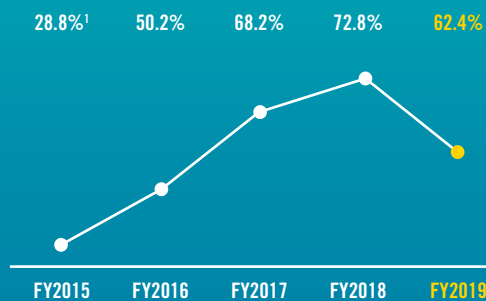
PROPERTY DETAILS

Land area (sq.ft.)	193,621 ¹
GFA (sq.ft.)	833,844
No. of rooms	650
No. of parking bays	> 1,500 ¹
Average FY2019 Occupancy (%)	62.4
Revenue (RM million)*	10.8
NPI (RM million)	9.5

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower
 * Note: The revenue represents the total rent under the hotel master lease

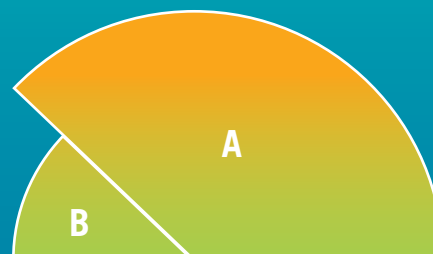
HISTORICAL OCCUPANCY RATE

Average occupancy rate



¹ Lower occupancy due to the adverse impact of the refurbishment of the adjoining Sunway Putra Mall and the hotel's own refurbishment which was completed in 2Q FY2016

GUEST PROFILE



A 76.5% Leisure
B 23.5% Corporate

PROPERTY DETAILS

SUNWAY PUTRA HOTEL

MASTER LEASE DETAILS

Master Lessee	Sunway Putra Hotel Sdn Bhd
Duration	10 years from 28 September 2011 with an option to renew for another 10 years
Total Rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Putra Hotel consists of RM9.1 million for FY2012, RM12.1 million for FY2013, RM9.8 million for FY2014, RM9.1 million for FY2015 to FY2021 and RM2.3 million for FY2022.
Variation to Master Lease	<ul style="list-style-type: none"> The variations to the Master Lease were announced on 3 July 2013 and 19 May 2014 for the 3rd and 4th Fiscal Year respectively and were made in light of the major refurbishment adjoining Sunway Putra Mall which was expected to adversely affect the business of Sunway Putra Hotel The total rent payable to the Lessee shall be the amount calculated in accordance with the variable rent formula for the period between 1 July 2013 to 30 June 2014 (3rd Fiscal Year) and further extended for another financial year commencing 1 July 2014 to 30 June 2015 (4th Fiscal Year). As such, guaranteed rent stated in the Master Lease shall not apply to both the 3rd and 4th Fiscal Years If the variable rent calculated is less than the Guaranteed Rent for the 3rd and 4th Fiscal Years, the difference between the guaranteed rent and the variable rent (differential sum) shall be adjusted in agreed proportions and added to the guaranteed rent from the 5th Fiscal Year until the 11th Fiscal Year The differential sum for the 3rd and 4th Fiscal Years was RM4.0 million and RM4.7 million respectively. The total differential sum of RM8.7 million shall be added to the guaranteed rent from the 5th Fiscal Year until the 11th Fiscal Year as follows:

Fiscal Year	Guaranteed Rent (RM)	Adjustment (RM)	Adjusted Guaranteed Rent (RM)
5 th	9,067,084	-	9,067,084
6 th	9,067,084	871,623	9,938,707
7 th – 10 th	9,067,084	1,743,246	10,810,330
11 th	2,266,771	871,623	3,138,394



VITAL ATTRIBUTES



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SUNWAY PUTRA HOTEL MARKETING ACTIVITIES

FESTIVE CELEBRATIONS



Christmas Media Review

31 October 2018

In conjunction with a joyous holiday mood, Sunway Putra held a media review to promote their special menu during the Christmas season with an array of Asian and Western cuisine.



Chinese New Year Media Review

9 January 2019

Sunway Putra brought another exciting food promotion to celebrate the Lunar New Year. There was a special Lunar New Year Buffet Dinner on 4th and 5th February at the Coffee House with a spread of scrumptious food.



Ramadan Media Review

13 March 2019

During the month of Ramadan, Sunway Putra served various selections for 'buka puasa'. This year, we had the privilege of award-winning Executive Chef Rossham curating dishes that tantalised the taste buds of many including six thematic stalls of Gulung-Gulung, Rebus-Rebus, Bakar-Bakar, Celup-Celup, Fish Head Kawah and Kukus-Kukus.

PROPERTY DETAILS

SUNWAY PUTRA HOTEL MARKETING ACTIVITIES

IN-HOUSE EVENT



Bridal Fair

16 December 2018

Public and the media were invited to experience the wedding set-up with wedding partners and industry players at the Grand Ballroom. There were two fashion shows featuring bridal gowns by famous local fashion designer as well as lucky draws. The team also showcased Bridal suites set up and dining set up with food tasting.



Appreciation Night

8 March 2019

The night was attended by corporate clients, government segments, travel agents, wholesalers as well as the media to a full buffet set-up at the Grand Ballroom to appreciate their loyalty.



VITAL ATTRIBUTES



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SUNWAY HOTEL GEORGETOWN



Your Preferred Choice in Penang

Sunway Hotel Georgetown is a 4-star hotel located at the heart of Georgetown City, Penang. The hotel is located within Penang's awarded UNESCO World Heritage site with a mix of local culture, old-world charm and modernity. Within a stone's throw away are the local stalls with delicious dishes at the famous New Lane Hawker Centre with its vibrant and energetic cooking and experiences.

Room choices range from Deluxe, Premier, Family and Club rooms and suites with commanding views of the city, sea and skyline. Our comfortable and spacious rooms welcome guests with warm gold and earth-toned furnishings and lightings that offer comfort and relaxation to our guests.

Guests staying in our Premier, Club rooms and suites situated on the upper-most floors are able to enjoy the city's spectacular views from dawn to dusk. Among its special privileges are daily breakfast served at the club lounge, all day service of non-alcoholic beverages, evening cocktails with Hors d'oeuvres and an hour's complimentary use of the boardroom for meetings or small social gatherings.

A total of 3 meeting rooms have all been upgraded, offering a relaxed yet fresh and cosy environment. It can accommodate up to 200 guests with enhanced facilities and services, upgraded hardware, customisable menus and table arrangements. Other facilities included are a coffee house – Sun Café, a swimming pool, a Jacuzzi pool and a gymnasium.

MANAGEMENT OFFICE

33 New Lane (Off Macalister Road)
Georgetown, 10400 Penang, Malaysia

Tel: (604) 229 9988
Fax: (604) 228 8899

Email: shgp.enquiry@sunwayhotels.com
Website: www.sunwayhotels.com



PROPERTY DETAILS

SUNWAY HOTEL GEORGETOWN

PROPERTY DETAILS

Land area (sq.ft.) 33,592

GFA (sq.ft.) 193,115

No. of rooms 250

No. of parking bays > 90

Average FY2019 Occupancy (%) 84.5

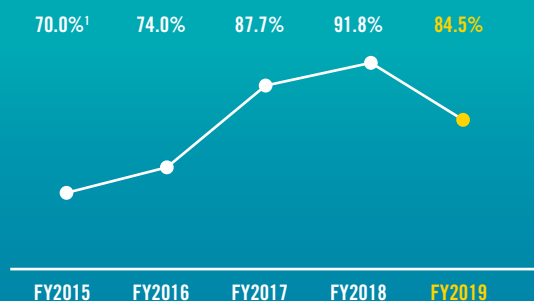
Revenue (RM million)* 5.0

NPI (RM million) 4.8

* Note: The revenue represents the total rent under the hotel master lease

HISTORICAL OCCUPANCY RATE

Average occupancy rate



¹ From completion of acquisition on 28 January 2015 to 30 June 2015

GUEST PROFILE



A 96.2% Leisure

B 3.8% Corporate

MASTER LEASE DETAILS

Master Lessee	Sunway Biz Hotel Sdn Bhd
Duration	10 years from 28 January 2015 with an option to renew for another 10 years
Total Rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Hotel Georgetown consists of RM4.4 million for Year 1 and Year 2 and RM3.4 million for each of the financial years for the remaining 10-year term.



VITAL ATTRIBUTES



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SUNWAY HOTEL GEORGETOWN MARKETING ACTIVITIES

FESTIVE CELEBRATIONS



Chinese New Year Media Reunion Dinner cum Food Review

28 December 2018

The Marketing and Communications Department of Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya hosted a reunion dinner in Sunway Hotel Georgetown for the local media partners in order to thank them for their support throughout the year and to preview the hotels' Chinese New Year Eve Buffet Dinner menu. The event saw up to 40 members of both press and bloggers attending the event.

IN-HOUSE EVENT



Earth Hour Event

30 March 2019

Sunway Hotel Georgetown together with Sunway Hotel Seberang Jaya had an Earth Hour event for their respective hotel guests to encourage better protection for Earth. Guests were provided with glow sticks to highlight the event. Prior to turning off the lights for an hour, candles in the shape of the hotel were lighted. Guests' were also given beans to be scattered onto a makeshift globe to signify their commitment to help Earth regrow for a better future. There was a social media contest where guests stood a chance to win two free hotel stays by taking a creative picture with the hashtag #1care1love1earth.

OFFICE

Sunway PFM functions as a centre of excellence employing a team of professional engineers and property managers, adopting preventive maintenance and asset optimisation programmes with its unique build-own-operate strategy.



VITAL ATTRIBUTES



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MENARA SUNWAY

Location
Selangor

Date of acquisition
08 July 2010

Acquisition price (RM million)
128

Title, expiry date & years remaining
PN 17105 Lot 61760 - 1 April 2097
(78 years remaining)

Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
Leasehold - 99 years

Encumbrance

- Charged to Public Investment Bank Berhad
- Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building
1993 / 27 years

Appraised value (RM million)
172

Date of latest valuation*
June 2019



SUNWAY TOWER

Location
Kuala Lumpur

Date of acquisition
08 July 2010

Acquisition price (RM million)
171

Title, expiry date & years remaining
Geran 45110, Lot 55, Seksyen 45

Kuala Lumpur, Wilayah Persekutuan

Tenure
Freehold

Encumbrance

- Charged to Public Investment Bank Berhad
- 30 years lease to Tenaga Nasional Berhad expiring 14 January 2023
- Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building
1996 / 24 years

Appraised value (RM million)
120

Date of latest valuation*
June 2019

* Valued by Knight Frank Malaysia Sdn Bhd



SUNWAY PUTRA TOWER

Location

Kuala Lumpur

Date of acquisition

19 April 2011

Acquisition price (RM million)

80

Title, expiry date & years remaining

Geran 10012, Lot 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan

Tenure

Freehold

Encumbrance

- Charged to Public Investment Bank Berhad
- 30 years lease to Tenaga Nasional Berhad expiring 4 April 2047
- Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building

1993 / 27 years

Appraised value (RM million)

130

Date of latest valuation*

June 2019



WISMA SUNWAY

Location

Selangor

Date of acquisition

23 March 2015

Acquisition price (RM million)

60

Title, expiry date & years remaining

Strata Title

- PN 21876/M1/B1/1 (A1-A19)
- PN 21876/M1/N1/4
- PN 21876/M1/2/6
- PN 21876/M1/9/8
- PN 21876/M1/11/10
- PN 21876/M1/13/12
- PN 21876/M1/15/14
- PN 21876/M1/17/16
- PN 21876/M1/1/3
- PN 21876/M1/N1/5
- PN 21876/M1/8/7
- PN 21876/M1/10/9
- PN 21876/M1/12/11
- PN 21876/M1/14/13
- PN 21876/M1/16/15

29 August 2094 (75 years remaining)

All situated on Parent Lot No. 517 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan

Tenure

Freehold

Encumbrance

- Charged to Public Investment Bank Berhad
- Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building

1997; Refurbished in 2013 / 23 years

Appraised value (RM million)

60

Date of latest valuation*

June 2019



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* Valued by Knight Frank Malaysia Sdn Bhd

PROPERTY SUMMARY

OFFICE ASSETS	MENARA SUNWAY	SUNWAY TOWER	SUNWAY PUTRA TOWER	WISMA SUNWAY	TOTAL
Land Area (sq.ft.)	193,395	25,898	193,621 ¹	- ²	412,914
Gross Floor Area - Office (sq.ft.)	399,446	348,998	453,842	174,171 ²	1,376,457
Gross Floor Area - Carpark (sq.ft.)	266,696	107,606	574,588 ¹	123,440	1,072,330
Net Lettable Area (sq.ft.)	291,807	268,306	317,051	171,544 ²	1,048,708
Number of Parking Bays	> 640	> 290	> 1,500 ¹	> 380	> 2,810
Number of Tenancies	52	10	14	6	82
Occupancy as at 30 June 2019 (%)	94.8	23.0	85.6	100.0	74.5
Revenue (RM million)	17.4	3.0	11.6	6.4	38.4
Net Property Income (RM million)	11.3	(0.3)	7.3	3.1	21.4
Appraised Value as at 30 June 2019 (RM million) ³	172	120	130	60	482
Value per sq.ft. (RM)	589	447	410	350	N/A
Capitalisation Rate - Current / Reversionary (%)	6.50 - 7.25 / 6.75	6.25 - 6.75 / 6.50	6.25 - 6.75 / 6.50	6.50 - 7.50 / 7.00	N/A

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower

² The office is a stratified property. Gross Floor Area and Net Lettable Area are based on surveyed floor area.

³ The properties are valued by Knight Frank Malaysia Sdn Bhd

N/A - Not Applicable

PROPERTY DETAILS

MENARA SUNWAY

Sunway Group's Homeplace

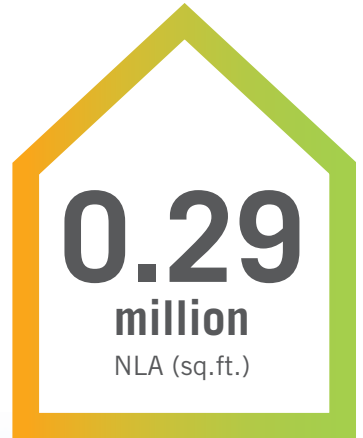
Menara Sunway is a 19-storey office building in Bandar Sunway consisting of a main tower and an annexe. Unlike a standalone office building, Menara Sunway offers a unique office environment where its tenants can take advantage of the convention centre and the surrounding hospitality, leisure and retail options offered by Sunway City. With its headquarters based in Menara Sunway, Sunway Group is the main tenant occupying 72.4% of the NLA.

It is easily accessible via 5 major expressways namely New Pantai Expressway, North Klang Valley Expressway, KESAS Expressway, Damansara-Puchong Highway and the Federal Highway. Surrounded by highly-populated suburbs such as Subang Jaya, Puchong and Petaling Jaya, Menara Sunway is a preferred office location for office workers due to shorter travel time as compared to commuting to the city centre.

MANAGEMENT OFFICE

Unit 4.5 Level 4 East Lobby, Menara Sunway Annexe,
Jalan Lagoon Timur, Bandar Sunway, 47500,
Selangor Darul Ehsan, Malaysia.

Tel: (603) 5639 8888
Fax: (603) 5639 9595



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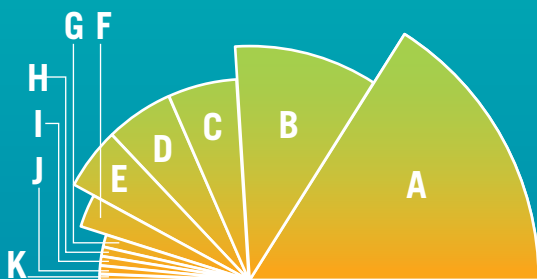
MENARA SUNWAY

PROPERTY DETAILS

Land area (sq.ft.)	193,395
GFA (sq.ft.)	Office 399,446 Carpark 266,696
NLA (sq.ft.)	291,807
No. of parking bays	> 640
No. of tenancies	52
Occupancy as at 30 June 2019 (%)	94.8
Revenue (RM million)	17.4
NPI (RM million)	11.3

TENANT MIX BY TRADE SECTOR

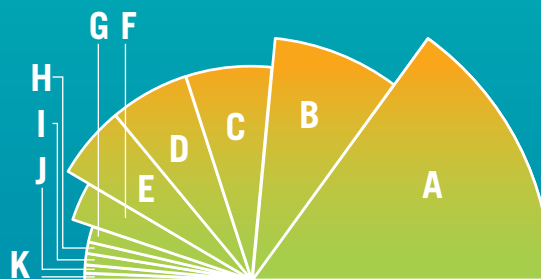
Based on June 2019 Gross Rental Income



A	31.4%	Management Services
B	20.6%	Property
C	11.3%	Construction
D	10.9%	Others
E	9.9%	Medical
F	6.0%	Technology
G	2.7%	Trading
H	2.0%	Supply & Manufacturing
I	1.9%	Marketing
J	1.8%	Retail
K	1.5%	Leasing

TENANT MIX BY TRADE SECTOR

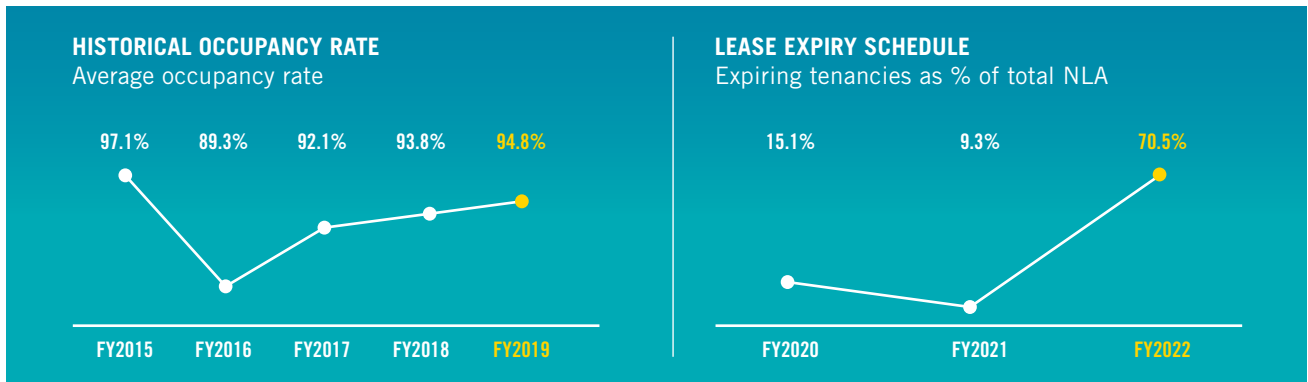
Based on June 2019 Net Lettable Area



A	29.6%	Management Services
B	16.7%	Property
C	13.2%	Others
D	12.2%	Construction
E	11.2%	Medical
F	6.4%	Technology
G	2.9%	Trading
H	2.1%	Marketing
I	2.1%	Retail
J	1.9%	Supply & Manufacturing
K	1.7%	Leasing

PROPERTY DETAILS

MENARA SUNWAY



TOTAL TOP TENANTS

Based on June 2019 Gross Rental Income



20.9%	Sunway Management Sdn Bhd
17.9%	Sunway Integrated Properties Sdn Bhd
8.7%	Sunway Construction Sdn Bhd
6.8%	Sunway Shared Service Sdn Bhd
6.7%	Merck Sdn Bhd
3.1%	Roche Service (Pacific Asia) Sdn Bhd
2.8%	Grace Generation Information Technology Sdn Bhd
2.7%	Sunway PFM Sdn Bhd
2.7%	Sunway Marketing Sdn Bhd
2.7%	Sunway Computer Services Sdn Bhd



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SUNWAY TOWER

Changing Dynamics

Sunway Tower is a 33-storey prime office building with close proximity to the iconic landmark of Petronas Twin Tower and Kuala Lumpur Convention Centre (KLCC). It is strategically located near the intersection of Jalan Sultan Ismail and Jalan Ampang in Kuala Lumpur which is famously known as the Golden Triangle. With excellent infrastructure connectivity, Sunway Tower is adjacently located next to Dang Wangi LRT Station, Bukit Nanas Monorail station and the entry and exit points of the Ampang-Kuala Lumpur Elevated Highway (AKLEH) which links to major highways within and around the Klang Valley making it an excellent business address in Kuala Lumpur.

MANAGEMENT OFFICE

Ground Floor, Sunway Tower,
No. 86 Jalan Ampang,
50450, Kuala Lumpur,
Malaysia.

Tel : (603) 2032 4100
Fax: (603) 2070 4093



PROPERTY DETAILS

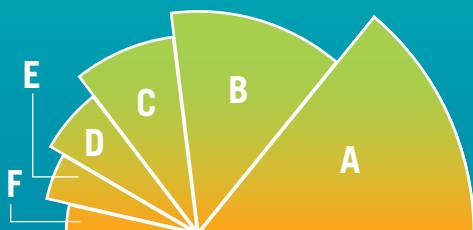
SUNWAY TOWER

PROPERTY DETAILS

Land area (sq.ft.)	25,898
GFA (sq.ft.)	Office 348,998 Carpark 107,606
NLA (sq.ft.)	268,306
No. of parking bays	> 290
No. of tenancies	10
Occupancy as at 30 June 2019 (%)	23.0
Revenue (RM million)	3.0
NPI (RM million)	(0.3)

TENANT MIX BY TRADE SECTOR

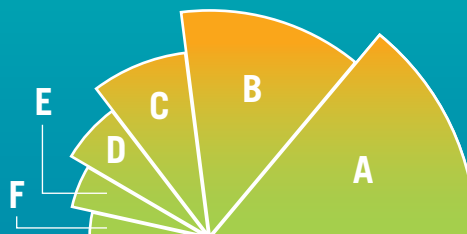
Based on June 2019 Gross Rental Income



A	28.9%	Consultancy (Finance)
B	20.9%	Oil & Gas
C	17.0%	Consultancy
D	13.7%	Embassy
E	11.4%	Others
F	8.1%	Consultancy (Rubber)

TENANT MIX BY TRADE SECTOR

Based on June 2019 Net Lettable Area



A	28.1%	Consultancy (Finance)
B	26.1%	Oil & Gas
C	16.6%	Consultancy
D	12.5%	Others
E	9.6%	Embassy
F	7.1%	Consultancy (Rubber)



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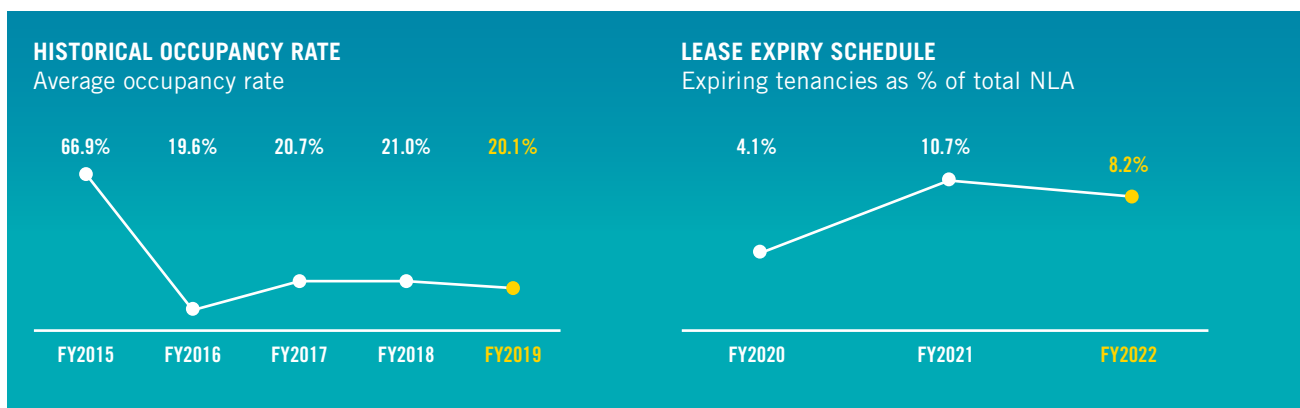
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SUNWAY TOWER



TOTAL TOP TENANTS

Based on June 2019 Gross Rental Income

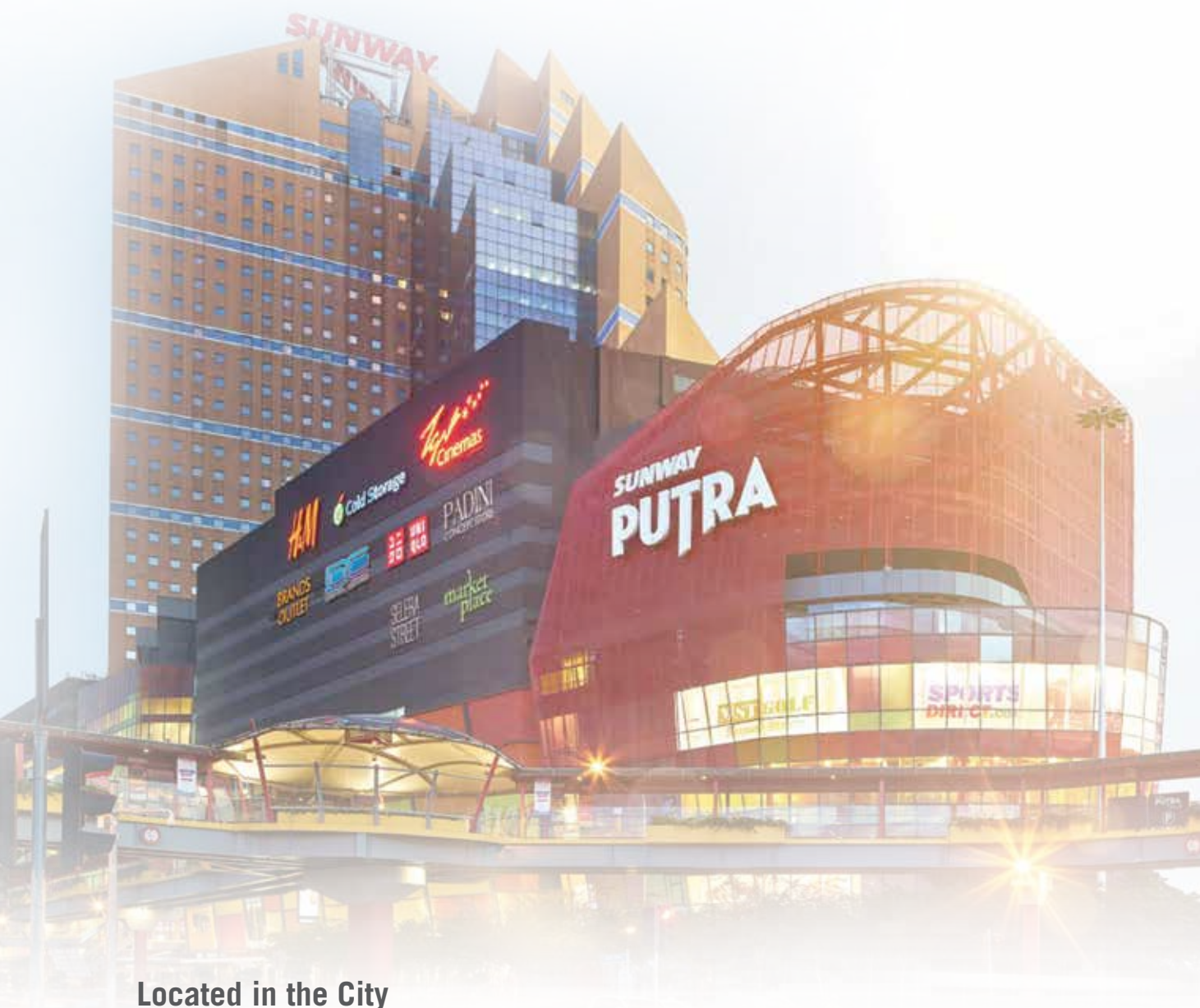


20.9%	Icon Ship Management Sdn Bhd
19.1%	VPO Services Sdn Bhd
17.0%	Mansteel Sdn Bhd
13.7%	Royal Danish Embassy
9.9%	ZJ Advisory Sdn Bhd
8.1%	R1 Malaysia International Sdn Bhd
5.0%	Eftech Driling Solution Sdn Bhd
4.9%	Protellus (M) Sdn Bhd
1.1%	Maxis Broadband Sdn Bhd
0.4%	Bison Store Sdn Bhd



PROPERTY DETAILS

SUNWAY PUTRA TOWER



Located in the City

Sunway Putra Tower is an office tower which forms part of a 3-in-1 mixed-use development comprising a retail mall, a hotel and an office tower.

It is mainly occupied by Public Works Department (Jabatan Kerja Raya) which is under the Ministry of Transportation. Sunway Putra Tower is strategically located in Kuala Lumpur's commercial district right across the Putra World Trade Centre (PWTC). It is easily accessible via major highways and well served by public transportation such as the Light Rail Transit (LRT), KTM Komuter Train and bus. All these infrastructure and facilities add value to the well-established office asset.

MANAGEMENT OFFICE

100, Jalan Putra, 50350,
Kuala Lumpur, Malaysia.

Tel: (603) 4042 9888
Fax: (603) 4043 8806



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SUNWAY PUTRA TOWER

PROPERTY DETAILS

Land area (sq.ft.)	193,621 ¹
GFA (sq.ft.)	Office 453,852 Carpark 574,588 ¹
NLA (sq.ft.)	317,051
No. of parking bays	> 1,500 ¹
No. of tenancies	14
Occupancy as at 30 June 2019 (%)	85.6
Revenue (RM million)	11.6
NPI (RM million)	7.3

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower

TENANT MIX BY TRADE SECTOR

Based on June 2019 Gross Rental Income



A	87.7%	Government Agency
B	8.6%	Banking
C	1.7%	Medical
D	1.4%	Communication
E	0.6%	Information Technology

TENANT MIX BY TRADE SECTOR

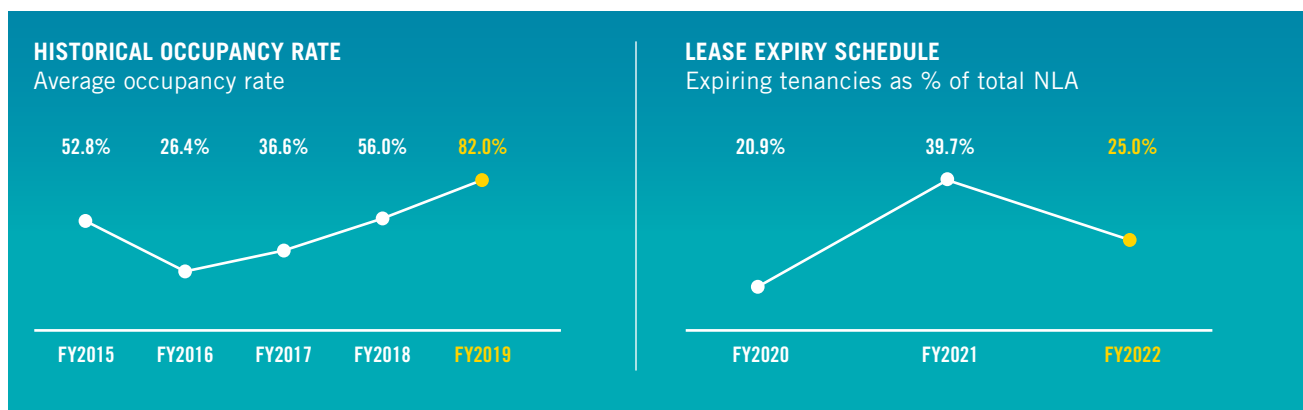
Based on June 2019 Net Lettable Area



A	88.0%	Government Agency
B	8.6%	Banking
C	1.6%	Medical
D	1.2%	Communication
E	0.6%	Information Technology

PROPERTY DETAILS

SUNWAY PUTRA TOWER



TOTAL TOP TENANTS

Based on June 2019 Gross Rental Income

98.1% Total Top Tenants

- 34.2%** Jabatan Kerja Raya
- 19.3%** Kementerian Perdagangan Dalam Negeri Koperasi dan Kepenggunaan Malaysia
- 17.0%** CIDB Malaysia
- 8.6%** United Overseas Bank (Malaysia) Berhad
- 4.7%** Jabatan Perdana Menteri (I.C.U.)
- 4.4%** Pemandu Associates Sdn Bhd
- 4.0%** Cradle Fund Sdn Bhd
- 3.4%** Construction Research Institute of Malaysia (CREAM)
- 1.7%** Chini (M) Enterprise Sdn Bhd
- 0.8%** Raffcomm Sdn Bhd

Weighted Average Lease Expiry
1.75 YEARS

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WISMA SUNWAY

Strategic Location - Government Precinct of Selangor

Wisma Sunway is a stratified 19-storey office building¹ located in the vibrant Section 9, Shah Alam, the state government precinct of Selangor. Its location next to a hotel and a shopping complex offers convenience to its tenants. Wisma Sunway is easily accessible from the Federal Highway and the North Klang Valley Expressway.

Wisma Sunway was refurbished in 2013 and has a net lettable area of 171,544 sq.ft. It is substantially tenanted by government agencies.

¹ Excluding Unit No. L2A

MANAGEMENT OFFICE

No 1, Jalan Tengku Ampuan Zabedah C 9/C
Seksyen 9, 40100 Shah Alam
Selangor Darul Ehsan



PROPERTY DETAILS

WISMA SUNWAY

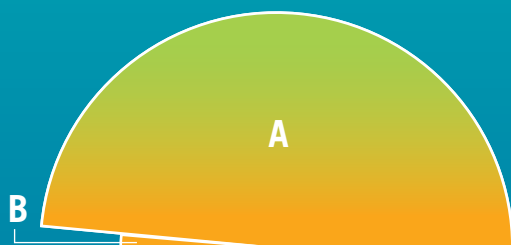
PROPERTY DETAILS

Land area (sq.ft.) ¹	-
GFA (sq.ft.) ¹	Office 174,171 Carpark 123,440
NLA (sq.ft.) ¹	171,544
No. of parking bays	> 380
No. of tenancies	5
Occupancy as at 30 June 2019 (%)	100.0
Revenue (RM million)	6.4
NPI (RM million)	3.1

¹ The office is on a stratified property. Gross Floor Area and Net Lettable Area are based on surveyed floor area

TENANT MIX BY TRADE SECTOR

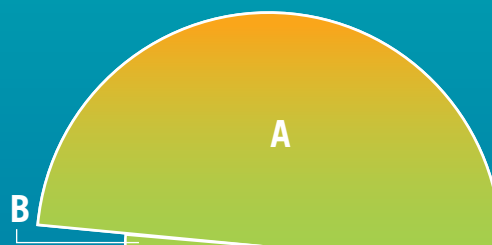
Based on June 2019 Gross Rental Income



A 96.6% Government Agency
B 3.4% Consultancy

TENANT MIX BY TRADE SECTOR

Based on June 2019 Net Lettable Area



A 97.0% Government Agency
B 3.0% Consultancy



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



SUSTAINABILITY STATEMENT



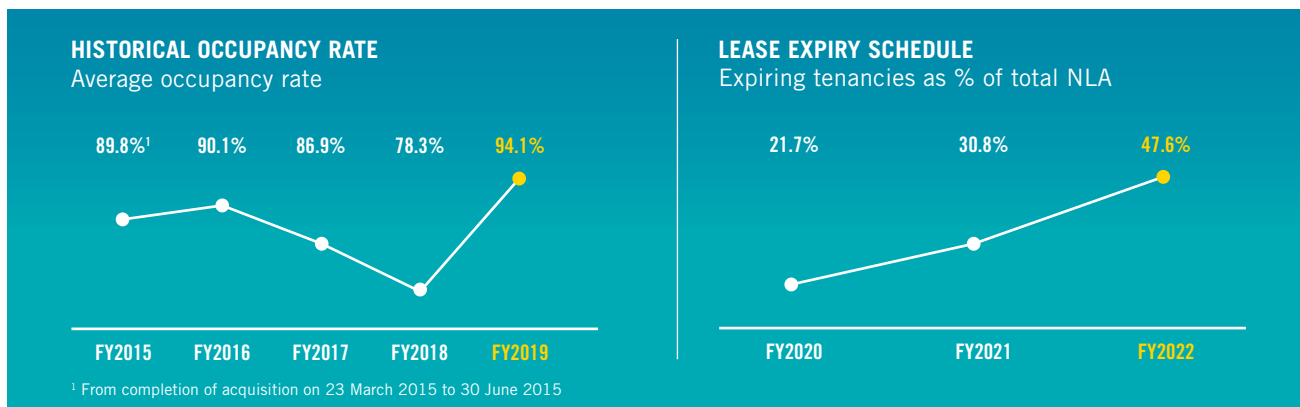
FINANCIAL INSIGHTS



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WISMA SUNWAY



TOTAL TOP TENANTS

Based on June 2019 Gross Rental Income



52.7% Jabatan Kesihatan Negeri Selangor

22.8% Jabatan Alam Sekitar

15.8% Lembaga Hasil Dalam Negeri

5.3% Majlis Tindakan Pelancongan Negeri Selangor

3.4% SM Centre (MYS) Sdn Bhd



SERVICES



VITAL ATTRIBUTES



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SUNWAY MEDICAL CENTRE (TOWER A & B)

Location
Selangor

Date of acquisition
31 Dec 2012

Acquisition price (RM million)
310

Title, expiry date & years remaining

- PN 12549 Lot 38160 - 1 April 2097 (78 years remaining)
- PN 12550 Lot 45 - 1 April 2097 (78 years remaining)

All in Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
Leasehold - 99 years

- Encumbrance**
- 10 years lease to Sunway Medical Centre Berhad (now known as Sunway Medical Centre Sdn Bhd) expiring 30 December 2022
 - Charged to Public Investment Bank Berhad
 - Lienholder's Caveat by Public Investment Bank Berhad

Year of Completion / Age of Building
Phase 1 - 2001; Phase 2 - 2009 / 19 years; 11 years

Appraised value (RM million)
344

Date of latest valuation*
June 2019



SUNWAY UNIVERSITY & COLLEGE CAMPUS

Location
Selangor

Date of acquisition
15 April 2019

Acquisition price (RM million)
550

Title, expiry date & years remaining

- HS(D) 118325 Lot No. PT 1904 - 1 April 2097 (78 years remaining)
- HS(D) 118326 Lot No. PT 1905 - 1 April 2097 (78 years remaining)
- HS(D) 118332 Lot No. PT 28 - 1 April 2097 (78 years remaining)

All in Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
Leasehold - 99 years

Encumbrance
-

- Year of Completion / Age of Building**
- Phase 1 (South Building, Hostel and North Building) - 1993 & 1996 / 27 years & 24 years
 - Phase 2 (New Univeristy Block) - 2015 / 5 years

Appraised value (RM million)
550

Date of latest valuation*
December 2018

* Valued by Knight Frank Malaysia Sdn Bhd

PROPERTY SUMMARY

SERVICES	SUNWAY MEDICAL CENTRE (TOWER A & B)	SUNWAY UNIVERSITY & COLLEGE CAMPUS	TOTAL
Land Area (sq.ft.)	195,838	733,237	929,075
Gross Floor Area (sq.ft.)	563,416	1,459,134	2,022,550
Gross Floor Area - Carpark (sq.ft.)	217,162	421,111	638,273
Number of Parking Bays	639	1,053	1,692
Revenue (RM million) ¹	23.4	7.2	30.7
Net Property Income (RM million)	23.4	7.2	30.7
Appraised Value as at 30 June 2019 (RM million) ²	344.0	550.0	894
Value per bed / Value per sq.ft. (RM)	932,249	293	N/A
Capitalisation Rate - Current / Reversionary (%)	6.50 - 7.25 / 6.50	6.75 - 8.75 / 6.75	N/A

¹ The revenue represents rent under a master lease agreement

² The properties are valued by Knight Frank Malaysia Sdn Bhd

N/A - Not Applicable



VITAL ATTRIBUTES



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SUNWAY MEDICAL CENTRE (TOWER A & B)



Improving the Lives We Touch

Sunway Medical Centre is an Australian Council on Healthcare Standards (ACHS) and Malaysian Society for Quality in Health (MSQH) accredited private hospital. As one of the leading private tertiary medical care centres in the country, Sunway Medical Centre is poised to set new standards of service for its growing clientele with a total of 369 licensed beds, 130 consultation suites, 12 operating theatres, 25 centres of clinical excellence as well as 60 specialities and sub-specialities.

Sunway Medical Centre offers a comprehensive range of medical services, which include facilities and advanced medical technologies for outpatient and inpatient specialty care, health and wellness programmes, home care and 24-hour emergency services. These are coupled with a strong support system comprising more than 2,000 dedicated healthcare professionals including medical consultants, professional allied health staff as well as trained and dedicated nursing staff.

In recognition of the increasingly sophisticated needs of the nation, Sunway Medical Centre has developed niche areas of medical service, from the field of neurosciences to advanced cancer treatment, from clinical research to bio-medical technology. Some of the core speciality areas include Cancer and Radiosurgery, Cardiac and Vascular, Neuroscience, Bone and Joint, Digestive Health, Orthopaedic and Eye services.

Sunway Medical is affiliated with the Jeffrey Cheah School of Medicine & Health Sciences, Monash University Malaysia and has collaborations with University of Cambridge, Royal Papworth Hospital, Royal College of Physicians (London) and Harvard Medical School to further meet the demands of medical education, training and research.

SUNWAY MEDICAL CENTRE

Tel: (603) 7491 9191

Fax: (603) 7491 8181

Email: smc@sunway.com.my

Website: sunwaymedical.com



PROPERTY DETAILS

SUNWAY MEDICAL CENTRE (TOWER A & B)

PROPERTY DETAILS

Land area (sq.ft.)	195,838
GFA (sq.ft.)	Medical Centre 563,416 Carpark 123,440
No. of parking bays	639
Revenue (RM million) ¹	23.4
NPI (RM million)	23.4
Appraised value as at 30 June 2019 (RM million) ²	344.0
Value per bed (RM)	932,249
Capitalisation rate - Current/Revisionary (%)	6.50 - 7.25 / 6.50

¹ The revenue represents rent under a master lease agreement

² Valued by Knight Frank Malaysia Sdn Bhd

MASTER LEASE DETAILS

Master Lessee	Sunway Medical Centre Sdn Bhd
Duration	10 years from 31 December 2012 with an option to renew for another 10 years
Rental	RM19 million per annum for the 1 st year
Rental uplift	The rent is subject to yearly renewal. At each rent review date, the rent shall increase by 3.5% per annum until the remaining of the first term
Rental basis	Triple-net lease



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SUNWAY UNIVERSITY & COLLEGE CAMPUS



Sunway university & college campus is located within Sunway City and well-connected through an extensive network of roads, expressways and public transportation to nearby cities such as Kuala Lumpur and Shah Alam. Sunway university & college campus consists of academic blocks, hostel apartments, sports facilities and carpark which house mainly Sunway University and Sunway College; both are reputable established educational higher learning institutions. Sunway University and Sunway College were established in 2004 and 1987 respectively.

Sunway University has over 7,000 enrolled students. The university offers a variety of courses from diploma to post graduates programmes. Sunway University also has more than 10 affiliations with universities and professional bodies around the world.

Sunway College offers pre-university programmes such as Cambridge GCE A-Level, Australian Matriculation, Canadian International Matriculation, Monash University Foundation Year and many others foundation programmes to prepare students to university.

SUNWAY EDUCATION GROUP

5, Jalan University, Bandar Sunway,
Subang Jaya, Selangor Darul Ehsan,
Malaysia

SUNWAY COLLEGE (KL) SDN BHD

2, Jalan University, Bandar Sunway,
Subang Jaya, Selangor Darul Ehsan,
Malaysia

PROPERTY DETAILS

SUNWAY UNIVERSITY & COLLEGE CAMPUS

PROPERTY DETAILS

Land area (sq.ft.)	733,237
GFA (sq.ft.)	Building : 1,459,134 Carpark: 421,111
No. of parking bays	1,053
Revenue (RM million) ¹	7.2
NPI (RM million)	7.2
Appraised value as at 30 June 2019 (RM million) ²	550
Value sq.ft. (RM)	750
Capitalisation rate - Current/Revisionary (%)	6.75 - 8.75 / 6.75

¹ The revenue represents rent under a master lease agreement
² Valued by Knight Frank Malaysia Sdn Bhd

MASTER LEASE DETAILS

Master Lessee	Sunway Education Group Sdn. Bhd. ("SEG") and/or its relevant subsidiaries
Duration	30 years from 1 December 2018 with an option to renew for a second term of 30 years (at the expiry if the first term) and a third term of 18 years and 4 months up to 31 March 2095 (at the expiry of the second term)
Rental	RM34.2 million per annum for the 1 st year
Rental uplift	2.3% per annum for each subsequent year for the initial 30-year term
Rental basis	Triple-net lease



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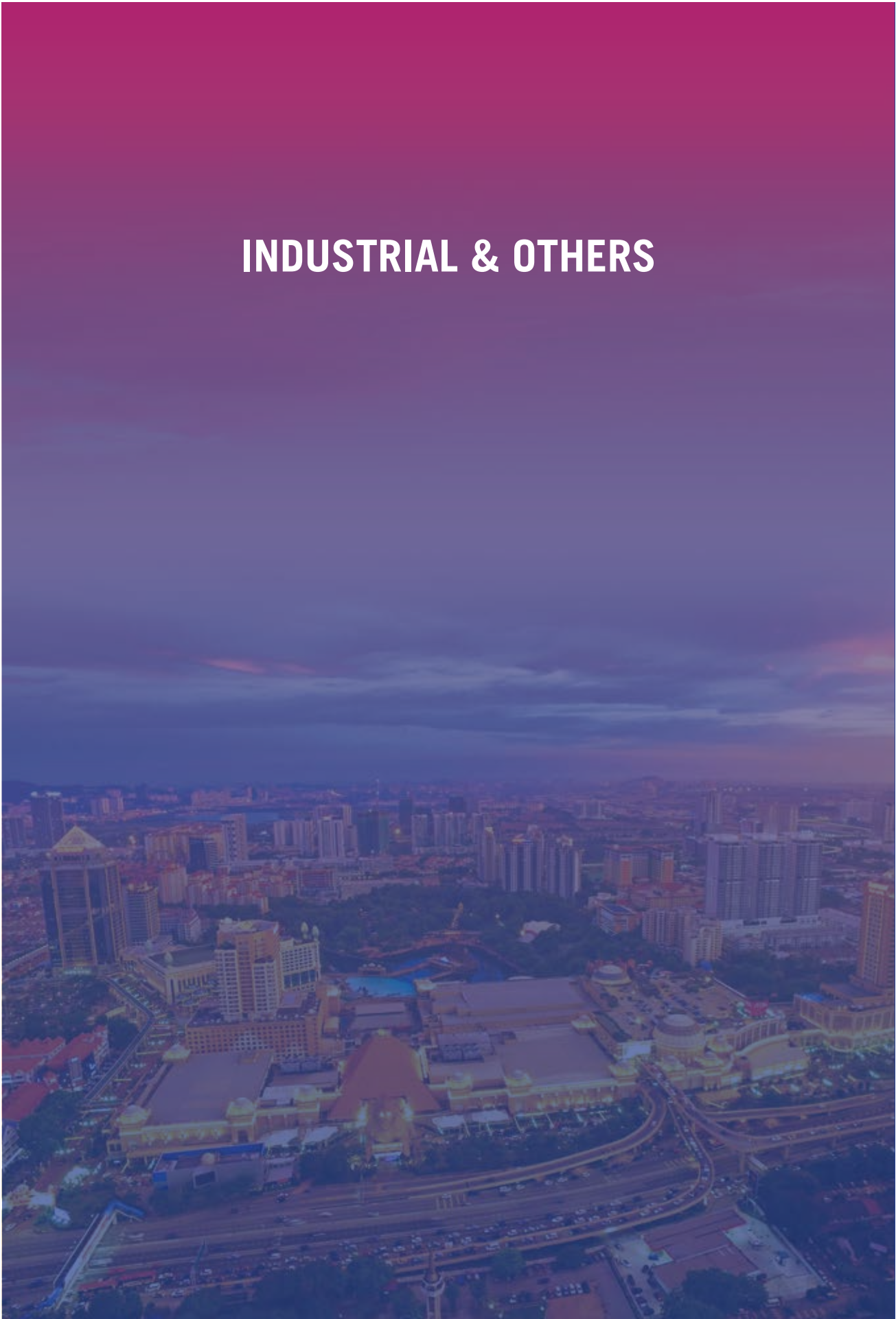


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INDUSTRIAL & OTHERS



PROPERTY SUMMARY



SUNWAY REIT INDUSTRIAL – SHAH ALAM 1

Location
Selangor

Date of acquisition
1 August 2017

Acquisition price (RM million)
91.5

Title, expiry date & years remaining
HS(D) 132499, PT65 - 30 May 2098
(79 years remaining)

Seksyen 23, Shah Alam, Daerah Petaling, Negeri Selangor

Tenure
Leasehold - 99 years

- Encumbrance**
- Leased to DCH Contract Manufacturing Sdn Bhd expiring 31 December 2034
 - Charged to Public Investment Bank Berhad

Year of Completion / Age of Building
Phase 1 - 1993; Phase 2 - 2010 / 27 years; 10 years

Appraised value (RM million)
95

Date of latest valuation*
June 2019



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* Valued by C H Williams Talhar & Wong Sdn Bhd

PROPERTY DETAILS

SUNWAY REIT INDUSTRIAL – SHAH ALAM 1



Sunway REIT Industrial – Shah Alam 1 (SRISA 1) is strategically located within the prime industrial hub in Section 23, Shah Alam Selangor. The industrial hub in Shah Alam houses many established multinationals, logistics and manufacturing companies. SRISA 1 is easily accessible by 3 major highways, namely Federal Highway, Elite Highway and Shah Alam Expressway as well as close proximity to the Kuala Lumpur International Airport and Port Klang, the largest sea gateway in the country.

SRISA 1 is leased to DCH Contract Manufacturing Sdn Bhd, part of a reputable group of companies listed in the Hong Kong Stock Exchange. The lessee offers end-to-end solutions for fast-moving consumer goods (FMCG) companies, from product development, manufacturing, packing, warehousing and distribution.

SUNWAY REIT INDUSTRIAL - SHAH ALAM 1

Lot 6, Persiaran Perusahaan,
Section 23, 40300 Shah Alam, Selangor

Tel: (603) 5541 6600

Fax: (603) 5541 6635

Website: www.dchcfmg.com



PROPERTY DETAILS

SUNWAY REIT INDUSTRIAL – SHAH ALAM 1

PROPERTY DETAILS

Land area (sq.ft.)	673,684
GFA (sq.ft.)	386,856
Revenue (RM million) ¹	5.9
NPI (RM million)	5.9
Appraised Value as at 30 June 2019 (RM million) ²	95
Value sq.ft. (RM)	246
Capitalisation rate - Current/Revisionary (%)	5.75 - 7.00 / 7.00

¹ The revenue represents rent under a master lease agreement

² Valued by C H Williams Talhar & Wong Sdn Bhd

MASTER LEASE DETAILS

Master Lessee	DCH Contract Manufacturing Sdn Bhd
Duration	Initial term – expires 31 December 2034 Renewal term – automatically extended for one further term of 5 years on the same terms and conditions unless the Lessee gives written notice to the Lessor not less than 18 months prior to the end of the Initial Term that it does not wish to extend the term or that it wishes to extend the term for the period in excess of 5 years but less than or equal to 15 years
Rental	RM5.6 million per annum
Rental uplift	The rent is subject to review every 3 years and the next review date shall be 1 January 2022. At each rent review date, the rent shall be increased to the greater of the then prevailing fair market value and CPI adjustment, subject to a cap on the increase of 10%.
Rental basis	Triple-net lease



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**CORPORATE
GOVERNANCE &
ACCOUNTABILITY**

UPHOLDING TRUST FOR GREATER TRANSPARENCY

We continue to build legacies with trust through good corporate governance. Upholding the values of integrity and transparency is our utmost responsibility to our stakeholders.

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement provides an overview of the Corporate Governance practices of Sunway REIT Management Sdn Bhd (the “**Manager**”), the Manager for Sunway Real Estate Investment Trust (“**Sunway REIT**”) for the financial year ended 30 June 2019 (“**FY2019**”).

This statement is to be read together with the Corporate Governance Report FY2019 of the Manager.



For more details, please refer to the Corporate Governance Report 2019 of the Manager on Sunway REIT’s website at <http://www.sunwayreit.com> under Investor Relations section

The Corporate Governance Report FY2019 provides an insight on the Manager’s corporate governance framework and practices in compliance with the principles and practices set out in the Malaysian Code on Corporate Governance 2017 (“**MCCG 2017**”) and the Main Market Listing Requirement (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for FY2019. As Sunway REIT is listed REIT, not all principles of the MCCG 2017 may be applicable to Sunway REIT and the Manager. Any deviations from the MCCG 2017 are explained in the Corporate Governance Report FY2019 in the aforesaid website.

SUNWAY REIT

Sunway REIT is constituted as a Trust on 20 May 2010, with RHB Trustees Berhad (“**Trustee**”) appointed as Trustee. Sunway REIT itself has no employees, as such it is externally managed by the Manager who appoints professionally qualified and experienced personnel to manage its day-to-day operations.

MANAGER

The Manager was appointed in accordance with the terms of the deed dated 20 May 2010, the supplemental deed dated 10 June 2010, and the supplemental amended and restated deed dated 18 September 2018 (as amended, varied or supplemented from time to time) (“**Deed**”). The Deed specified certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon recurrence of certain events or by the resolution passed by a simple majority of unitholders, present and voting at a meeting of unitholders which is duly convened.

The Manager is an 80%-owned joint venture company of Sunway Berhad, a public listed company on the Main Market of Bursa Securities. As at the date of this Annual Report, Sunway Berhad holds 40.88% of the total units of Sunway REIT. It is a conglomerate with core businesses in real estate developments and investment, among other businesses. Being a major unitholder of Sunway REIT, Sunway Berhad has a vested interest in the long-term sustainable growth of Sunway REIT both in terms of growth in total asset value as well as distribution per unit (DPU) to unitholders. As such, the interest of the Manager is aligned with the unitholders. The Manager has an added advantage of being affiliated to Sunway Berhad. Sunway Berhad, being a property developer is able to provide quality pipeline assets to Sunway REIT. In addition, the Manager is able to tap into its parent company’s robust treasury function and capital management strategy. The Manager also has access to a pool of management talent within the Group.

The Manager has general powers of management over Sunway REIT and its properties. It ensures that the business of Sunway REIT is carried out and conducted in a proper and efficient manner. All Directors and employees of the Manager are remunerated by the Manager and not by Sunway REIT.

The Manager holds a valid Capital Markets Services License (CMSL) issued by the Securities Commission Malaysia (“**SC**”) to carry out REIT management activities. It now has 3 Capital Markets Services Representative’s Licence (CMRSL) holders, namely, Dato’ Jeffrey Ng Tiong Lip, Sarena Cheah Yean Tih, s.m.s. and Irene Sin May Lin.

The role, functions and responsibilities of the Manager include the following:

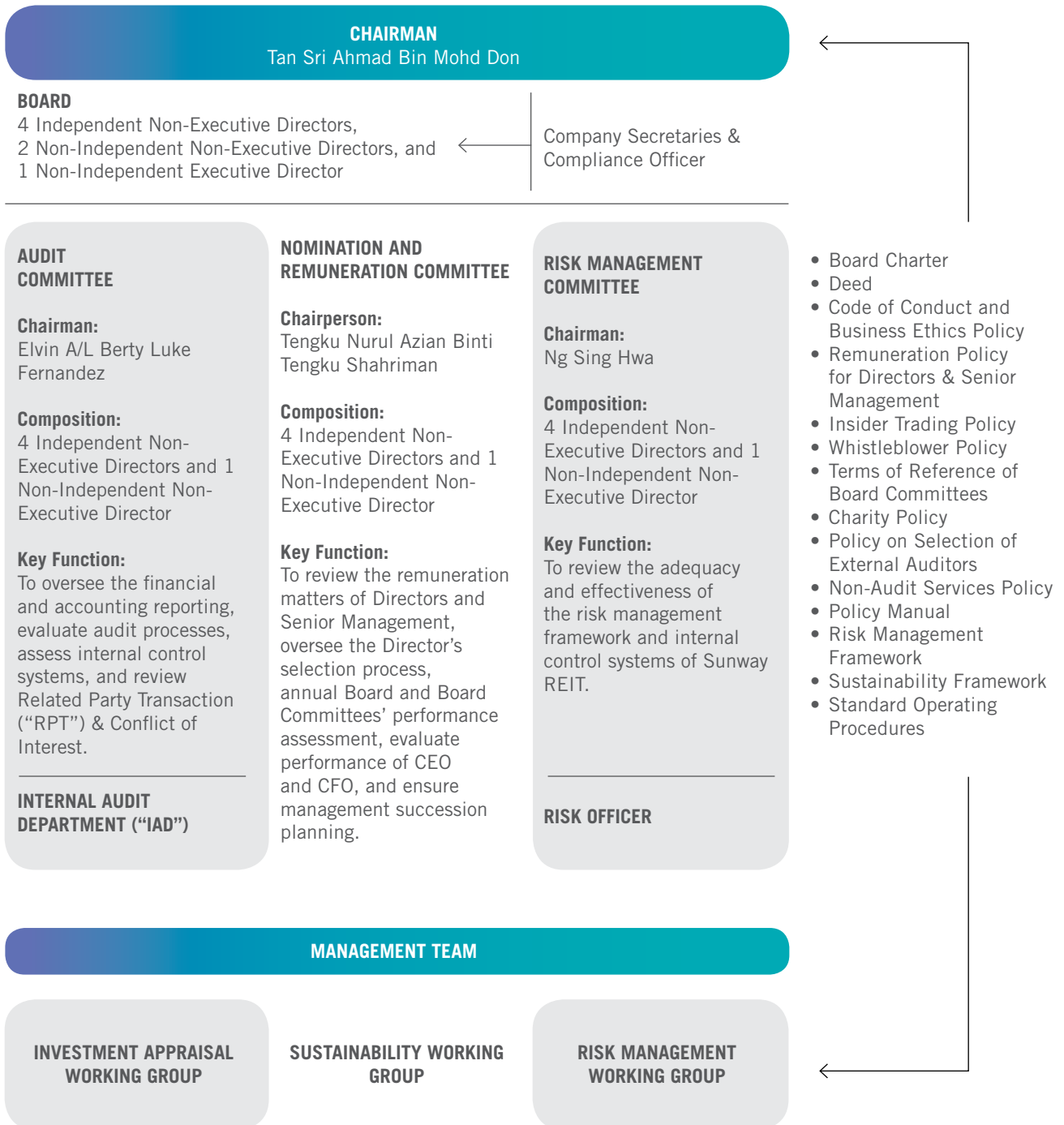
- (i) setting the strategic direction and core values of Sunway REIT and its subsidiaries and making recommendations to the Trustee on any investment or divestment opportunities and enhancement of the existing assets in accordance with the strategic and business plan for Sunway REIT;
- (ii) undertaking market research and evaluation of potential assets for acquisition and existing assets enhancement opportunities;
- (iii) ultimately responsible and accountable for managing the assets and liabilities of Sunway REIT with the objective of generating rental income and enhancing asset value over time so as to maximise long-term sustainable returns from investments to the unitholders in terms of sustainable distribution and capital appreciation;
- (iv) responsible for supervising and monitoring Zerín Properties Urus Harta, the property manager which undertakes the day-to-day property management functions of Sunway REIT properties. The Manager monitors the property manager’s performances against approved key performance indicators (“**KPIs**”) in achieving the overall strategic objectives and targets of Sunway REIT as well as to ensure it operates with integrity and in compliance with all the applicable laws, rules and regulations;
- (v) unreservedly committed to applying the principles and best practices of good governance to the fullest extent where practicable; and
- (vi) committed to the United Nations 17 Sustainable Development Goals (“**SDG**”) and continues to align its operational strategies to meet the needs of its communities in line with the SDG agenda. The Manager’s commitment to strong Economic, Environmental and Social practices is embedded throughout the management and operation so that it delivers enduring growth for thriving communities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE CULTURE

The Manager ensures high standards of corporate governance encompassing management accountability, transparency of disclosure and long-term sustainability of Sunway REIT. It is committed to preserving and enhancing Sunway REIT's rental income and long-term total asset value to maximise total returns from investments, and ultimately the distributions and total return to unitholders.

To objectively and effectively discharge its governance role and responsibilities, the Board of Directors (“**Board**”) is responsible for the Manager’s adherence to corporate governance standards and policies. The Board operates within the following governance framework:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

The Manager is governed by the Board, with majority board members being Independent Non-Executive Directors.

I. BOARD RESPONSIBILITIES

(a) Board

The Board has established Sunway REIT's vision to be the leading diversified REIT in Malaysia with steadfast commitment to enhancing values to stakeholders:

- (a) by providing sustainable growth in rental income and total asset value to unitholders;
- (b) by ensuring responsible environmental stewardship; and
- (c) by promoting community engagement.

The Board bears ultimate responsibility for Sunway REIT's performances and core values. It is committed to implement sound corporate governance practices throughout the Manager at all times and views this as a fundamental part of discharging its roles and responsibilities.

The Board assumes, amongst others, the following principal roles and responsibilities in discharging its stewardship role, and fiduciary and leadership functions:

- (a) setting the vision, mission, objectives, goals and long-term strategic plans for Sunway REIT;
- (b) supervising the management in managing the assets and liabilities of Sunway REIT for the benefit of unitholders;
- (c) monitoring and evaluating the quarterly performance of Sunway REIT's assets against budgets as well as the progress of implementation of the strategic initiatives of Sunway REIT;
- (d) establishing proper and effective internal controls to identify and assess business risks as well as ensuring the implementation of appropriate internal controls and mitigation measures to manage these risks;
- (e) reviewing the adequacy and integrity of the management information systems of Sunway REIT;
- (f) compliance with the terms of the Trust Deed and all applicable guidelines and rules prescribed by the SC and Bursa Malaysia or other relevant authorities, and applicable laws.

- (g) monitoring and keeping up to date with the changes to regulations, policies, guidelines and accounting policies;
- (h) overseeing Management's performance and establishing sound succession plan for key positions within the Manager, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management;
- (i) overseeing the development and implementation of the investor relations and unitholder communications policy for Sunway REIT; and
- (j) ensuring sustainable business growth in order to create sustainable long-term value creation for Sunway REIT.

The Board has authority to approve the following matters:

- (a) approving the Management's recommendations on key issues such as material acquisitions, investment and divestments;
- (b) selecting optimal funding options;
- (c) approving asset enhancement initiatives, property development activities and significant capital expenditures;
- (d) issuing of new units in Sunway REIT;
- (e) income distributions and other returns to unitholders; and
- (f) matters relating to conflict of interest of a controlling unitholder or a Director or Management.

The Board places emphasis on sustainability issues, including environmental and social factors, as part of its responsibilities.



For more information, please refer to Sustainability Statement section

In order to enhance the Board and the Management's accountability to Sunway REIT and its unitholders, the Board has established clear functions reserved for the Board, and those delegated to the Board Committees, the CEO and the Management. The Board operates under a Board Charter, which establishes a formal schedule of matters and outlines the types of information required for the Board's attention and deliberation at the Board meetings.



The Board Charter is available on Sunway REIT's website at <http://www.sunwayreit.com>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In discharging its duties and responsibilities, the Board is also guided by the Code of Conduct and Business Ethics Policy (“Code”) of the Manager which provides an ethical framework to guide and reinforce ethical, prudent and professional behaviours of all Directors and employees of the Manager to ensure compliance with applicable laws and ethical values in discharging their duties and responsibilities. The Board and all employees of the Manager are committed to adhering to best practices in corporate governance and observing the highest standards of integrity and behaviour in all activities conducted by the Manager, including the interaction with its customers, suppliers, employees and business partners, and within the community and environment in which the Manager and Sunway REIT operate.

The Manager has put in place a Whistleblowing Policy and Procedures to provide its employees and all parties who have dealings with Sunway REIT with a well-defined, accessible and trusted channel to report concerns about suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corruption, dishonest practices or other improprieties in the workplace, and for the independent investigation of any reported incidents and appropriate follow up action. The objective of the Whistle blowing Policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the fullest extent possible, be protected from reprisal.

Any employee or member of the public who has knowledge or is aware of any improper conduct within Sunway REIT is encouraged to disclose through the following reporting channels:

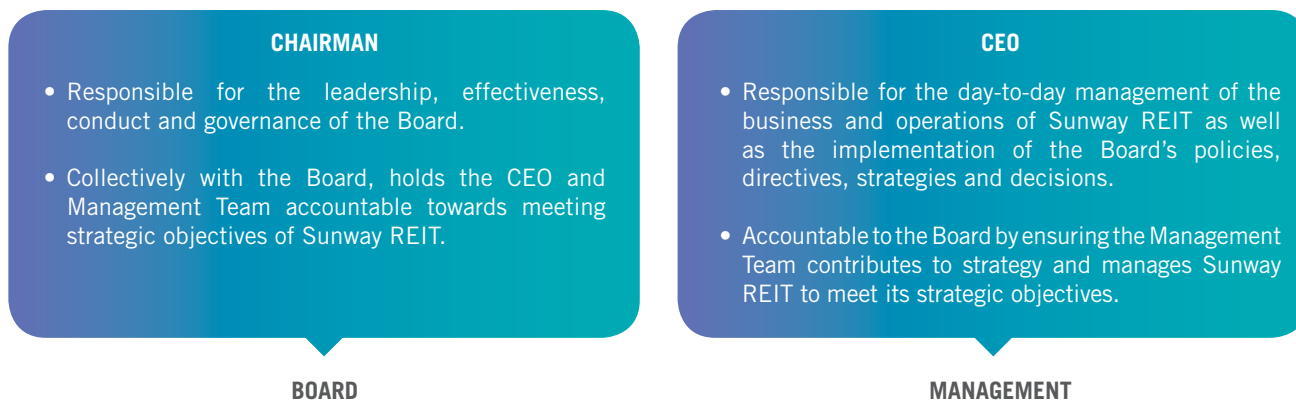
Whistleblowing hotline
 Tel: +603 5639 8311
 E-mail: whistleblowing_S-REIT@sunway.com.my
 Fax: +603 5639 9605



Both the Code and Whistleblowing Policy and Procedures are available on Sunway REIT’s website at <http://www.sunwayreit.com>

(b) Chairman and CEO

The positions of Chairman and CEO of the Manager are held by 2 different individuals. This is to ensure that an appropriate balance of power and authority, with clear division of responsibilities and accountability, can be attained. The Chairman and CEO are not related to each other, nor is there any other business relationship between them.



Tan Sri Ahmad Bin Mohd Don is the Independent Non-Executive Chairman of the Board of the Manager, who is the primary person setting a clear tone at the top and managing the Board’s effectiveness by focusing on strategy, governance and compliance matters of Sunway REIT. This includes setting the agenda of the Board meetings, ensuring that there is sufficient information and time to address all agenda items, and promoting open and constructive engagement among the Directors as well as between the Board and the CEO on strategic issues. He also plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO and Management on strategies. He maintains open lines of communication, engages with other members of Management regularly and acts as a sounding board on strategic and operational matters.

Dato’ Jeffrey Ng Tiong Lip is the Executive Director and CEO of the Manager, with the support of the Management Team, responsible for the execution of the strategy and spearheads the business and day-to-day management of the business and operations of Sunway REIT.



VITAL ATTRIBUTES



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The separation of the roles of the Chairman and the CEO and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, facilitate robust deliberations on the business activities of Sunway REIT and the exchange of ideas and views to help shape Sunway REIT's strategic process, and ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

This crucial partnership dictates the long-term success of Sunway REIT. Based on the annual Board Effectiveness Evaluation survey, the performances of the Chairman and the CEO were rated excellent.

The division of the role and responsibilities of the Chairman and the CEO has been clearly defined in the Board Charter of the Manager.



For more details of the Board Charter, please refer to Sunway REIT's website at <http://www.sunwayreit.com> under the Investor Relations section

(c) Board Committees

The Board has established the following committees in discharging its duties and responsibilities:

- (i) Audit Committee (“**AC**”);
- (ii) Nomination and Remuneration Committee (“**NRC**”); and
- (iii) Risk Management Committee (“**RMC**”).

Each of the Committee operates within clearly defined written terms of reference (“**TOR**”) as approved by the Board.



The approved TORs of the Board Committees are available for reference at Sunway REIT's website at <http://www.sunwayreit.com> under Investor Relations section

The TORs are continuously reviewed and updated to ensure their relevance to Sunway REIT's operations as well as for compliance with legislation and standards.

The Board Committees deliberate issues on a broad and in-depth basis before putting up any recommendation to the Board for decision. Notwithstanding the existence of the Board Committees and the relevant authorities granted to a Committee under its TOR, ultimate responsibility for the affairs of Sunway REIT and decision-making lies with the Board. The Board keeps itself abreast of the significant matters and resolutions deliberated by each Board Committee through the reports by the Chairman of the relevant Board Committees and the tabling of the Minutes of the Board Committee meetings at the subsequent Board meeting.

AC

The details are disclosed under Principle B: Effective Audit and Risk Management.

NRC

The NRC comprises 5 members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors.



The duties and responsibilities of the NRC are set out in the TOR of the NRC which is available at Sunway REIT's website at <http://www.sunwayreit.com>

The NRC, with the assistance of Group Human Resource, evaluates the performances of the CEO and CFO twice a year using a balance scorecard methodology. Based on the performance appraisals, the NRC determines the performance bonus for the CEO and CFO. The NRC also reviews the remuneration packages of the CEO and CFO to ensure that it commensurate with their scope of responsibilities and performance achieved. It also deliberates and recommends the renewal of the terms of employment contract for CEO, with the aim of ensuring that the Manager retains the high calibre CEO needed to run Sunway REIT successfully.

The NRC is also responsible for overseeing the Director's selection process, annual Board and Board Committees' performance assessment, and any other nomination matters in relation to the Board.

During the financial year under review, 5 NRC meetings were held to deliberate on the following matters before recommending the same to the Board for approval:

- (i) on 9 August 2018, the NRC:
 - (a) assessed the annual performance of each individual Director;
 - (b) assessed the continued independence of each Independent Director;
 - (c) reviewed the skills, experience and competencies of each individual Director and based thereupon, assessed the training needs of each individual Director;
 - (d) assessed the effectiveness of the Board, the AC and other Committees of the Board;
 - (e) reviewed and endorsed the NRC report, as contained in the Corporate Governance Overview Statement, for inclusion in the 2018 Annual Report of Sunway REIT;

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- (ii) on 1 November 2018, the NRC:
 - (a) reviewed mid-year performance of the CEO and CFO based on the 9-months performance indicators up to 30 September 2018 against the approved KPIs as well as the proposed interim bonuses for the CEO and CFO;
 - (b) reviewed the proposed renewal of the employment contract for the CEO;
- (iii) on 29 November 2018, the NRC interviewed a potential candidate to be appointed to the Board. The NRC reviewed the suitability of the candidate put forward for appointment, having regard to her character, experience, integrity, competence, skills, knowledge and time to effectively discharge her role as a director of Sunway REIT;
- (iv) on 14 February 2019, the NRC:
 - (a) evaluated the CEO and CFO's performance scorecard for year 2018, and thereupon proposed the final bonuses and salary increments for the CEO and CFO;
 - (b) reviewed the proposed KPIs and proposed performance scorecard for the CEO and CFO for year 2019;
 - (c) reviewed the succession plan for key positions within the Manager;
- (v) on 2 May 2019, the NRC:
 - (a) reviewed the succession plan and development programme for Senior Management;
 - (b) endorsed the retirement and re-election of the Directors pursuant to the Articles of Association of the Manager;
 - (c) reviewed the Board skills matrix report which detailed out the skills sets and competencies of each Director;
 - (d) reviewed the Board and Board Committee's evaluation methodology for FY2019 and the performance evaluation forms and questionnaires for FY2019; and
 - (e) reviewed the proposed amendments to the TOR.

The Board was satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions.

RMC

During the year under review, the RMC comprised 5 members, all of whom are Non-Executive Directors; 4 being Independent Non-Executive Directors.

Sunway REIT's overall risk management process is overseen by the Board through the RMC. The RMC, with the assistance of the Risk Management Working Group and Risk Officer:

- (i) evaluates and determines the nature and extent of the risks the Board is ready to endorse in pursuit of Sunway REIT's strategic objectives;
- (ii) ensures an appropriate and effective risk management framework is established and maintained;
- (iii) monitors the design and implementation of the risk management framework; and
- (iv) oversees management of risk identification, reporting and mitigation efforts. The risk management review is reported to the RMC on a half-yearly basis for review and discussion.

The RMC, at its meetings held on 9 August 2018 and 14 February 2019, reviewed the risk management reports which consist of identified principal risks at Sunway REIT and operational levels, the corresponding rating for each risk as well as the control and mitigating action plans taken. Subsequently, the RMC advised the Board on areas of high risk, mitigating action plans undertaken as well as the adequacy of compliance and control procedures throughout Sunway REIT.



For more details of the Risk Management Framework and Internal Controls system of Sunway REIT, please refer to the Statement on Risk Management and Internal Control section

- (d) Company Secretaries and Compliance Officer

The Board is supported by 2 Company Secretaries. The Company Secretaries attend to corporate secretarial matters and advise on corporate governance matters of Sunway REIT. They attend the Board and Board Committee meetings and assist the Chairman in ensuring the Board procedures are followed.

All Directors have full and unrestricted access to the advice and services of the professionally qualified Company Secretaries at all times to enable them to discharge their duties effectively. The Company Secretaries provide dedicated support to the Board, in particular the Non-Executive Directors, and are point of reference and support for all Directors.

The Directors are also assisted by a Compliance Officer, who reports directly to the Board. The designated Compliance Officer is to ensure compliance with the Deed, the Listing Requirements and all applicable SC guidelines and securities laws relating to Sunway REIT.



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Role of Company Secretaries

- Provide advice and services to the Board to enable it to discharge its duties effectively;
- Attend all Board meetings and, together with the Directors, are responsible for the proper conduct of the meetings according to applicable rules and regulations;
- Regularly update the Board on new statutes, regulations and directives issued by regulatory authorities;
- Ensure that deliberations at Board and Board Committee meetings are properly documented, and subsequently communicated to the relevant management for their further actions; and
- Ensure that members of the Board work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues.

Role of Compliance Officer

- Monitors and ensures compliance with the Deed, the Listing Requirements and all applicable SC guidelines and securities laws relating to Sunway REIT.

The role and responsibilities of the Company Secretaries and Compliance Officer have been clearly defined in the Board Charter of the Manager.



For more details of the Board Charter, please refer to Sunway REIT's website under the Investor Relations section at <http://www.sunwayreit.com>

(e) Access to Information and Advice

The Board strives to encourage a paperless environment for all Board and Board Committees meetings, where digital access is given to meeting papers to save on the distribution of hard copies.

In line with Sunway REIT's green initiatives, the Manager does not provide printed copies of Board papers. Instead, Directors are provided with tablet devices to enable them to digitally access and read Board and Board Committee papers uploaded onto a secure platform prior to and during meetings. This initiative also enhances information security and enables the Directors to download and have access to the electronic meeting papers conveniently and immediately wherever they may be, thus improving Board performance and overall effectiveness of decision making.

In order to fulfil their responsibilities, Directors are provided with complete, adequate and timely information prior to Board and Board Committee meetings, and on an on-going basis to enable them to make informed decisions to discharge their duties and responsibilities effectively and efficiently. Notices and agenda of meetings duly endorsed by the Chairman together with a set of comprehensive meeting papers for each agenda item are distributed to the Directors at least 1 week or 5 business days prior to the meeting, to enable the Board sufficient time to review the matters to be deliberated and to allow for effective discussion and decision making during the meeting.

Every Director has full, free and unrestricted access to information of the Manager and Sunway REIT. Where required, the Board and its Committees are provided with independent professional advice to effectively discharge their duties, the expense of which is borne by the Manager. The Board may also seek advice from the Management or request further explanation, information or update on any aspect of Sunway REIT's operations or business concerns.

At the Board meeting, the Chairman encourages constructive, open and healthy debate and ensures that resolutions are circulated and deliberated so that all Board decisions reflect the collective view of the Board. Directors are given the chance to freely express their views or share information with their peers during deliberations at the Board. Any Director who has a direct and/or indirect interest in the subject matter to be deliberated will abstain from deliberation and voting on the same during the meeting. All deliberations at the meetings of the Board and its Committees in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

The Board has also appointed Mr Elvin A/L Berty Luke Fernandez as its Senior Independent Director. The main duties and responsibilities of the Senior Independent Director are to serve as the point of contact between the Independent Directors and the Chairman on sensitive issues and to act as a designated contact to whom unitholders' concerns or queries may be raised, as an alternative to the formal channel of communication with unitholders.

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II. BOARD COMPOSITION

The Board reviews from time to time the size and composition of the Board, with a view to ensuring that the size of the Board is appropriate in facilitating effective decision making and that the Board has a strong independent element and diversity of thought and background in its composition. This is to ensure that the Board is able to exercise objective judgement on corporate affairs of Sunway REIT independently.

During the financial year under review, the Board consisted of 7 members, comprising 1 Executive Director and 6 Non-Executive Directors (including the Chairman) of whom 4 are independent as defined by the Listing Requirements. The Board has a strong independent element in view that the Independent Directors made up 57% of the composition of the Board.



For more details, please refer to the Board of Directors' Profiles section

Under the leadership of an Independent Non-Executive Chairman, the Board has at all times acted in the best interest of Sunway REIT by striving to achieve the optimum results for stakeholders of Sunway REIT.

The composition of the Board reflects a diversity of age, academic qualifications, skills, experiences and gender in the areas of asset management, economics, finance, legal, general management and strategy. These mix of quality attributes of Directors contributes effectively in leading and directing the management and affairs of Sunway REIT.

The Board, through the NRC, assesses the independence of each Independent Directors annually based on a set of criteria as specified in the Listing Requirements. Further, all the Independent Directors are required to give their confirmation on their independence pursuant to the Listing Requirements vide the annual Independent Directors' Self-Assessment Checklist.

The Board is of the opinion that as long as the Independent Directors confirmed that they remained independent not only pursuant to the criteria of independence as defined in the Listing Requirements but also remained critical and independent in conduct, character, judgement in discharge of their responsibilities as well as critical and independent in thinking, such Independent Directors would be allowed to serve beyond 9 years. Their relevant experiences, familiarity with the real estate industry, and knowledge acquired in managing Sunway REIT's portfolio of assets would be valuable in ensuring its continued performance.

During the financial year under review, there was one Independent Non-Executive Director who had reached 9 years of tenure. The NRC had carefully re-assessed the effectiveness of the said Independent Director based on the annual Independent Directors Assessment Checklist and other criteria, such as his ability to remain critical and independent in thinking.

The Board affirmed that all the Independent Directors continued to act objectively and independently based on the following justifications:

- (i) they have fulfilled the criteria set out in the definition of "Independent Director" set out in the Listing Requirements;
- (ii) they have provided confirmation in writing that he/she is independent of the Management, the Board and major unitholders and is free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of Sunway REIT;
- (iii) their vast experiences and expertise had enabled the Board to discharge its duties effectively and in a competent manner;
- (iv) they have at all times acted in the best interest of Sunway REIT, providing independent views to the deliberations and decision making of the Board and Board Committees. They had fully understood and provided critical oversight over Sunway REIT's objective and strategies as well as the business operations of Sunway REIT; and
- (v) they have proven to be reliable Independent Directors with their integrity, professionalism, aptitude and business outlook and perspectives. They had devoted sufficient time and attention to their professional obligations to achieve informed and balanced decision making and have also exercised due care and diligence during their tenure in the best interest of Sunway REIT and the unitholders.

The Board believes that a board made up of highly-qualified directors from diverse backgrounds, reflective of the changing demographics of the economy, practices good governance. It is committed to encouraging diversity and inclusion in the workplace. It aims to create a culture that respects and values each other's differences, promotes equality and diversity, and encourages individuals to thrive in order to realise their full potential. Diversity and inclusion are closely tied to the Manager's core values of integrity, humility and excellence which are embedded into every facet of Sunway REIT's businesses and goals. Presently, women Directors made up 43% of the composition of the Board.



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The composition of the Board and its Committees and the attendance of the Directors at the meetings of the Board and its Committees are set out below:

	MEMBERSHIP / MEETING ATTENDANCE FY2019 (ATTENDED/HELD)			
	BOARD	AC	NRC	RMC
CHAIRMAN/INDEPENDENT NON-EXECUTIVE DIRECTOR				
Tan Sri Ahmad Bin Mohd Don	C (10/10)	M (5/5)	M (5/5)	M (2/2)
INDEPENDENT NON-EXECUTIVE DIRECTORS				
Elvin A/L Bertly Luke Fernandez	M (10/10)	C (5/5)	M (5/5)	M (2/2)
Tengku Nurul Azian Binti Tengku Shahrman	M (9/10)	M (4/5)	C (5/5)	M (2/2)
Yeo Kar Peng ⁽¹⁾⁽²⁾	M (4/4)	M (2/2)	M (2/2)	M (0/0)
NON-INDEPENDENT NON-EXECUTIVE DIRECTORS				
Sarena Cheah Yean Tih, <i>s.m.s.</i>	M (8/10)	-	M (3/5)	-
Ng Sing Hwa	M (10/10)	M (5/5)	-	C (2/2)
CEO/NON-INDEPENDENT EXECUTIVE DIRECTOR				
Dato' Jeffrey Ng Tiong Lip	M (10/10)	-	-	-

Notes:

C - Chairman/Chairperson

M - Member

(1) Appointed as an Independent Non-Executive Director, and a member of the AC and NRC on 2 January 2019.

(2) Appointed as a member of the RMC on 28 June 2019.

Whilst board performance is ultimately reflected in the long-term performance of Sunway REIT, the Board believes that engaging in a regular process of self-assessment and evaluation of board performance in order to identify key strengths and areas for improvement is essential to effective stewardship and to attaining success for Sunway REIT.

The Board, through the NRC undertakes an annual assessment of the Board as a whole and each individual Directors' performance by way of self and peer evaluation. This includes a review of the desirable mix of competencies, qualification, knowledge, skills, expertise and personal characteristics of Directors and any gaps that exist in the optimum mix of skills required for the Board.

The evaluation process was assessed internally and facilitated by the Company Secretaries. As part of the process, questionnaires were sent to the Directors, and the results were aggregated and reported to the NRC. All assessments carried out by the NRC were properly documented, summarised and reported to the Board. The results of the survey and recommendations of the NRC were considered by the Board and follow up action is taken where necessary with a view to enhancing the effectiveness of the Board in the discharge of its duties and responsibilities.

The Board was satisfied with the current evaluation methodology as each director was able to provide candid, frank opinion and recommendation to improve the overall governance process of Sunway REIT. As such, the Board has decided to continue with the existing practice of Board assessment and will only consider engaging independent experts for the annual evaluation on periodical basis in future, if it is necessary.

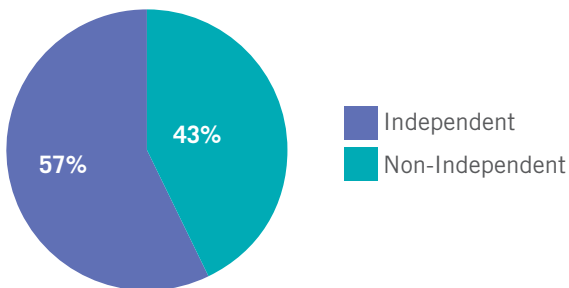
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Generally, the Directors were satisfied with the effectiveness of the Board as a whole. The Director's peer review indicated that all the Directors were of the view that each of them had performed their respective roles and functions effectively and responsibly. Each member was satisfied with each other's contribution in sharing their insights and were involved in active participation in Board and Board Committees' discussions. All the Board Committees were assessed to be effective in discharging their roles and responsibilities as per the approved TOR.

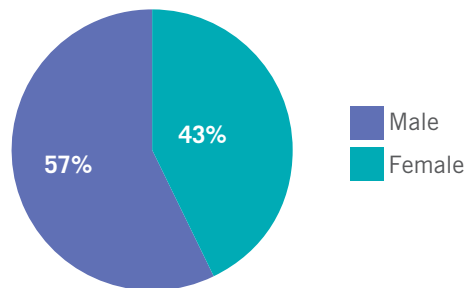
During the financial year, the Board, through the NRC, has taken various steps to source for additional suitable and high calibre independent candidate(s) to the Board. The search for potential independent candidate(s) with relevant experience and skill sets was successfully concluded with the nomination and subsequent appointment of Ms Yeo Kar Peng as additional Independent Non-Executive Director on 2 January 2019.

The current diversity in the skills, experiences, age and gender of the existing Board is as follows:

DIRECTOR



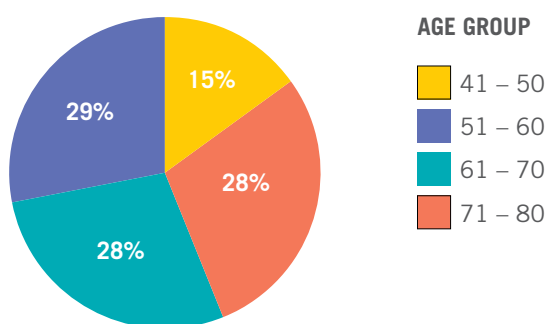
GENDER



NO	EXPERIENCE AND SKILLS	NO. OF BOARD OF DIRECTORS
1.	Strategy and entrepreneurship	5
2.	Legal / Regulatory	5
3.	Corporate governance, risk management and internal control	7
4.	Audit, accounting, financial reporting and taxation	5
5.	Human capital	5
6.	Sales and marketing	4
7.	Information technology	3
8.	Production and quality assurance	5
9.	Real Estate Evaluation	3
10.	Property/Facility Management	4
11.	Property Development	4



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In view of the responsibilities of a director, the Board is cognisant of the need for Directors to be able to devote sufficient time and attention to adequately perform their roles and diligently discharge their duties. Directors are required to notify the Chairman of the Board before accepting any new directorship in public listed companies. The notification shall include an indication of time that will be spent on the new appointment. None of the Board members hold more than 5 directorships in public listed companies which complies with Paragraph 15.06 of the Listing Requirements. Their directorships in public companies are set out in the Board of Directors' profile in the 2019 Annual Report of Sunway REIT.

In view of the increasingly demanding, complex and multi-dimensional role of a director, the Board recognises the importance of continual training and development for its Directors so as to equip them to discharge the responsibilities of their office as Directors to the best of their abilities. During the FY2019, all members of the Board attended various training programmes, conferences, seminars and courses organised by the relevant regulatory authorities and professional bodies which were relevant to Sunway REIT's operations. The Company Secretary maintains a training record to track the Directors' attendance at training and professional development courses.



Please refer to the Board of Directors section of the Manager on Sunway REIT's website at <http://www.sunwayreit.com> for the detailed of the continuing education programme that the Directors have attended for FY2019.

III. REMUNERATION

The remuneration of Directors and Senior Management are paid by the Manager and not by Sunway REIT.

The Board recognises that in order to attract, retain and motivate Directors and Senior Management of good calibre to drive and pursue the long-term growth objective of Sunway REIT, it is important to have a fair and competitive remuneration package that commensurate with their experiences, skills, responsibilities, performances, contributions as well as the remuneration practices and trends by other similar players in the market. In view of this, framework and guidelines provided by external independent consultant and market data on the remuneration practices of comparable peers are taken into consideration in determining the remuneration package.

The Manager has in place a policy to determine the remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the Manager as well as skills set and experience required. The Board is assisted by the NRC in reviewing suitable remuneration for the Non-Executive Directors, Executive Director and Senior Management whereupon recommendations are submitted to the Board for approval.



The Remuneration Policy for Directors and Senior Management is available on Sunway REIT's website at <http://www.sunwayreit.com>

For Independent Non-Executive Directors, the level of remuneration reflects their experience, level of responsibilities and industry's benchmark as well as complexity of the Manager's businesses. The remuneration of Independent Non-Executive Directors consists of fixed annual board fees, committee fees, and meeting attendance allowances for each Board or Board Committee meeting attended. The Non-Executive Directors are reimbursed for all their travelling, hotel and other expenses necessarily expended by them in carrying out their duties and responsibilities as Directors.

The remuneration structure of the Non-Executive Directors is as set out below:

	CHAIRMAN (RM'000)	MEMBER (RM'000)
Annual Director's fee:		
Board	100	80
AC	6	3
Meeting allowance per meeting:		
For each Board or Board Committee meeting	1	1

The remuneration for Executive Director and Senior Management comprises:

- (i) fixed components, e.g. fixed monthly salary and allowances;
- (ii) variable cash components, e.g. performance-based remuneration, such as bonus and employee share options; and
- (iii) benefits components, e.g. annual leave, compulsory employer contribution to Employee Provident Fund, medical and life insurance, staff purchase discounts as well as benefits-in-kind.

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PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The AC is led by Mr Elvin A/L Berty Luke Fernandez, the Senior Independent Non-Executive Director who is not the Chairman of the Board.

During the financial year under review, the AC comprised 5 members, all of whom are Non-Executive Directors, 4 being Independent Non-Executive Directors, who satisfied the test of independence under the Listing Requirements and 1 Non-Independent Non-Executive Director. The members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains. The AC does not comprise members who have any financial interest in the incumbent external auditors, BDO PLT (“**BDO**”) and were not previously partners of BDO.

During the year, the Board, through its NRC, had on 9 August 2018 reviewed the performances of the AC for FY2018 and the qualifications, skills, experiences and competencies possessed by the members of the AC through an annual AC effectiveness assessment. The Board was satisfied with the performance of the AC and its members in which, they have discharged their functions and carried out their duties and responsibilities in accordance with the TOR of the AC.

The AC has explicit authority to investigate any matter within its TOR. Management provides their fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the AC. The AC has direct access to the internal and external auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both the internal and external auditors have unrestricted access to the AC.

In FY2019, the AC met the internal and external auditors separately twice, without the presence of the Management. The AC discussed with them, the reasonableness of the financial reporting process, the system of internal controls, management co-operation in the audit process and significant comments and recommendations by both the internal and external auditors.



The detailed report of the AC is set out in the Audit Committee Report section

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board remains committed towards maintaining a sound risk management and internal control systems to safeguard unitholders’ interest. Sunway REIT maintains an adequate and effective system of risk management and internal controls addressing material financial, operational, regulatory, compliance and information technology risks to safeguard unitholders’ interests and the properties of Sunway REIT.

The Board recognises that the risk management and internal control systems established can provide only reasonable assurance that Sunway REIT will not be significantly affected by any event that can be reasonably foreseen or anticipated. There were no systems of risk management and internal controls that can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board has overall responsibility for the governance of risk and oversees the Management in the design, implementation and monitoring of the risk management and internal controls systems. The RMC assists the Board in carrying out the Board’s responsibility of overseeing the adequacy and effectiveness of the risk management framework, internal controls system and policies for Sunway REIT.

The Board has received assurances from the CEO and the CFO that the risk management framework and internal controls system of Sunway REIT are operating adequately and effectively, in all material aspects. To supplement the risk management framework and internal controls, the Manager also has an effective compliance review process comprising the Compliance Officer, the Company Secretaries, the IAD and Group Legal Department. These gatekeepers of compliance work closely together to monitor and troubleshoot any compliance related issues within their own scope and roles.

Regular assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are also carried out through internal audit exercises. The risk-based internal audit plan that includes internal audit coverage and scope of work were presented to the AC for its consideration and approval annually. Internal audit reports encompassing the audit findings together with recommendations thereon are presented to the AC on a quarterly basis. The internal auditors and Management are tasked to ensure management action plans are carried out effectively and regular follow-up audits are performed to monitor the continued compliance.



Details of the Risk Management Framework and internal controls system of Sunway REIT are as set out in the Statement on Risk Management and Internal Control section



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PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of maintaining transparency and accountability to the unitholders of Sunway REIT, and promoting regular, effective and fair communication with unitholders and stakeholders. The Board ensures that all the unitholders of Sunway REIT are treated fairly and equitably, and the rights of all investors are protected. The Board provides the unitholders and investors of Sunway REIT with comprehensive, accurate and quality information on a timely and non-selective basis, in order to keep them abreast of all material business matters affecting Sunway REIT.

Timely disclosure of material information is critical towards building and maintaining corporate credibility and investor confidence. The Board recognises the importance of accurate and timely public disclosures of corporate information in order for the unitholders to exercise their ownership rights on an informed basis.

The Board through the Management oversees Sunway REIT's corporate disclosure practices and has authorised the CEO as the primary spokesperson responsible for communicating information to all stakeholders including the public.

Sunway REIT also maintains a corporate website, <http://www.sunwayreit.com> to disseminate information and enhance its investor relations. All disclosures, material information and announcements made to Bursa Securities via Bursa LINK are published on the website shortly after the same is released by the news wire service or the relevant authorities. Supplemental, non-material information will be posted on the website as soon as practicable after it is available. There is an Investor Relations section on the website which provides the Manager's investor relations efforts as well as all relevant information about Sunway REIT, such as financial information, announcements released to Bursa Securities, general meetings materials, investor presentations, corporate governance matters, distribution information, press releases to the media and investor centre. The information is easily accessible by the public. Annual reports and circulars to unitholders are also made available at this website for review.

In addition, the Manager also announces the targeted date for release of the financial results of Sunway REIT at least 2 weeks in advance prior to each Board meeting in order to keep the unitholders of Sunway REIT or investing public aware of the timing of the release of the financial results.

The Manager recognises the need for due diligence in maintaining, updating and clearly identify the accuracy, veracity and relevance of information on the website. All timely disclosure and material information will be clearly date-identified. The Manager has ongoing responsibility for ensuring that information in Sunway REIT's website is up to date.

While the Manager endeavours to provide as much information as possible to the unitholders and stakeholders of Sunway REIT, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Manager has also in place an insider trading policy to safeguard confidentiality of the material and price-sensitive information of Sunway REIT.

The Manager has in place an Investor Relations team to facilitate effective communication with unitholders, analysts, fund managers and the media. In addition, the Manager also listed in Sunway REIT's website the email address, name and contact number of the Manager's designated person to enable the public to forward queries relating to Sunway REIT to the Manager. For any concerns or queries regarding Sunway REIT, the unitholders may convey to the Senior Independent Director of the Manager.

The Board continues to maintain constant dialogues and is committed to clear communication with unitholders and investors. The Manager regularly organises briefings and dialogues with fund managers, institutional investors and financial analysts as well as the media, not only to promote the dissemination of the financial results of Sunway REIT but also to keep them updated on the progress and development of Sunway REIT's business and prospect.

II. CONDUCT OF GENERAL MEETING

A copy each of the 2018 Annual Report of Sunway REIT and the relevant Circulars to unitholders, including the notices of meeting, are made available to unitholders before the 6th Annual General Meeting held on 26 September 2018 ("6th AGM") and the meeting of the unitholders of Sunway REIT held on 8 April 2019 ("Unitholders' Meeting 2019") respectively. The notices of the meeting were also advertised in the local national language and English daily newspapers and announced to Bursa Securities via Bursa LINK. This was to enable sufficient time for unitholders to review the matters to be deliberated before decision making during the meetings as well to keep the unitholders abreast of all information relating to Sunway REIT and/or proposals to be undertaken.

An Administrative Guide, which furnished useful information regarding the conduct of the 6th AGM and the Unitholders' Meeting 2019, together with the explanatory guide to the use of the electronic polling device were given to the unitholders.

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Unitholders are encouraged to attend the AGM and any Unitholders' meetings of Sunway REIT, which is the principal forum for dialogue between the Board and the unitholders. It provides unitholders the opportunity to engage the Board, gain insights on Sunway REIT's business activities and financial position, raise questions or concerns with regards to Sunway REIT as well as to discuss any other important matters with the Management and the Board. Unitholders who are not able to attend the meeting are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at all the general meetings.

All Directors of the Manager were present in person at the 6th AGM and Unitholders' Meeting 2019 to engage directly with unitholders. The Chair of the AC, the RMC and the NRC were present to respond to any queries and clarifications addressed to them, if any. Besides that, the Trustee, the Management Team, both internal and external auditors and the advisers were in attendance to address questions or concerns raised by unitholders, if any.

The Board supports and encourages greater unitholders participation at the 6th AGM and the Unitholders' Meeting 2019. The Chairman of the meetings invited the unitholders to raise questions relating to the resolutions tabled, before putting them to vote as well as allowing the unitholders the opportunity to communicate their views and discuss with the Board and Management matters affecting Sunway REIT.

All resolutions, set out in the notices of the 6th AGM and the Unitholders' Meeting 2019, were voted by poll, and an independent scrutineer was appointed to validate the votes cast at each of the meetings. This was in line with paragraph 8.29A of the Listing Requirements. Sunway REIT had appointed its Share Registrar, Sunway Management Sdn Bhd as Polling Administrator to conduct the polling process, and BDO Governance Advisory Sdn Bhd and BDO Consulting Sdn Bhd as Independent Scrutineer to validate the poll results of 6th AGM and Unitholders' Meeting 2019 respectively.

In order to promote greater transparency and to allow for a more efficient and accurate voting system, Sunway REIT has leveraged on technology to facilitate electronic poll voting with real-time polling results updated live for all unitholders' viewing. Sunway REIT has conducted electronic polling at its 6th AGM and Unitholders' Meeting 2019. This allows all the unitholders and proxies present at the meetings to vote on "one unit, one vote" basis. The poll results were instantaneously displayed on-screen which could be seen by everyone in the meeting room, confirmed by the Chairman and subsequently announced to Bursa Securities in a timely manner after the meetings.

The Manager will continue to explore new technology which could facilitate voting in absentia and remote unitholders' participation at Sunway REIT's future general meetings. This can only be implemented once a comprehensive system fit for this purpose has been developed.



The Minutes of the 6th AGM and the Unitholders' Meeting 2019 were also made available on Sunway REIT's website at <http://www.sunwayreit.com> for the information of all unitholders.

NEW INITIATIVES

The Board, together with the Management, reviewed the Corporate Governance Report for FY2019 prepared by the Company Secretaries and the Compliance Officer. Although the Corporate Governance Report is not required for REITs, Sunway REIT has voluntarily disclosed this report since last year and continues to keep up this practice for FY2019. The objective of the disclosure is to keep unitholders and stakeholders informed of the level of governance and compliance by the Manager and Sunway REIT with the MCCG 2017.

There were 4 new corporate governance initiatives achieved in FY2019. The major milestone achieved was the appointment of Ms Yeo Kar Peng as an additional Independent Non-Executive Director to the Board. Consequently, the Board now comprises 4 Independent Directors which forms the majority of the Board as required by Practice 4.1 of the MCCG 2017. In addition, the Board has achieved more than 30% female members in the board. These initiatives showed that the Manager and Sunway REIT remain committed in adopting the best practices of corporate governance.

Other than the above, the other 3 corporate governance achievements in FY2019 were:

- (i) timely amendments to the Deed to align it with the MCCG 2017, the Listed REIT Guidelines and the Listing Requirements;
- (ii) update to the existing Policy Manual to reflect improved practices and an efficient system of procedures, and to the standards as required by the MCCG 2017, the Listed REITs Guidelines and the Listing Requirements; and
- (iii) revision of the Board Charter and the TORs of the NRC incorporating assessment of the independence of Independent Directors who have served more than 9 years to ensure that they continued to act objectively and independently.

The Manager has commenced and is working on the following for FY2020:

- (i) to develop adequate policy and procedures to prevent corruption within the Manager as well as to establish a comprehensive anti-bribery programme in line with the corporate liability provision of the Malaysian Anti-Corruption Commission (Amendment) Act 2018; and
- (ii) to review and update its existing policies, guidelines and standard operating procedures to prevent illicit funds, money laundering and terrorists funding under the requirements of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

This Corporate Governance Overview Statement was approved by the Board on 8 August 2019.



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AUDIT COMMITTEE REPORT

The Board of Directors (“**Board**”) of Sunway REIT Management Sdn Bhd (the “**Manager**”), being the Manager for Sunway Real Estate Investment Trust (“**Sunway REIT**”) is pleased to present the Audit Committee (the “**AC**”) Report which provides insights into the manner in which the AC discharged its oversight functions for Sunway REIT during the financial year ended 30 June 2019 (“**FY2019**”).

TERMS OF REFERENCE

AC

Internal Audit
Department (“**IAD**”)

- Chairman**
- Independent Director, who is not the Chairman of the Board
- Composition**
- At least 3 members
 - Must be Non-Executive Directors, with a majority of them being Independent Directors
 - Professional accountancy qualification
 - Financially literate
 - No alternate Director

Key Functions

→ Financial
ReportingExternal
AuditInternal
Audit
FunctionInternal
Control
SystemsRelated Party
Transaction
 (“RPT”) & Conflict
of Interest
SituationsPerformance
Review

Annual Evaluation by the Board

Self and Peer Evaluation by the AC

TERMS OF REFERENCE (“**TOR**”)



The duties and responsibilities of the AC is outlined in its TOR on Sunway REIT’s website at <http://www.sunwayreit.com> under Investor Relations section.

The TOR of the AC was reviewed and amended by the AC on 2 May 2019 to ensure that it continues to remain relevant and appropriate.

COMPOSITION

The AC assists the Board to review, assess and to recommend proposals relating to financial and accounting, internal controls, RPT and policies as well as financial reporting practices of Sunway REIT.

The AC comprises the following Non-Executive Directors, a majority of whom are Independent Directors and is chaired by an Independent Director, who is not the Chairman of the Board:

- 1. Elvin A/L Berty Luke Fernandez – Chairman**
(Senior Independent Non-Executive Director)
- 2. Tan Sri Ahmad Bin Mohd Don**
(Independent Non-Executive Director)
- 3. Ng Sing Hwa**
(Non-Independent Non-Executive Director)
- 4. Tengku Nurul Azian Binti Tengku Shahrizan**
(Independent Non-Executive Director)
- 5. Yeo Kar Peng**
(Independent Non-Executive Director)
(Appointed on 2 January 2019)

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The composition of the AC complied with the Main Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the principles and practices set out in the Malaysian Code on Corporate Governance 2017 (“**MCCG 2017**”):

Listing Requirements	Commentary
Paragraphs 15.09(1)(a) and (b)	<ul style="list-style-type: none"> The AC comprised 5 members, all of whom are Non-Executive Directors; 4 being Independent Non-Executive Directors, who satisfied the test of independence under the Listing Requirements.
Paragraph 15.09(1)(c)	<ul style="list-style-type: none"> Tan Sri Ahmad Bin Mohd Don is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a Member of the Malaysian Institute of Certified Public Accountants (“MICPA”). Ng Sing Hwa is a qualified Chartered Accountant and is a member of the Malaysian Institute of Accountants and the MICPA.

Best Practices of MCCG 2017	Commentary
Practice 8.1	<ul style="list-style-type: none"> Elvin A/L Berty Luke Fernandez is not the Chairman of the Board.
Practice 8.2	<ul style="list-style-type: none"> Since the incorporation of the Manager on 14 February 2008, none of the members of the Board were former key audit partners.
Practice 8.3	<ul style="list-style-type: none"> The AC has policies and procedures to assess the suitability, objectivity and independence of the external auditor.
Practice 8.5	<ul style="list-style-type: none"> All members are financially literate and are able to understand matters under the purview of the AC including the financial reporting process. They have attended various training programmes, conferences, seminars and courses organised by the relevant regulatory authorities and professional bodies on areas relevant to Sunway REIT’s business, Directors’ roles, responsibilities, effectiveness and/or corporate governance issues.



For more details, please refer to the Corporate Governance Report 2019 of the Manager on Sunway REIT’s website at <http://www.sunwayreit.com> under Investor Relations section.

The Board, through its Nomination and Remuneration Committee (“**NRC**”), has reviewed the terms of office of the AC members and found it to be adequate. The NRC also assessed the performance of the AC as well as the members’ skills set, qualifications, experiences and competencies through an annual AC Evaluation and AC Members’ Self and Peer Evaluation facilitated by the Company Secretary. For the financial period ended, the Board was satisfied with the performance of the AC and its members in which, they have discharged their functions and carried out their duties and responsibilities in accordance with the TOR of the AC.



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MEETINGS AND ATTENDANCE

A total of 5 AC meetings were held during the financial year under review. The members of the AC and their attendance are as follows:

NAME	MEMBERSHIP	ATTENDANCE (attended/held) % OF ATTENDANCE	
Elvin A/L Bertly Luke Fernandez Senior Independent Non-Executive Director	Chairman	5/5 100%	
Tan Sri Ahmad Bin Mohd Don Independent Non-Executive Director	Member	5/5 100%	
Ng Sing Hwa Non-Independent Non-Executive Director	Member	5/5 100%	
Tengku Nurul Azian Binti Tengku Shahrman Independent Non-Executive Director	Member	4/5 80%	
Yeo Kar Peng Independent Non-Executive Director (Appointed on 2 January 2019)	Member	2/2 100%	

The following parties were invited to attend the AC meetings:

Invitees	Frequency of attendance	Purpose
Chief Executive Officer (“ CEO ”), Chief Financial Officer (“ CFO ”)	All AC meetings	To facilitate direct communication and provide clarification on the audit issues as well as Sunway REIT’s financial and business operations.
Compliance Officer	All AC meetings	To report any non-compliances of the Deed, the Listing Requirements and all applicable SC guidelines and securities. Securities laws applicable to Sunway REIT
Head of IAD	All AC meetings	To present the risk-based internal audit plan, internal audit reports and respective investigation reports.
External Auditors	2 meetings	To present to the AC the audit plan, the audit findings, the independent auditors’ report as well as key audit matters in respect of Sunway REIT.
Business Unit Management Team members having charge over the relevant auditees	As and when necessary	To brief the AC on specific issues involving their respective areas of responsibility arising from the internal audit reports or on any matters of interest.

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Minutes of each AC meeting were recorded and tabled for confirmation and adoption at the subsequent AC meetings. Thereafter, all the adopted minutes were presented to the Board for discussion and notation. The Chairman of the AC reported the AC's recommendations for the Board's consideration and implementation as well as highlighted the significant matters and resolutions deliberated by the AC to the Board at its immediate subsequent meeting.

The AC, the CEO and the Head of IAD have also been given the responsibility by the Board to monitor the implementation of the Whistleblowing Policy and Procedures, whilst duties relating to the day-to-day administration of the policy are performed by the Head of IAD. During the financial year under review, there were no cases reported through this channel.

SUMMARY OF ACTIVITIES

The AC carried out the following activities during the FY2019:

1. Financial Reporting

(a) Annual Audited Financial Statements

The AC reviewed the financial results for the fourth quarter of FY2018 and annual audited financial statements of Sunway REIT for the financial year ended 30 June 2018 ("**FY2018**") prior to submission to the Board for consideration and approval at its meeting held on 9 August 2018. At the aforesaid meeting, the Management and external auditors confirmed that the draft annual audited financial statements were prepared in accordance with the applicable Malaysian Financial Reporting Standards ("**MFRS**"), the International Financial Reporting Standards, the Guidelines on Listed Real Estate Investment Trusts ("**Listed REIT Guidelines**") issued by the Securities Commission Malaysia, the provisions of the Deed dated 20 May 2010, the Supplemental Deed dated 10 June 2010 and the Amended and Restated Deed dated 18 September 2018 entered into between the Manager and RHB Trustees Berhad ("**Trustee**") ("**Deed**") and the Listing Requirements. Subsequently, the AC recommended to the Board the approval of the annual audited financial statements on 9 August 2018.

The AC discussed the significant audit findings, the key audit matters raised by the external auditors, the adoption of new accounting standards as well as the disclosure required in the Independent Auditors' Report of Sunway REIT's audited financial statements for FY2018.

The AC also sought clarification on the Management's representations on a range of financial reporting matters to ensure the financial reporting of Sunway REIT were accurate.

(b) Quarterly Financial Results

The AC reviewed with Management the quarterly management accounts against the approved budget where explanations, clarifications and corrective actions taken to address significant variances were reported by the Management.

At each of the quarterly meeting held on 9 August 2018, 1 November 2018, 14 February 2019 and 2 May 2019, the AC deliberated and confirmed with the CFO that:

- (i) the appropriate accounting policies and methods of computation adopted by Sunway REIT were consistent with those adopted in the previous audited financial statements. The new amendments to the MFRS that have impact on Sunway REIT were also adopted and applied consistently;
- (ii) there were no significant and unusual issues other than those reported in the unaudited financial results;
- (iii) Sunway REIT continues to operate as a going concern; and
- (iv) the relevant accounting standards, regulatory and legal requirements had been complied with for the preparation of the unaudited financial results.

At each quarterly meeting, the AC reviewed with the Management the financial report, in particular announcement to Bursa Securities on the unaudited quarterly results, RPTs and conflict of interest, and any unusual transactions and accounting treatment. The AC also assessed the various disclosures required compliance with regulatory requirements and accounting standards.

The AC focused its attention on the accuracy of the reported financial figures and explanations to material variances or movements during the relevant quarters.

The AC was satisfied that the unaudited financial results of Sunway REIT at each quarter had been prepared in accordance with the MFRS 134: Interim Financial Reporting, Paragraph 9.44 of the Listing Requirements, the Listed REIT Guidelines, the provisions of the Deed and the relevant approved accounting standards so as to give a true and fair view of the financial position of Sunway REIT and of its financial performance and cash flows for the period ended on that date.

The AC's recommendations were presented to the Board for approval at each subsequent Board meetings.



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- (c) Accounting standards and other relevant regulatory requirements

The AC had on 1 November 2018 deliberated on the applicability of the following accounting standards and approved the adoption of the same:

- (i) MFRS 9: Financial Instruments. A new standard on the recognition and measurements of financial instruments, which was to replace the existing MFRS 139: Financial Instruments: Recognition and Measurement;
- (ii) MFRS 15: Revenue from Contracts with Customers. A new standard, replaces all the existing revenue recognition standards, which provide a more comprehensive revenue recognition model for all contracts with customers.

The adoption of the above MFRS did not have any material effect on the financial performance or position of Sunway REIT.

2. External Audit

- (a) On 9 August 2018, the AC, together with the Management reviewed the external auditors' report pertaining to the status of the audit for FY2018, particularly focusing on (a) key audit matters, (b) accounting issues that arose during the course of the audit, (c) compliance with laws and regulations, (d) review of material litigation and claims, (e) internal control and fraud, (f) key accounting and audit adjustments as well as (g) the Management's response thereto;
- (b) On 9 August 2018, the AC had reviewed and recommended to the Board the proposed non-audit services provided by the external auditors for annual review of the Statement on Risk Management and Internal Control. The AC was satisfied that the non-audit services were not likely to create any conflict of interest nor impair the independence and objectivity of the external auditors. The external auditors also confirmed that their independence would not be impaired by the provision of the non-audit services;
- (c) At the same meeting, the AC had reviewed and recommended to the Board the total audit and non-audit fees for FY2018 incurred for services rendered to Sunway REIT by the external auditors amounting to RM137,900 and RM27,500 respectively as compared to RM133,900 and RM2,500 in FY2017. The increase of audit fee was mainly due to auditors' staff costs inflation and audit of 2 additional properties acquired during the financial year. The increase of non-audit fee was due to the appointment of the external auditors as reporting accountant for the acquisition of Sunway Clio Property;
- (d) The AC undertook an annual assessment of the performance and effectiveness of the external auditors in respect to their statutory audit services as well as their re-appointment for the ensuing year.

The AC was satisfied with the scope of work, audit resources and quality of audit services rendered by the external auditors as well as the leadership of the audit engagement partner and fieldwork leaders. Potential issues and problems identified were brought to Management's attention in sufficient time for them to be addressed without delaying the audit process.

The independence and objectivity of the external auditors were evaluated in accordance with the Policy on Selection of External Auditors. The audit engagement partner confirmed that pursuant to the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accounts, BDO PLT were, and have been, independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements and were not aware of any matters that might impair their professional independence.

Based on the aforesaid assessment, the AC recommended to the Trustee the re-appointment of BDO PLT as the external auditors of Sunway REIT for FY2019;

- (e) On 1 November 2018, the AC reviewed and discussed with the Management and external auditors, the Audit Planning Memorandum for FY2019 outlining the nature and scope of the audit plan, areas of audit emphasis, key audit matters, audit approach and methodology, engagement team, audit materiality, audit timeline, deliverables as well as the proposed audit fees. The AC then recommended the Audit Planning Memorandum for FY2019 for the Board's approval and the same was approved by the Board for implementation on 1 November 2018; and
- (f) The AC conducted 2 private meetings with the external auditors on 9 August 2018 and 1 November 2018, without the presence of Management. The external auditors did not raise any major concerns that would hinder their audit work. The external auditors also confirmed that they had been receiving full cooperation from the Management and were given unrestricted access to the Manager and Sunway REIT's records.

3. Internal Audit

- (a) On 9 August 2018, the AC reviewed and approved the annual risk-based internal audit plan and scope of work for Sunway REIT for FY2019 ("IA Plan FY2019"). The IA Plan FY2019 was prepared in accordance with best practices of the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors ("IIA"). The IAD assured the AC of the adequacy

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of resources and their competencies to carry out the internal audit assignments. The planned assignments were selected based on identification and evaluation of the respective risks and control environment.

A total of 10 audit assignments were carried out for FY2019. The key emphasis areas covered under the IA Plan FY2019 were as follows:

- (i) reviewing the internal control processes of the significant properties:
 - hospitality properties – internal control review of key operational processes focusing on areas assessed to be weaker in controls or susceptible to fraud which included procurement, front office, food & beverage, inventory management, and regular mystery shopping audits to detect and prevent risk of fraud and irregularities;
 - retail properties – continue to conduct audits on all the retail properties, focusing on key risk areas which included procurement, billing and collection processes, and review of major special projects such as mall expansion and refurbishment;
 - office properties – yearly audit on office properties, focusing on procurement, billing and collection processes; and
 - (ii) reviewing the internal controls over financial reporting process and compliance framework of the Manager and Sunway REIT;
- (b) The AC on a quarterly basis also monitored and reviewed the IA Plan FY2019 to ensure adequate audit coverage of the key risk areas of Sunway REIT regularly taking into account any developments which had an impact on the audit coverage;
 - (c) The AC on a quarterly basis reviewed the internal audit reports comprising audit findings, IAD's recommendations and the Management responses and corrective actions taken;
 - (d) The AC had on 9 August 2018 assessed the annual performance of the IAD for FY2018 and reviewed its effectiveness in terms of scope and compliance with relevant regulatory standards as well as its level of collaboration with the external auditors. The AC also assessed the adequacy of resources and core skills and competencies of staff within the IAD.

From its evaluation, the AC was satisfied with the performance of the IAD and was of the opinion that the size of the internal audit team was appropriate to its function, the nature and scope of its activities. The AC was of the view that the IAD was effective and was able to function independently and able to provide the Board and the Management with pertinent information on potential weaknesses in the system of internal controls as well as providing the Management with constructive input and ideas for remedial action; and

- (e) The AC conducted 2 private meetings on 9 August 2018 and 14 February 2019 with the internal auditors, without the presence of Management. There were no major shortcomings or impediments highlighted by the IAD in relation to the execution of their audit assignments.

4. Reviewing RPTs and Conflict of Interest Situations

- (a) During the financial year under review, the AC reviewed and deliberated on the following transactions entered into by Sunway REIT with related parties to ensure that the transactions were undertaken on an arm's length basis, on normal commercial terms and were not detrimental to the interests of the minority unitholders of Sunway REIT:
 - (i) award of contract for refurbishment of Grand Ballroom and Meeting Rooms for Sunway Resort Hotel & Spa;
 - (ii) subscriptions to the commercial papers under a commercial paper/medium term note programme of up to RM2 billion issued by Sunway Berhad; and
 - (iii) acquisition of Sunway university & college campus from Sunway Destiny Sdn Bhd;
- (b) On 10 December 2018 and 14 February 2019, the AC met with the independent valuer, principal adviser, legal adviser and independent adviser with regards to the proposed acquisition of Sunway university & college campus, particularly on the valuation of the subject property, the terms and conditions of the proposal, the estimated timeline and the independent evaluation of the proposal by independent adviser;
- (c) The AC on quarterly basis also reviewed the reports relating to the RPTs entered into by Sunway REIT at its meetings held on 9 August 2018, 1 November 2018, 14 February 2019 and 2 May 2019. This is to ensure that relevant approvals have been obtained and review procedures for such transactions were adhered to;
- (d) The AC received confirmations from the CEO representing the Management during the quarterly meetings that there was no management conflict of interest situations, including any transaction, procedure or course of conduct that raises questions of the Management integrity; and
- (e) On 9 August 2018, the AC reviewed the circular to unitholders in relation to the proposed unitholders' mandate for recurrent RPTs of a revenue or trading nature and which were necessary for day-to-day operations of Sunway REIT, and recommended the same for the approval of the Board.



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In this respect, the Manager has established the relevant processes and procedures to ensure that all recurrent RPTs were monitored and undertaken in a manner that would be in a fair and on an arm's length basis, and on normal commercial terms which would not be more favourable to the related parties than those generally available to the public, and in the best interest of unitholders.

A Director who has an interest in any transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the AC and Board meetings.

5. Internal Controls System

- (a) The AC had reviewed Sunway REIT's internal controls system and was reasonably assured that the same were operating adequately and effectively;
- (b) On 9 August 2018, the AC met the external auditors who confirmed that there were no significant weaknesses in Sunway REIT's internal controls system; and
- (c) The AC also received assurances from the CEO and the CFO that Sunway REIT's risk management and internal controls system were operating adequately and effectively, in all material aspects.

6. Other Matters

- (a) The AC had regularly assessed regulatory and legal compliance of the Manager and Sunway REIT with the Listing Requirements, Companies Act 2016, Listed REIT Guidelines, Capital Markets and Services Act 2007 as well as with the Deed.

Consequently, the AC was satisfied that there were no non-compliances as reported by the Compliance Officer at the quarterly meetings during the financial year.

The AC was advised by the Company Secretary that there were no breaches of the Listing Requirements at each quarterly meetings during the financial year;

- (b) The AC members had undertaken a self and peer evaluation exercise to assess whether the AC members had carried out their duties and responsibilities in accordance with its TOR. This is in addition to the annual assessment of the performance and effectiveness of the AC undertaken by the Board. The AC members were generally satisfied with the effectiveness and competencies of the AC in discharging its duties and responsibilities, and also confirmed that they have the necessary competencies, skills and experiences in discharging their duties and responsibilities as per the TOR;

- (c) On 23 July 2018, the AC met with Sunway REIT's valuers, C H Williams Talhar & Wong Sdn Bhd and Knight Frank Malaysia Sdn Bhd, independent firms of professional valuers registered with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia, together with the Management to review the valuation reports in relation to the revaluation exercise carried out on the investment properties held by Sunway REIT for FY2018. The AC had a fruitful discussion on the valuation methodology and approach adopted;
- (d) The relevant requirements relating to the corporate liability provision of the Malaysia Anti-Corruption Commission (Amendment) Act 2018 have been included in the quarterly compliance questionnaires to prevent the Manager and Sunway REIT from undertaking corrupt practices;
- (e) On 9 August 2018, the AC reviewed and recommended for the Board's approval, the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control and AC Report for inclusion in the 2018 Annual Report of Sunway REIT;
- (f) On 1 November 2018, the AC was briefed on 2 consultation papers issued by Bursa Securities seeking public feedback on:
 - (i) the suitability of the existing quarterly reporting framework in Malaysia, in view of the global debate and diverse views on the interim financial reporting regime; and
 - (ii) the review of the Listing Requirements in relation to the continuing disclosure obligations of listed issuers;
- (g) On 2 May 2019, the AC reviewed and presented the amended TOR for the Board's approval and adoption; and
- (h) During the year, the AC members attended various training programmes, conferences, seminars and courses organised by the relevant regulatory authorities and professional bodies.



Please refer to the Board of Directors section of the Manager on Sunway REIT's website at <http://www.sunwayreit.com> for the details of the continuing education programme that the Directors have attended for FY2019.

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INTERNAL AUDIT FUNCTION

The internal audit function is undertaken by the IAD of the Manager. The main role of the internal audit function is to provide the AC with independent and objective evaluation of the adequacy and effectiveness of the system of internal controls, risk management and governance framework of Sunway REIT. The IAD undertakes regular and systematic reviews of the risk management and internal controls system so as to provide reasonable assurance that risk management and internal control systems continues to operate adequately and effectively at Sunway REIT.

In order to achieve appropriate degree of independence and objectivity, the IAD reports functionally to the AC and administratively to the CEO. The AC has explicit authority to communicate directly with the IAD and vice versa the IAD also has direct, unrestricted access to the AC to highlight any issues of concern at any time. The IAD has full, free and unrestricted access to the Manager and Sunway REIT's records.

IAD is a member of the Malaysian Chapter of the IIA and adopts the International Standards for the Professional Practices of Internal Auditing (“**IIA Standards**”) laid down in the International Professional Practices Framework issued by the IIA and Internal Audit Charter. IAD successfully completed its External Quality Assessment Review in 2015 and continues to meet or exceed the IIA Standards in all key aspects. In order to ensure that the responsibilities of the IAD and the internal audit activity are fully discharged, the AC reviews the annual internal audit plan for Sunway REIT and the adequacy of the scope and resources of the internal audit function as well as the performance of the IAD in undertaking its internal audit function.

Internal audit reports encompassing the audit findings together with recommendations thereon are presented to the AC on a quarterly basis. The IAD and Management are responsible for ensuring the corrective action plans are carried out effectively within the agreed timeframe and regular follow-up audits are performed to ensure management actions have been effectively implemented.

The IAD is led by Ms Khong Shiyi who has 14 years of audit experience and reports directly to the AC to ensure impartiality and independence. She holds a Bachelor of Commerce Degree in Accounting and Marketing, is a member of the Certified Practising Accountant Australia (CPA), and also a Chartered Accountant registered with the MIA.

The IAD consists of 4 internal auditors with relevant qualifications ranging from bachelor's degrees to professional accounting qualifications. They provide independent and objective assessment on the adequacy and effectiveness of the internal controls, risk management and governance framework of Sunway REIT.

The IAD carries out Conflict of Interest Declaration yearly to ensure that its internal auditors are independent and objective in performing their work. All internal auditors confirmed that they were free from any relationships or conflict of interest, which would impair their objectivity and independence in their audit assignments.

The internal audit activities undertaken by the IAD during the financial year under review are as follows:

1. prepared and presented the risk-based internal audit plan for FY2019 which sets out, audit strategy, risk-based audit approach, scope of work, key areas of audit emphasis and resource requirements to the AC for deliberation and approval;
2. performed planned audit engagements which covered reviews of internal control systems, accounting and management information systems, risk management and governance practices;
3. presented the internal audit reports to the AC and the Management which covered the results of the assessments of internal controls, identifying key areas of concerns, highlighting recommendations for improvements and agreed management action plans;
4. carried out follow-up audits on all major areas of concern and recurring issues to ensure that the corrective action plans were effectively implemented to enhance the governance, risk management and internal control processes within Sunway REIT;
5. acted on suggestions made by the AC and/or Management on concerns over operations and internal controls pertinent to the assets of Sunway REIT;
6. performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels;
7. ascertained the level of operational of Sunway REIT compliance with established policies, procedures and statutory requirements;
8. provided the Board, through the AC, reasonable assurance of the effectiveness of Sunway REIT's risk management, internal controls and governance framework; and
9. reviewed the annual Statement on Risk Management and Internal Control and the AC Report to be published in the 2018 Annual Report of Sunway REIT.

The total costs incurred by IAD for the internal audit function of Sunway REIT for FY2019 amounted to RM606,321 as compared to RM704,572 in FY2018.

This AC Report was approved by the Board on 8 August 2019.



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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of the Manager is pleased to present the Statement on Risk Management and Internal Control in compliance with Chapter 15, Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (Guidelines).

The objective for establishing a sound risk management framework and internal controls system is to safeguard unitholders' investment and assets, as stipulated by the Malaysian Code on Corporate Governance (MCCG) 2017.

THE BOARD'S RESPONSIBILITY

The Board places importance on, and is committed to maintaining a sound system of internal control and effective risk management practices in the Manager to ensure good corporate governance. The Board affirms its responsibility in continuously reviewing the adequacy and integrity of the Manager's system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines, and risk management.

Notwithstanding, as with any risk management and internal control system, the Manager's system of risk management and internal control are designed to manage rather than eliminate the risk threatening the achievement of business objectives. It follows, therefore, that the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement of financial and management information and records, or against financial losses or fraud.

The Manager has in place an on-going process of identifying, evaluating, monitoring and managing the key risk areas affecting the achievement of its business objectives and strategies throughout the period. The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying the risks and assessing the potential impacts of these risks, monitors and manages the risk through suitable internal controls and mitigating action plans. The Board reviews this process on a half-yearly basis and is of the view that the risk management and internal control system in place for the year under review and up to the date of approval of this statement, are adequate and effective.

The Board has received assurance from the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") that the Manager's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Manager.

THE MANAGER'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Monitoring Mechanisms and Management Style

Scheduled periodic meetings of the Board, Board Committees and management represent the main platform by which the Manager's performance and conduct are monitored. The daily running of the business is entrusted to the CEO and his respective management teams. Under the purview of the Non-Executive Chairman and CEO, the Business Unit Management Teams of the respective properties of Sunway REIT are empowered with the responsibility of managing their respective operations.

The CEO actively communicates the Board's expectations to management at the management meetings. At these meetings, risks relating to strategy, operational, financial and external environment are discussed and dealt with action plans.

The Board is responsible for setting the business direction and for overseeing the conduct of the Manager's operations through its various Board Committees and management reporting mechanisms. Through these mechanisms, the Board is informed of all major issues pertaining to governance, risks, internal controls and regulatory compliance.

Risk Management Framework

The Manager adopts a robust risk management framework that enables it to continuously identify, evaluate, mitigate and monitor risks that affect Sunway REIT in achieving its objectives within defined risk parameters in a timely and effective manner. All identified risks are recorded in a risk management scorecard to facilitate systematic review and monitoring.

The risk management process is embedded into key activities and business processes, enabling proper risk management at operation level of each property, as well as at Sunway REIT's level. Risks identified are systematically evaluated with proper mitigating action in place, developed to manage the risks to an acceptable level and monitored on continuous basis.



The key risk areas are discussed under the Risk Management section in the Management Discussion & Analysis section

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This framework is designed to identify, quantify and control various risks encountered in Sunway REIT's business operations. The Manager can only mitigate but not completely eliminate all risks, in particular systemic risks.

The framework basically:

- establishes clear functional responsibilities and accountabilities for the management of risk;
- determines risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of Sunway REIT;
- sets risk policies and limits consistent with the risk appetite and risk tolerance of the Manager; and
- ensures appropriate skills and resources are applied to risk management.

Establishment of a Risk Management Committee

Pursuant to Practice 9.3 of the MCCG 2017 and in line with Sunway REIT's endeavour to continuously strive for high standards of corporate governance practices, the Board of the Manager had, on 31 October 2017, established a Risk Management Committee (RMC) comprising a majority of independent directors to oversee Sunway REIT's risk management framework and policies.

The scope of responsibilities of the RMC is outlined in its terms of reference, as approved by the Board of the Manager on even date.



Please refer to Sunway REIT's website at <http://www.sunwayreit.com> for Terms of Reference of the RMC

In the bi-yearly RMC Meetings held on 9 August 2018 and 14 February 2019, the RMC affirmed its commitment to the risk management framework above and assessed the key risks, controls and action plans identified to mitigate and manage the risk exposure. These key risks encompass the fund level as well as the respective operating segments and include, but are not limited to, those in the risk categories relating to external, financial and operations.

Whistle-blowing Policy

The Audit Committee (AC) has implemented the whistle-blowing policy and procedures. This whistle-blowing policy has been established to promote fraud awareness. The objective of whistle blowing policy is to encourage the employees of the Manager and other stakeholders, to report on suspected fraud, corrupt practices, abuses, or other similar matters relating to Sunway REIT. The employees are encouraged to report such matters in good faith, with the confidence that they will be treated fairly and shall be protected from reprisal.

The procedures provide employees of the Manager, the unitholders and other stakeholders, accessible channels to whistle-blow on the concerns relating to Sunway REIT, and for independent investigation of these reports and appropriate follow-up actions.



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THE COMPOSITION OF THE RMC IS AS FOLLOWS:

1. NG SING HWA – CHAIRMAN
(Non-Independent Non-Executive Director)

2. TAN SRI AHMAD BIN MOHD DON
(Independent Non-Executive Chairman)

3. ELVIN A/L BERTY LUKE FERNANDEZ
(Senior Independent Non-Executive Director)

4. TENGKU NURUL AZIAN BINTI TENGKU SHAHRIMAN
(Independent Non-Executive Director)

5. YEO KAR PENG
(Independent Non-Executive Director)
(Appointed on 28 June 2019)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Elements of the Manager's System of Internal Control

The current system of internal control has within it, the following key elements:

Clear vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.

The Board with appropriate management reporting mechanisms which enable the Board to review the performance of Sunway REIT.

The Board approves annual budgets and business plans prepared by each property during the Business Plan exercise to consider the challenges and strategies, relevant strengths, weaknesses, opportunities and threats including competitor, market and broader environmental analysis.

Investment strategies and criteria which are agreed and formulated by the Investment Appraisal Working Group and recommendation on any acquisition or divestment would be presented to the Board for approval before escalating to the Trustee for approval.

The AC with formal terms of reference clearly outlining its functions and duties delegated by the Board.

The internal audit function which carries out internal audits based on an annual risk-based audit plan approved by the AC.

Comprehensive policies and procedures manuals that provide guidelines on, and authority limits over various operating, financial, human resources and health and safety matters.

The use of the intranet as an effective means of communication and knowledge sharing.

Regular management meetings involving the review of the operations and financial performance of each property.

Communication of policies and guidelines in relation to human resources matters to all employees through a staff handbook which is also available on the intranet.

A systematic performance appraisal system for all levels of staff.

Relevant training provided to personnel across all functions to maintain a high level of competency and capability.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Assurance Mechanisms

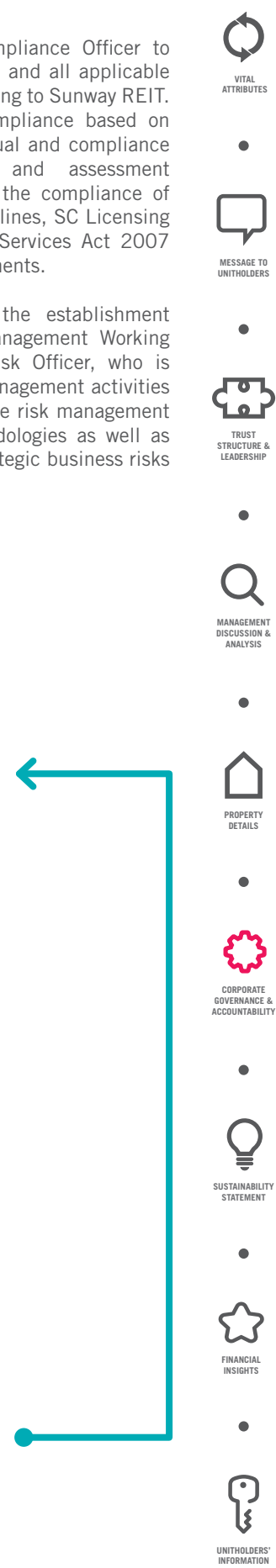
The AC, with the assistance of the Internal Auditors is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the system of internal control. In carrying out its responsibilities, the AC relies significantly on the support of the internal audit function, which carries out internal audits based on a risk-based audit plan approved annually by the AC.

Based on these audits, the AC is provided with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control. In addition, the AC also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements.

The Manager has a designated Compliance Officer to ensure the compliance with the Deed and all applicable SC Guidelines and Securities law relating to Sunway REIT. The compliance officer monitors compliance based on the framework within the policy manual and compliance guidelines, procedures, guidance and assessment questionnaires that are in place for the compliance of the REIT Deed, SC Listed REIT Guidelines, SC Licensing Handbook, the Capital Markets and Services Act 2007 and the Main Market Listing Requirements.

This is further strengthened with the establishment of the RMC, assisted by a Risk Management Working Group, inclusive of a designated Risk Officer, who is responsible for overseeing the risk management activities of Sunway REIT, approving appropriate risk management procedures and measurement methodologies as well as identification and management of strategic business risks and operational risk of Sunway REIT.

PARTY	ROLE	TIMING
Business Unit Management Team / REIT Manager	Identifies, evaluates, monitors and manages key risks through suitable internal controls and mitigating action plans	Embed into daily business processes / activities
Internal Auditor	Review and monitor effectiveness of system of internal control	Periodic
Audit Committee		Quarterly
Risk Management Working Group	Oversees risk management framework and policies, and approved appropriate risk management procedures	Half-yearly
Risk Management Committee		
Risk Officer	Ensures compliance with the risk management framework	Half-yearly
Compliance Officer	Ensures compliance with the Deed, all applicable SC guidelines and securities laws at the fund level	As required & quarterly
Board of Directors	Set strategic business directions, reviews risk management process, adequacy and integrity of internal control systems	Quarterly



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD'S COMMITMENT

The Board recognises that Sunway REIT operates in a dynamic business environment in which risk management and internal control systems must be responsive in order to be able to support its business objectives. To this end, the Board remains committed towards maintaining a sound risk management and internal control systems and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

REVIEW BY EXTERNAL AUDITORS

The Board has ensured that this Statement on Risk Management and Internal Control is reviewed by External Auditors in accordance with Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The External Auditors have performed limited assurance procedure on the Statement pursuant to the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report issued by the Malaysian Institute of Accountants, and reported to the Board that nothing has come to their attention that causes them to believe the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

THE BOARD'S CONCLUSION

The Board is pleased to report that the state of the internal control system and risk management practices are able to meet the objectives of the Manager and Sunway REIT to ensure good corporate governance. There was no material control failure or weakness that would have material adverse effect on the results of Sunway REIT for the period under review.

This Statement on Risk Management and Internal Control was approved by the Board on 8 August 2019.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Securities Commission's Guidelines on Listed Real Estate Investment Trusts:

1. SANCTIONS OR PENALTIES

There was no public sanction or penalty imposed on the Manager by the relevant regulatory bodies during the financial year.

2. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

(a) On 28 February 2019, the Manager has announced that SUNREIT Capital Berhad ("SUNREIT Capital"), a special purpose company whose shares are held by the Trustee on behalf of Sunway REIT, had established a commercial paper programme of up to RM3.0 billion in nominal value ("CP Programme") for issuance of commercial papers ("CPs") pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. The CP Programme has been accorded a short-term rating of P1(s) by RAM Rating Services Berhad.

During the financial year ended 30 June 2019, SUNREIT Capital had 1 issuance of CPs totaling RM1.5 billion under the CP Programme and had repaid RM1.5 billion of CPs. As at 30 June 2019, there is no outstanding CPs.

The proceeds raised from the CP Programme during the financial year were utilised as advance to Sunway REIT to repay the amount outstanding under the revolving loan facility.

(b) On 21 March 2019, the Manager has announced that SUNREIT Perpetual Bond Berhad ("SUNREIT Perpetual"), a special purpose company whose shares are held by the Trustee on behalf of Sunway REIT, had established a perpetual note programme of RM10.0 billion in nominal value ("Perpetual Note Programme") for issuance of perpetual notes pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

During the financial year ended 30 June 2019, SUNREIT Perpetual had 1 issuance of perpetual note totaling RM340 million under the Perpetual Note Programme. As at 30 June 2019, the total outstanding perpetual note amounted to RM340 million.

The net proceeds (after deduction of transaction costs) raised from the Perpetual Note Programme during the financial year were utilised as advance to Sunway REIT to partially finance the acquisition of Sunway university & campus college.

3. AUDIT AND NON-AUDIT FEES

During the financial year ended 30 June 2019, the total audit and non-audit fees incurred for services rendered to Sunway REIT by the External Auditors were RM141,500 and RM30,500 respectively.

4. RECURRENT RELATED PARTY TRANSACTIONS

The details of significant recurrent related party transactions are disclosed in Note 33 of the Notes to the Financial Statements.





MAINTAINING A BALANCED ECOSYSTEM THROUGH INNOVATION AND SUSTAINABILITY INITIATIVES

We pride ourselves in striving towards greater milestones and global goals of sustainability to create a holistic future for communities.

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SUSTAINABILITY STATEMENT

REPORTING STANDARDS

(GRI 102 - 54)

Our sustainability reporting is guided by the Sustainability Reporting Guide in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and Global Reporting Initiative (GRI) Standards, a globally-recognised sustainability framework. This report has been prepared in accordance with the GRI Standards: Core option.

REPORTING PERIOD

(GRI 102 - 50)

1 July 2018 – 30 June 2019

REPORTING CYCLE

(GRI 102 - 52)

Annual

REPORTING SCOPE

(GRI 102-4, 102-5, 102-46, 102-52)

The report covers Sunway REIT, a publicly-listed REIT on the Main Market of Bursa Malaysia Securities Berhad. In view that the Trust does not consist of employees, information reported in relation to employees are made reference to the employees of the Manager. Economic and environmental indicators reported are generated from all the properties owned by Sunway REIT with the exception of SunCity Ipoh Hypermarket, Sunway Medical Centre (Tower A&B), Sunway university & college campus and Sunway REIT Industrial – Shah Alam 1. The exclusion is primarily due to the 4 properties being leased to external tenants or tenants within Sunway Group where Sunway REIT neither has involvement nor influence in the operation of the business of these properties. This report also covers initiatives that benefit the environment, society, and the economy in alignment with Sunway Group's commitment to the 17 United Nations Sustainable Development Goals (UN SDG) undertaken by the Business Unit Management Teams and hotel operator in the course of the operation of the said properties.

The reporting scope omits Corporate Governance as this section is reported separately in 'Corporate Governance & Accountability' section in this annual report. Voluntary disclosure of Corporate Governance Report is made available in the Bursa Malaysia's website (www.bursamalaysia.com) and Sunway REIT's website (www.sunwayreit.com). Additional corporate governance policies and best practices, as listed below, are made available on Sunway REIT's website:

- 1) Board Charter
- 2) Code of Conducts & Business Ethics
- 3) Terms of Reference of Audit Committee
- 4) Terms of Reference of Remuneration & Committee
- 5) Terms of Reference of Risk Management Committee
- 6) Whistle Blowing Policy
- 7) Insider Trading Policy
- 8) External Auditors Selection Policy
- 9) Non-Audit Services Policy
- 10) Remuneration Policy for Directors & Senior Management

LIST OF REPORTED SUNWAY REIT PROPERTIES

(GRI 102 - 4)

SEGMENT	PROPERTY
Retail	Sunway Pyramid Shopping Mall
	Sunway Carnival Shopping Mall
	Sunway Clio Property (Retail)
	Sunway Putra Mall
Hotel	Sunway Resort Hotel & Spa
	Sunway Pyramid Hotel
	Sunway Clio Property (Hotel)
	Sunway Putra Hotel
	Sunway Hotel Seberang Jaya
	Sunway Hotel Georgetown
Office	Menara Sunway
	Sunway Tower
	Sunway Putra Tower
	Wisma Sunway

FEEDBACK

For further information and feedback, please contact:
Ms Crystal Teh Lay Ling,
Investor Relations

Sunway REIT Management Sdn Bhd,
Level 15, Menara Sunway
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46150 Petaling Jaya, Selangor Darul Ehsan
Malaysia.

Tel: +603 5639 8864
Fax: +603 5639 8001

SUSTAINABILITY STATEMENT

FTSE4GOOD BURSA MALAYSIA INDEX

Sunway REIT is a constituent of FTSE4Good Bursa Malaysia Index since 2016 and remains as a constituent of the said index in the latest semi-annual evaluation in June 2019. Sunway REIT continued to demonstrate improvement in the FTSE ESG score since 2016 ranking at the 74 percentile of the overall ESG rating.



SUNWAY REIT SUSTAINABILITY GOVERNANCE STRUCTURE (GRI 102-18)

The Sustainability Working Group (SWG) was established in conjunction with the formalisation of Sunway REIT Sustainability Framework in April 2015. The SWG reports material economic, environmental and social (EES) initiatives to the Board of Directors on a semi-annual basis. The working group oversees and monitors the execution of Sunway REIT's sustainability strategies as well as monitors any EES risks associated with the business operations and properties. The SWG is chaired by the Chief Executive Officer of the Manager, where sustainability KPIs are incorporated into the CEO's overall KPIs which are linked to the performance measurement evaluation process and remuneration reward system.

In the previous financial year, a Sustainability Taskforce (ST) was made at the respective segments representing the retail, hotel and office segments to facilitate the implementation of initiatives at the property levels. Overarching the sustainability framework, the SWG and the taskforces in consultation with the relevant stakeholders, champion and determine the Key Performance Indicators (KPI) for the sustainability projects for the properties.

This year, the governance structure was streamlined through the amalgamation of ST into SWG to improve the effectiveness of planning, implementing and monitoring of sustainability initiatives. Further progress was made with the collaboration between SWG and the Sustainable Development Department (SDev) of Sunway Group. The collaboration entails joint monthly meeting between the SWG and SDev to discuss and monitor the progress of sustainability projects. Additionally, the monthly meeting serves as a communication platform to align and consolidate relevant data for the Sustainability Statement. This ensures accountability on the relevant targets and indicators in regards to the sustainability projects. SDev also assists the SWG in determining relevant goals, targets and indicators in regards to the sustainability projects.



SUSTAINABILITY WORKING GROUP

(GRI 102 - 18, 102 - 22, 102-23)

BOARD OF DIRECTORS



SUSTAINABILITY WORKING GROUP MEMBERS

Dato' Jeffrey Ng Tiong Lip

Irene Sin May Lin

Sarena Cheah Yean Tih, *s.m.s.*
(Alternate: Loo Hoey Theen)

Cheng Jew Keng

Chan Hoi Choy
(Alternate: Kevin Tan Gar Peng)

André Scholl

Crystal Teh Lay Ling



**SUSTAINABLE DEVELOPMENT
DEPARTMENT (SUNWAY
GROUP)**



INSTITUTIONAL RESEARCH



SUSTAINABILITY FRAMEWORK

VISION
To be at the forefront with steadfast commitment to enhance values to stakeholders – sustainable growth, environmental stewardship and community engagement



VITAL ATTRIBUTES



SUSTAINABILITY MISSION
To deliver sustainable value creation for our stakeholders and to the communities that we serve



MESSAGE TO UNITHOLDERS



OUR APPROACH

- Build resilient businesses that lead in their respective markets by focusing on our acquisition strategy, asset enhancement initiatives and capital management that is in line with maximising unitholders' interests.
- Commitment to responsible business practices, especially in employees' welfare and development.
- Being environmentally sensitive and proactively manage our footprint.
- Partnership and engagement with the communities around us and making positive impacts.



TRUST STRUCTURE & LEADERSHIP



SUSTAINABILITY POLICY

- The policy acts as guiding principles for Sunway REIT to establish short-term and long-term indicators and goals.
- The policy aims to guide implementation of impact-based initiatives that are measurable in line with Sunway REIT's sustainability aspirations.



MANAGEMENT DISCUSSION & ANALYSIS



SUSTAINABILITY COMMITMENT

<p>Responsible business practices</p> <ul style="list-style-type: none"> • Business ethics and code of conduct • Adherence to the code of corporate governance • Risk management and internal control to ensure business continuity • Employee engagement and development • Health and safety • Formation of Independent Board of Directors to protect unitholders' interest <p>Continuous engagement with our key business stakeholders</p> <ul style="list-style-type: none"> • High level of disclosures, transparency and fair dealings • Continuously develop two-way communication with various stakeholders such as unitholders, tenants, media, industry associations, etc. 	<p>Process and resource efficiency</p> <ul style="list-style-type: none"> • Continuous process improvement to achieve optimal operating efficiency • Materials and resource management to maximise cost savings without compromising quality <p>Environmental stewardship</p> <ul style="list-style-type: none"> • Energy and water conservation • Recycling and waste management • Spreading awareness of environmental protection and climate change <p>Giving back to communities</p> <ul style="list-style-type: none"> • Community engagement • Youth development • Capital market development
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SUSTAINABILITY POLICY

This year, Sunway REIT has incorporated Sunway Group's Sustainability Development Policy into Sunway REIT's Policy Manual, with a target to officially adopt the policy in FY2020.

1.1 Vision

To be Asia's model corporation in sustainable development, innovating to enrich lives for a better tomorrow

1.2 Mission

Empowering our people to deliver enhanced value to all stakeholders

Embracing sustainability in our business processes and decisions

Attracting and nurturing a talented and progressive workforce for the digital era

1.3 Core Values

Our purpose, vision and mission are synonymous throughout the Group with a solid foundation on three core values: Integrity, Humility and Excellence.

1.4 Objective

The Group strives to achieve sustainable development by focusing on safeguarding people's health, operating the business responsibly, protecting the environment, and fostering good relationships with the communities in which we operate.

1.5 Scope

1. This policy will apply to all Sunway business units.
2. This policy will apply to all events hosted by our organizations. Staff and contractors are expected to uphold objectives under this policy to the fullest extent possible within prevailing budgets.
3. We acknowledge we have limited influence over third parties whose events we may attend but do not organize. While we cannot control the decisions of these parties, we commit to educate them of our policy and encourage them to align operating practices with policy objectives.
4. Our attention to environmental, social and economic responsibility includes working within the law and voluntarily exceeding legal requirements in order to be innovative and demonstrate leadership on the issues that are important to us and our stakeholders.

1.6 Commitment

1. We commit to:
 - 1.1. Responsible business practices
 - 1.2. Innovative product and service delivery
 - 1.3. Efficient process and responsible resource consumption
 - 1.4. Environmental protection
 - 1.5. Giving back to the communities
2. We endeavour to the best of our availability to set short-term and long-term goals with relevant performance indicators to fulfil commitments that are outlined as above to achieve a better and more sustainable future for all.

3. Action plans to achieve the sustainable development goals will be incorporated into our annual business plan.

4. We commit to implement impact-based activities that will bring about positive tangible and intangible long-term impacts to our customers and community.

1.7 Principles

1. Our approach to business is guided by commitments to the following core values: Integrity, Humility and Excellence.
2. We subscribe to the definition of sustainable development as defined by Brundtland Report that states "Sustainable development is development that meets the needs of the present, without compromising the ability of future generations to meet their own needs".
3. Internationally, we align our goals with the UN Sustainable Development Goals 2030 (UN SDGs 2030).
4. Nationally, we align our goals with the Malaysian Ministry of Energy, Science, Technology, Environment & Climate Change (MESTECC).
5. The three main pillars of sustainable development that guide our smart and sustainable city blueprint are economic growth, environmental protection and social equality.
6. We have a set of focus areas under each of these pillars as below:
 - 6.1 Economic Prosperity
 - 6.1.1 Diversity and inclusivity
 - 6.1.2 Innovation
 - 6.2 Environmental Stewardship
 - 6.2.1 Energy
 - 6.2.2 Water
 - 6.2.3 Waste
 - 6.2.4 Buildings
 - 6.2.5 Greenscapes
 - 6.3 Social Welfare
 - 6.3.1 Connectivity
 - 6.3.2 Awareness / Education
 - 6.3.3 Healthcare / Wellness
 - 6.3.4 Safety & security

7. Our action plan and key activities are guided by 4 main delivery objectives:

- 7.1. Sustainability in operations
- 7.2. Sustainability in planning
- 7.3. Sustainability for social community
- 7.4. Innovation

1.8 Reporting

1. We will report on our progress as a Group through our annual sustainability report.
2. Energy consumption, water consumption and waste disposal will be reported on a monthly basis by all business units.

MATERIAL MATTERS

(GRI 102 - 47, 102 - 43)

In an effort to produce a more refined and cohesive materiality, we restructured the materiality survey. To accomplish this, the previous materiality survey (FY2018) was compared against the Sustainability Accounting Standards Board (SASB) materiality guidelines. SASB is an independent, private sector standards setting organization dedicated to enhancing the efficiency of the capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs. All relevant materiality were analysed to determine the material factors that are of priority to stakeholders.

The new FY2019 materiality survey was formulated and conducted to establish material concerns to stakeholders. The survey has integrated 'Business & Financial Performance, Leadership, Risk Management and Innovation as an integral part of 'Economic', alongside with 'Social' and 'Environmental' material matters.

In addition to the materiality online survey which we have performed for the past 3 years, we incorporated Materiality Assessment Approach feedback and queries from the investment community, employee engagement survey, employee engagement focus group, media views and feedback which had been done for the previous materiality in FY2018. Market and industry trends were also considered in the assessment process. A total of 30 material issues were presented to participants to respond in the materiality survey. The findings from all the surveys and feedback were consolidated further into key material issues as presented in the Materiality Matrix Diagram. We mapped the key material issues to the Business, Leadership, Risk, Environment and Social pillars and address these concerns by evaluating the risks and opportunities that may present to Sunway REIT as well as our approach in addressing these issues.

MATERIAL MATTERS DEFINED

ECONOMIC: BUSINESS & FINANCIAL PERFORMANCE, LEADERSHIP, RISK MANAGEMENT & INNOVATION

MATERIAL MATTER	DESCRIPTION
Corporate Governance	Managing risks and opportunities surrounding the organisation's vision and mission.
Risk Management	Identifying, understanding, and preventing or minimising economic, environmental and social risks.
Supply Chain Management	Management of economic, environmental and social risks within an organisation's supply chain (E.g. environmental responsibility, human rights, labor practices, and ethics and corruption).
Management of the Legal & Regulatory Environment	Organisation's approach to engage with regulators in cases where conflicting corporate and public interests may have the potential for long-term adverse direct or indirect environmental and social impacts.
Business Model Resilience	Management of risks and opportunities associated with incorporating social, environmental, and political transitions into long-term business model planning.
Materials Sourcing & Efficiency	Managing risks through product design, manufacturing, and end-of-life management. (E.g. Use of recycled and renewable materials, reducing the use of key materials (dematerialisation), maximising resource efficiency in manufacturing, and making research and development investments in substitute material)
Business Strategy & Innovation	Ability to meet demand for more sustainable products and services as well as relevant evolving regulations.
Financial Performance	The degree to which financial objectives being or has been accomplished.
Capital Management	The management of working capital, current assets, and current liabilities.
Leadership & Succession Planning	Process of identifying and developing new leaders to succeed current leaders.
Business Ethics and Transparency	Providing services that satisfy the highest professional and ethical standards of the industry.
Contribution to Nation Building & Capital Market	Contribution to the environmental, economic, social and political development of the country.



MATERIAL MATTERS

ENVIRONMENT

MATERIAL MATTER	DESCRIPTION
Physical Impacts of Climate Change	The organisation's ability to adapt to increased frequency and severity of extreme weather, shifting climate, sea level risk, and other expected physical impacts of climate change.
Water and Wastewater Management	Water use, water consumption, water generation, and other impacts of operations on water resources.
Energy Management	Management of energy in provision of products and services derived from utility providers. (E.g. To be more energy efficient, to use energy from cleaner/renewable resources)
Product Design and Lifecycle Management	Organisation's ability to address customer and societal demand for more sustainable products and services as well as to meet evolving environmental and social regulation.
Greenhouse Gas (GHG) Emissions	Greenhouse gas (GHG) emissions that a company generates through its operations.
Air Quality	Air quality impacts resulting from stationary and mobile sources as well as industrial emissions.
Waste & Hazardous Materials Management	Management of solid waste including treatment, handling, storage, disposal, and regulatory compliance adherence to waste management hierarchy of prevention, reuse, recycle and disposal.

SOCIAL & HUMAN CAPITAL

MATERIAL MATTER	DESCRIPTION
Employee Engagement, Diversity & Inclusion	Consideration of building of a diverse and inclusive workforce in the culture, hiring and promotion practices.
Stakeholder Engagement	Process of involving people who may be affected by the organisations decisions or can influence the decisions.
Human Capital Development	Upholding commonly accepted labor standards in the workplace, including compliance related to: <ul style="list-style-type: none"> - Forced or bonded labor, exploitative labor, fair wages and overtime pay, and other basic workers' rights - Minimum wage policies and provision of benefits which may influence how the workforce
Human Rights & Community Enrichment	Management of the relationship between businesses and the communities impacted by the organization. (E.g. socio-economic community impacts, community engagement, environmental justice, cultivation of local workforces, impact on local businesses, license to operate)
Customer Privacy and Data Security	Managing issues that may arise from retention, and use of sensitive, confidential, and/or proprietary user data.
Product Quality	Managing issues involving liability, management of recalls and market withdrawals, product testing, ingredient management in products.
Customer Welfare	Ability to provide consumers with products and services that are aligned with societal expectations. (E.g. Organisation's ability to prevent counterfeit products)
Labor Practices	Practicing fair labor practices and abiding by labor regulations.
Health, Safety and Security	To create and maintain a safe and healthy environment within all of the organisation's operations.
Anti-Corruption and Bribery Policy	Prevention of dishonest or fraudulent conduct within all operations of the organisation.
Procurement practices	Taking into consideration of economic, environmental and social issues in the procurement process.

SUSTAINABILITY POLICY

The stakeholder groups were identified using the SASB guidelines as a reference. A total of 13 stakeholder groups were identified.

STAKEHOLDERS ENGAGED

(GRI 102-40, 102-42)



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



SUSTAINABILITY STATEMENT



FINANCIAL INSIGHTS

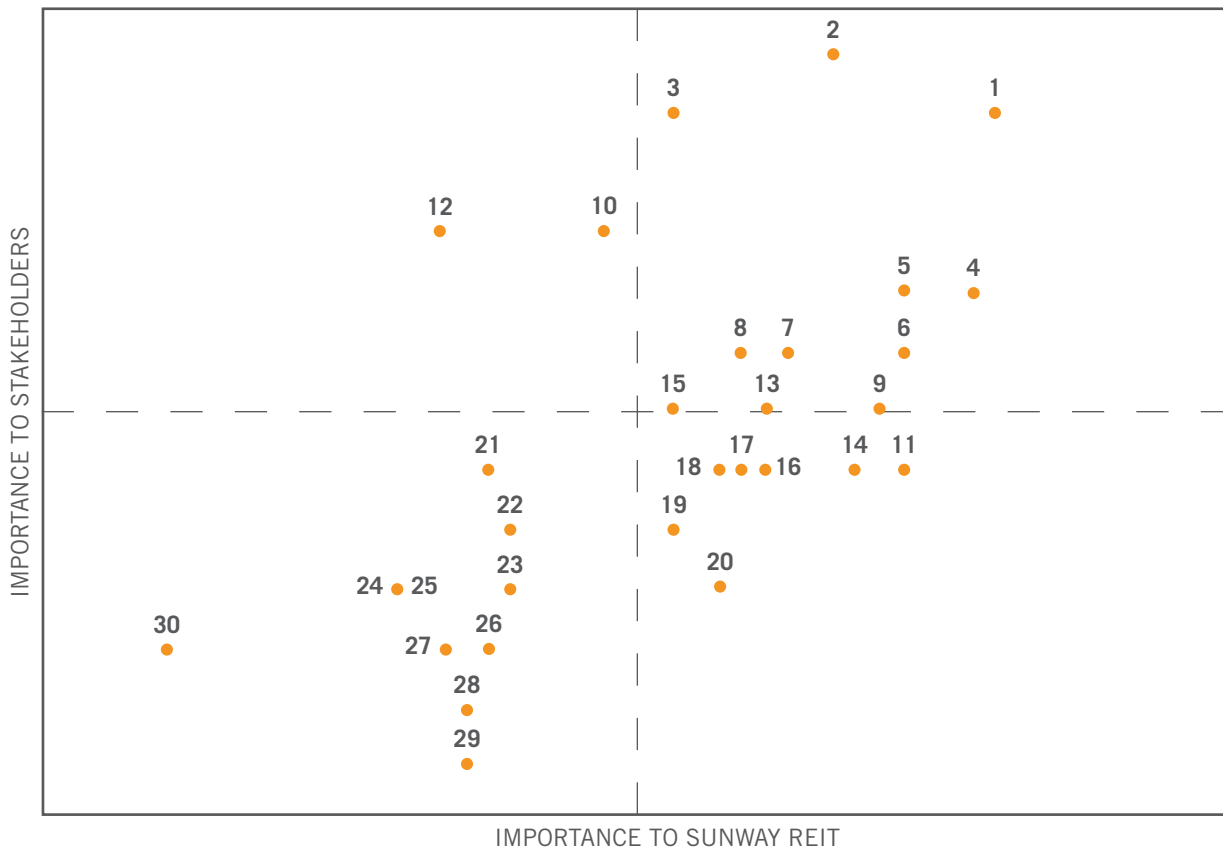


UNITHOLDERS' INFORMATION

SUSTAINABILITY POLICY

MATERIALITY MATRIX

(GRI 102-44)



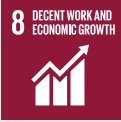
RESULTS OF MATERIALITY MATRIX – ORDER OF IMPORTANCE

- | | |
|---|--|
| 1. Health, Safety and Security | 16. Employee Engagement, Diversity & Inclusion |
| 2. Customer Privacy and Data Security | 17. Leadership & Succession Planning |
| 3. Labor Practices | 18. Procurement Practices |
| 4. Human Capital Development | 19. Energy Management |
| 5. Business Ethics and Transparency | 20. Capital Management |
| 6. Anti-corruption and bribery policy | 21. GHG Emissions |
| 7. Product Quality | 22. Business Strategy & Innovation |
| 8. Management of the Legal & Regulatory Environment | 23. Business Model Resilience |
| 9. Customer Welfare | 24. Air Quality |
| 10. Supply Chain Management | 25. Human Rights & Community Enrichment |
| 11. Risk management | 26. Contribution to Nation Building & Capital Market |
| 12. Stakeholder Engagement | 27. Product Design and Lifecycle Management |
| 13. Waste & Hazardous Materials Management | 28. Water and Wastewater Management |
| 14. Financial Performance | 29. Physical Impacts of Climate Change |
| 15. Corporate Governance | 30. Materials Sourcing & Efficiency |

HIGHLIGHTS

ECONOMIC

ECONOMIC VALUE GENERATION



Sunway REIT generates economic value through its financial performance and creation of employment opportunities.

SUSTAINABLE SUPPLY CHAIN



Our supply chain and procurement principles emphasise procurement activities to be performed in an ethical, legal, transparent and socially responsible manner.

INDUSTRY LEADERSHIP AND CAPITAL MARKET DEVELOPMENT



Sunway REIT continued to contribute to the REIT industry and capital market development through active participation and volunteerism in industry affiliations and capital market activities. Dato' Jeffrey is the Chairman of MRMA since 2016.

GOVERNANCE

PARTNERSHIPS FOR THE GOALS



- Adoption of the Sunway Group Sustainability policy into our operations, which will help Sunway REIT's sustainability agendas to progress.
- Establishment of sustainability KPIs, goals and targets for retail, hotel and office business units.
- Reached out to 22,000 unique shoppers in Sunway Pyramid Shopping Mall on SDG awareness through a collaboration with The One Academy.

-  VITAL ATTRIBUTES
-
-  MESSAGE TO UNITHOLDERS
-
-  TRUST STRUCTURE & LEADERSHIP
-
-  MANAGEMENT DISCUSSION & ANALYSIS
-
-  PROPERTY DETAILS
-
-  CORPORATE GOVERNANCE & ACCOUNTABILITY
-
-  SUSTAINABILITY STATEMENT
-
-  FINANCIAL INSIGHTS
-
-  UNITHOLDERS' INFORMATION

HIGHLIGHTS

ENVIRONMENTAL

CLEAN WATER AND SANITATION



Implementation of rain water harvesting system in Sunway Pyramid Shopping Mall and Menara Sunway.

AFFORDABLE AND CLEAN ENERGY



Properties which have implemented energy savings initiatives achieved an annual energy savings of 10% which translates into 12,008 MWh saving per annum, taking FY2016 as the baseline year.

RESPONSIBLE CONSUMPTION AND PRODUCTION



- 6 new categories of waste have been reported making it a total of 7 categories of waste being managed: Clothes, linen, food, general recyclable materials, oil, soaps and e-waste.
- Offices achieved an increase of 2.6% in recycling rate.

CLIMATE ACTION



- Reduced CO₂e emissions from building energy consumption (in respect of the baseline FY2016) by 6%, translating to 7,838 tonnes CO₂e.
- Reduced CO₂e emissions by 340 tonnes CO₂e via recycling efforts.

SOCIAL

ZERO HUNGER



In CY2018, an estimated total of 18,000 individuals from the B40 group had benefited from the food donated by various Sunway Hotels to Kechara Soup Kitchen.

DECENT WORK AND ECONOMIC GROWTH



- Sunway REIT launched The Good Shop project which targets to assist over 20 social enterprises.
- Through the #SunwaySoapful project, useful skills and experiences will be provided to 1 home in 2019 with a strategy to help 1 home annually through the Sunway Soapful project, with the aim to ultimately provide the selected underprivileged communities an opportunity to develop their own businesses.
- Employee engagement – A total of 544 training hours were recorded in FY2019.

REDUCED INEQUALITIES



Sunway Putra Mall's recent initiative to raise awareness and increase inclusivity to the autistic society saw a successful start with 600 Autsome members signing up within the first 5 months.

GENDER EQUALITY



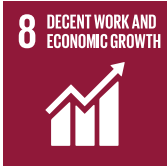
83% of Sunway REIT staff are female in FY2019. Sunway REIT aims to ensure equal opportunities are provided regardless of background.

ECONOMIC

Sunway REIT is committed to creating positive impact to the economy through its identified focus areas in a sustainable and responsible manner. Sunway REIT aims to extend its contribution over a large spectrum of diversity and inclusivity in its value creation to all stakeholders.

ECONOMIC VALUE GENERATION

(GRI 201-1, 203-1)



Sunway REIT is one of the leading diversified REITs in Malaysia. Being the 2nd largest REIT in Malaysia by property value, Sunway REIT accounts for 14% of total property value and 13% of total market capitalisation of M-REITs.

In this financial year, Sunway REIT financial performance and business activities continued to generate economic values to the prosperity of the nation.

Economic Generation Facts

FINANCIAL YEAR 2019	
Revenue (RM mil)	580
Net Property Income (RM mil)	440
Distribution per unit (sen)	9.59
Acquisition Value (RM mil)	556
Fair Value Gain (RM mil)	108
Future Asset Enhancement Initiatives (RM mil)	22
Property Development Activities (RM mil)	353



Please refer to the integrated report for the detailed information of Sunway REIT's financial and business performance.

Business activities of Sunway REIT continued to create employment opportunities for the economy. The Manager hired 100% local employees where the full information is available in the social pillar of this statement. Through its engagement of Business Unit Management Teams, Sunway REIT generated direct employment opportunities for more than 2,000 employees. The assets of Sunway REIT collectively house approximately 1,300 tenants and are estimated to generate indirect employment opportunities for an additional 25,000 employees.

NEW PROPOSED INITIATIVE

Sunway REIT, through the Malaysian REIT Managers Association (MRMA), initiated an innovative Affordable Rental Homes proposal to the Government to address socio-economic concerns of the B40 population in the country.

INDUSTRY LEADERSHIP AND CAPITAL MARKET DEVELOPMENT



Sunway REIT continued to contribute to the REIT industry and capital market development through active participation and volunteering in industry affiliations and capital market activities. Steering the growth of the REIT industry, Dato' Jeffrey leads the association to champion initiatives through engagements with authorities, regulators, Government and professional bodies. This year, key highlights of sessions organised by MRMA are as follows:

Engagement Sessions and Sharing sessions

DATE	DESCRIPTION
11 October 2018	Joint engagement between Bursa Malaysia and Securities Commission Malaysia on the revised Guidelines on Listed REITs and Main Market Listing Requirement
24 June 2019	Engagement with the Prime Minister of Malaysia on Affordable Rental Homes Proposal



ECONOMIC



MRMA Engagement with Bursa Malaysia and Securities Commission

One of Sunway REIT’s aspirations is to increase the participation of retail investors investing in REITs as part of the overall capital market development and to boost the vibrancy of M-REITs. In this context, Sunway REIT promotes awareness and education on investing on REITs through active volunteerism in workshops. In this financial year, Sunway REIT participated in the following workshops.

Retail Investors Engagement Series

DATE	DESCRIPTION
22 September 2018	Product Workshop (Malacca)
17 November 2018	Workshop@Bursa (Penang)
25 November 2018	Presentation to EquitiesTrackers.com
29 June 2019	Workshop@Bursa (Malacca)



Workshops@Bursa Malaysia

Sunway REIT supports best practice in reporting and disclosure by continuously enhancing our reporting standards above and beyond minimum statutory requirements. Sunway REIT embarked on integrated reporting in FY2017 and we are encouraged by the recognition for the Gold award from NACRA Best Integrated Reporting Award 2018 in our maiden endeavour. Recognising the value of high quality reporting to stakeholders, Sunway REIT participated in several integrated reporting sharing sessions with practitioners on integrated reporting.



DATE	DESCRIPTION
11 December 2018	Public Sector Financial Management Conference 2018
29 April 2019	Integrated Reporting <IR> Conference 2019 organised by Sunway University and International Integrated Reporting Council
30 April 2019	MIA Breakfast Talk - Nacra Winners Panelist

Integrated Reporting Conference 2019



ECONOMIC

SUSTAINABLE SUPPLY CHAIN AND POLICIES

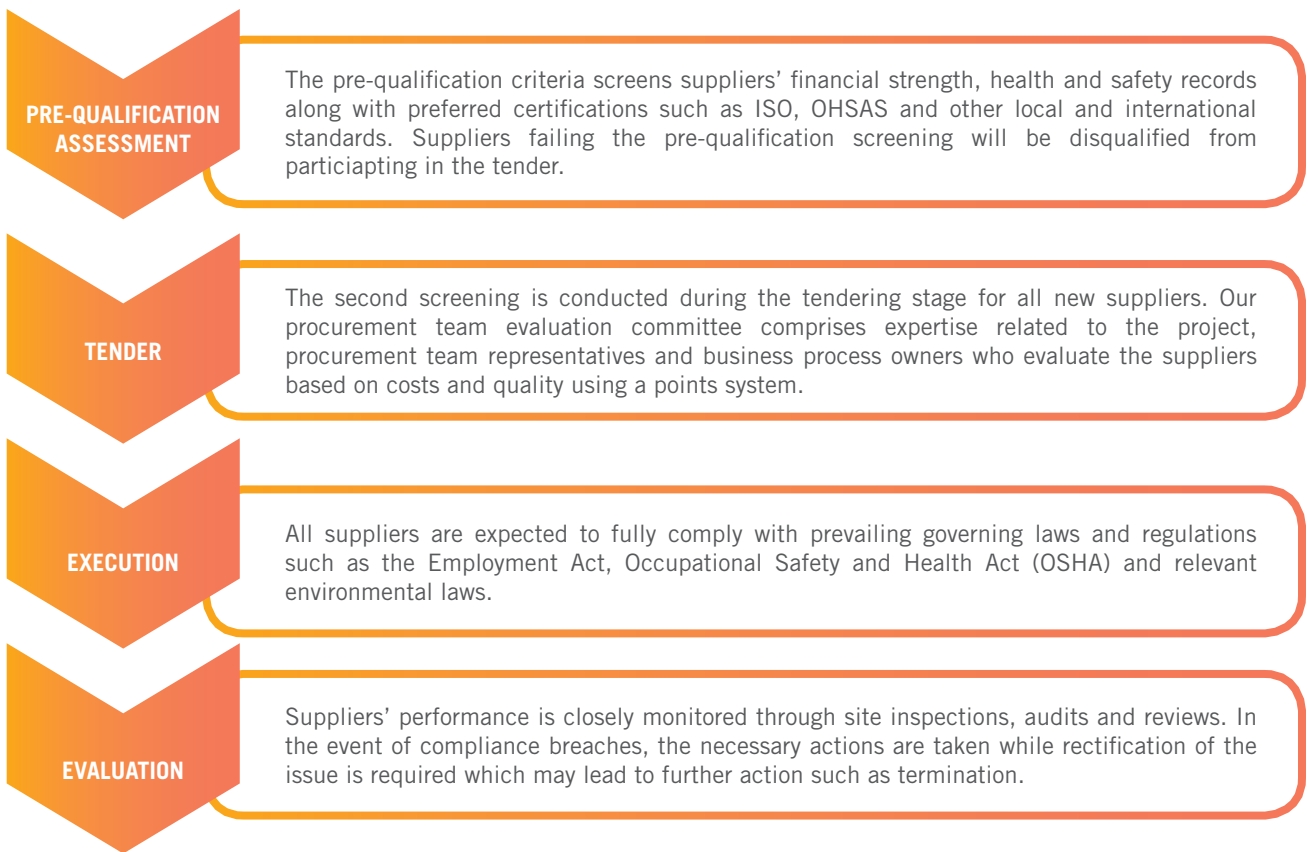
(GRI 102-9, 102-10)



Sustainable procurement represents an opportunity to provide more value to the organisation by improving productivity, assessing value and performance, enabling communication between purchasers, suppliers and all stakeholders, and by encouraging innovation. One of the main aims of sustainable procurement is to minimise adverse economic, environmental and social impacts of purchased products and services throughout their lifecycle.

Sunway REIT endeavours to practice sustainable supply chain by incorporating economic, environmental and social considerations in its supply chain managements, subject to cost-to-benefit analysis. Our supply chain and procurement principles emphasise procurement activities to be performed in an ethical, legal, transparent and socially responsible manner. Efforts to study potential opportunities in implementing sustainable procurement have been initiated with the Sunway Group Procurement team in this financial year. Any progress on this journey will be reported in the next report.

PROFESSIONAL AND TRANSPARENT PROCUREMENT PROCESS



ECONOMIC

Sunway REIT adheres to fair, equitable and ethical welfare practices across all vendors, sub-contractors and business partners with non-discrimination policy to any parties. Sunway Group does not have a formal policy to comply to all locally based suppliers. The procurement and tendering processes are opened to all suppliers, both locally and internationally. That said, all of our suppliers are local organisations or international organisations with local presence. In the ordinary course of procurement process, Sunway REIT commits to prioritise sourcing from local contractor or suppliers, where feasible, subject to availability and suitability of the resources at reasonable costs. Going forward, Sunway REIT commits to enhancing the disclosure data in relation to procurement of locally sourced suppliers and resources in the coming year. A systematic measurement on these data will facilitate Sunway REIT in measuring its economic contribution.

SUPPLIERS WELFARE GUIDELINES

(GRI 102-35)

COMPENSATION AND REMUNERATIONS PACKAGES

In compliance with:

- The Worker’s Compensation (Foreign Workers Compensation Scheme) (Insurance) Order 1996 and/or
- The Social Security Insurance and/or
- Employer’s Liability Insurance and/or
- Any other insurance with statutory limits as required by Malaysian Laws
- Fair remuneration in accordance to Minimum Wage Order 2016

TRANSPORTATION

Provision of transportation to and from the site or provision of accommodation that is conveniently accessible by public transportation

WORK PERMITS

Possess legal work permits in accordance to Malaysian Immigration and Labour Laws

FAIR OVERTIME

Payment of overtime for additional labour hours performed in accordance to the Labour Laws

OCCUPATIONAL SAFETY AND HEALTH

- Workers must not be exposed to hazards or risks in the course of performing their duties
- Persons committing hazardous activities will be sanction

ENVIRONMENTAL PROTECTION

Sunway REIT is committed to efficient use of resources, supporting renewable energy and purchasing high-quality carbon offsets. Likewise, suppliers are encouraged to adopt the best environmental protection practices such as:

- Reduce the impact of their operations by consciously managing emission, biodiversity impacts, waste disposal and other operational practices that may harm the environment

POLICIES

COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

(GRI 205-2)

As part of Sunway’s anti-corruption practice, all Sunway staff are required to complete an annual refresher on Sunway Code of Conduct & Business Ethics. In addition to this, Sunway staff must also complete the Sunway e-Policy, and Sunway Conflict of Interest Declaration Policy. These refresher courses are complete via online courses offered in Sunway’s learning system.

In the Sunway Code of Conduct & Business Ethics document, it is clearly stated that all employees must comply strictly to all provisions of the Malaysian Anti-Corruption Commission Act (MACC) 2009 accordingly.

All policies have been taken from Sunway Group Procurement and Sunway Group Human Resources. Sunway REIT policies are aligned with Sunway Group policies.

LIST OF POLICIES

NO.	MATERIAL MATTER	POLICIES
1	Health, safety and security	<ol style="list-style-type: none"> 1. Smoke free workplace 2. Drugs and alcohol policy 3. Employee grievance procedure 4. Sexual harassment policy
2	Labour practices	<ol style="list-style-type: none"> 1. Contract Employment Below the Age Of 60 2. Retirement & Re-Employment After the Age Of 60
3	Business ethics and transparency	<ol style="list-style-type: none"> 1. Code of Conduct & Business Ethics Policy 2. Conflicts of interest policy
4	Anti-corruption and bribery policy	<ol style="list-style-type: none"> 1. Declaration by employees/members of tender committees involve in sunway procurement 2. Tenderer's declaration 3. Successful tenderer's declaration 4. Clause on Prevention of Corruption 5. Bidder agreement Integrity pack policy
5	Employee engagement	<ol style="list-style-type: none"> 1. New Employee Induction Programme 2. Group external training policy 3. Performance improvement plan (PIP) 4. Employee training hours guideline
6	Employee diversity & inclusion	<ol style="list-style-type: none"> 1. Diversity and inclusion policy 2. Sexual harassment policy
7	Leadership & succession planning	Retirement & Re-Employment After the Age Of 60
8	Procurement practices	Integrity pack policy



ENVIRONMENTAL

GREEN BUILDING

(GRI 302-5)

As a sustainable Manager, Sunway REIT has invested in sustainable refurbishment practices by refurbishing some of our buildings to meet green certification standards. The expansion of Sunway Carnival Shopping Mall will be the first Sunway REIT property to achieve green certification by CY2020. This is followed by the refurbishment of the mall to receive certification by CY2025. Both properties are designed to achieve GreenRE Gold & Green Mark Gold Plus certification.

DID YOU KNOW?

There are several advantages to green buildings:

- According to Leadership in Energy and Environmental Design (LEED), green buildings consume 25% less energy and 11% less water.
- Green buildings do not use of materials that contain toxic materials such as certain types of paint or wood.
- Another way green buildings reduce energy consumption is through allowing for natural ventilation and natural lighting to fill the spaces of its rooms.
- Studies have shown that green designs are cost-efficient, indicating that more savings are obtained compared to the initial green property investment.

CERTIFIED GREEN BUILDINGS

(GRI 203 - 1)

NO.	PROPERTY	TARGET YEAR OF CERTIFICATION	TARGETED GREEN CERTIFICATION
1	Sunway Carnival Shopping Mall Expansion	CY2020	GreenRE - Gold Green Mark - Gold Plus
2	Sunway Carnival Shopping Mall (Refurbishment)	CY2025	GreenRE - Gold Green Mark - Gold Plus

SOLAR ENERGY

(GRI 302 - 1, 305 - 1)

One of the initiatives undertaken to reduce reliance on non-renewable energy sources is by slowly moving towards renewable energy sources for our operations. The installation of photovoltaic solar panels on Ecowalk is one of the first phase of our efforts to convert the use of energy from non-renewable to renewable sources. The Ecowalk is a 350-metre long elevated walkway connecting Menara Sunway to Sunway Medical Centre and is integrated with the existing canopy walk in Sunway City. The electricity that is generated will be used at Sunway REIT's properties.

ENERGY MANAGEMENT

DID YOU KNOW?

As the population continues to grow, so will the demand for energy. An economy that is reliant on fossil fuels does not only negatively impact the environment, but our health as well. Emissions released from the burning of fossil fuels contribute to the rising of the Earth's temperatures, extreme weather, the worsening of air quality and as well as the spread of vector-borne diseases. Thus, expanding infrastructure and upgrading technology to provide clean and more efficient energy to reduce reliance on fossil fuels will in turn reduce our negative impact to the environment and our health. Investing in renewable energy and efficient energy technologies is vital in ensuring sustainable energy management.

ENVIRONMENTAL

ENERGY REDUCTION INITIATIVES: FY2017 – FY2019

(GRI 302-1, 302-4, 302-5, 305-2)

Other energy reduction initiatives by Sunway REIT's properties are listed in the following table. These initiatives have resulted in a total cumulated reduction of 30,554 MWh since FY2016. (Baseline Year: Being the year of 2016)

NO.	ACTIVITY	DESCRIPTION FY2017 AND FY2018	FY2019
1	Replacement to LED lighting	<p>The LED lighting replacement initiative was initiated in FY2017 and is an on-going project. The project aims to replace selected Sunway properties lighting in all areas to efficient LED lighting.</p> <p>Location</p> <ul style="list-style-type: none"> • Sunway Pyramid Shopping Mall • Sunway Carnival Shopping Mall • Sunway Pyramid Hotel • Menara Sunway • Wisma Sunway 	<p>Lighting to be replaced with LED lighting in the Back of house (BOH), Escalator, Staircase & Cove of Sunway Pyramid Shopping Mall. Lighting to be replaced in the porch area of Sunway Hotel Seberang Jaya.</p> <p>Location</p> <ul style="list-style-type: none"> • Sunway Pyramid Shopping Mall • Sunway Hotel Seberang Jaya
2	Chiller optimisation	<p>Further optimisation of chiller plant setting with adaptive learning and artificial intelligence technologies by identifying external and internal cooling loads to modulate chiller plant equipment. An analysis was conducted to identify improvements which can be made.</p> <p>Location</p> <p>Wisma Sunway</p>	N/A
3	Chiller system upgrade	N/A	<p>Upgrade of chiller with the latest technology in order to avoid energy wastage by ensuring optimal operation. Expected to be completed by 1Q FY2020.</p> <p>Location</p> <ul style="list-style-type: none"> • Menara Sunway
4	Solar system	<p>In FY2018, a solar system with a capacity of 220 kWp was installed on the ecowalk - a canopy walk which connects Menara Sunway and Sunway Medical Centre</p>	<p>A solar system with a capacity of 2 MWp to be installed. The solar system will help to reduce electricity consumption from the grid.</p> <p>Location</p> <ul style="list-style-type: none"> • Sunway Pyramid Shopping Mall
5	Building Energy Management System (BEMS)	N/A	<p>Building Energy Management Systems (BEMS) are computer-based systems that help to control, monitor, measure and optimise building technical services and the energy consumption of devices used by the building.</p> <p>Location</p> <ul style="list-style-type: none"> • Sunway Pyramid Shopping Mall



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



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ENVIRONMENTAL

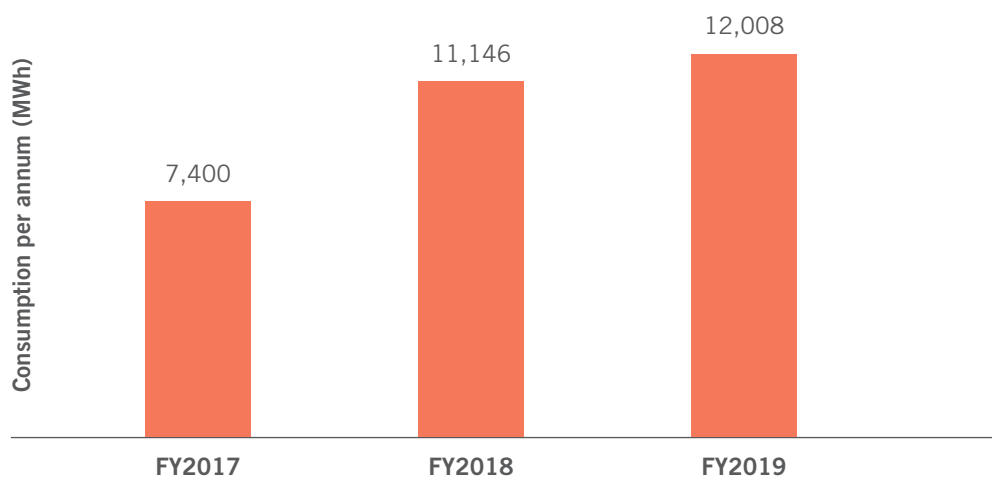
PROGRESS OF ENERGY REDUCTION INITIATIVES (FY2017 – FY2019)

(GRI 302-1, 302-2, 302-4, 302-5, 305-2)

This financial year, actual energy savings were obtained and tabulated from the various energy savings projects. The energy savings calculations presented below include Sunway REIT's properties that have initiated energy projects for a fair comparison. The accumulated actual energy saved over the past 3 years (FY2017 – FY2019) was 30,554 MWh.

In conclusion, the properties have achieved an annual energy savings of 10% as of FY2019, using FY2016 as the baseline year. Many energy saving projects have been launched after FY2016, thus, to recognise these initiatives, FY2016 was chosen as the baseline year. With this milestone achieved, Sunway REIT will continue to support the implementation of energy savings projects in the coming years.

ACTUAL SAVINGS (MWH)				
Financial year (July – June)	FY2016	FY2017	FY2018	FY2019
Annual savings (MWh)	Baseline	7,400	11,146	12,008
Total savings (over 3 years) (MWh)			30,554	
% energy saved in FY2019 over Actual Energy Savings			10%	

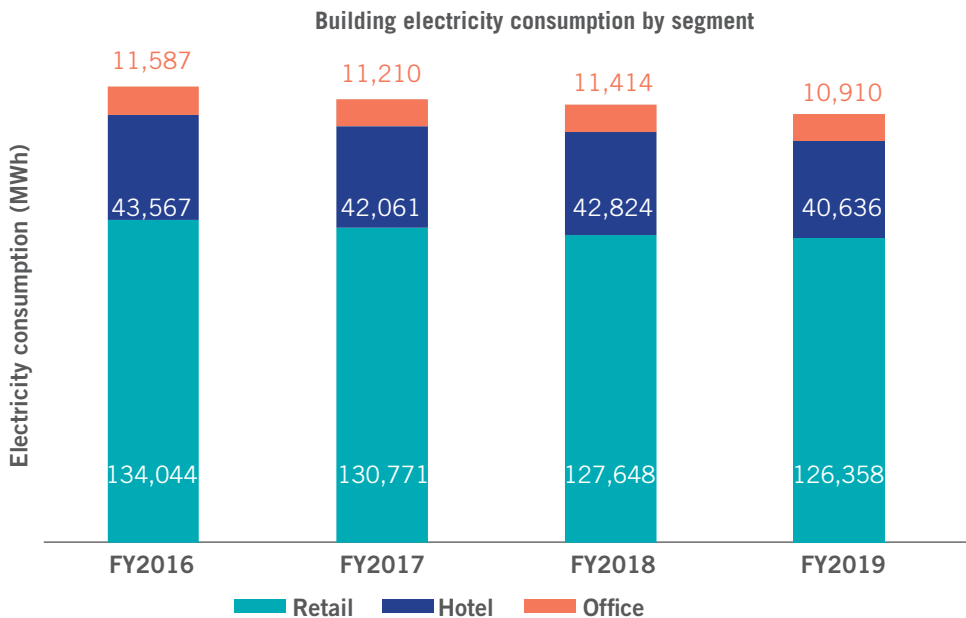


ENVIRONMENTAL

BUILDING ELECTRICITY CONSUMPTION

(GRI 302-1)

The graph below indicates the energy consumption of Sunway REIT's properties by segment. The energy consumption has reduced in each segment, with a total reduction of 11,293 MWh in FY2019 compared with the baseline year. This indicates a 6% reduction in annual energy consumption in all properties under Sunway REIT's portfolio based on bulk consumption.

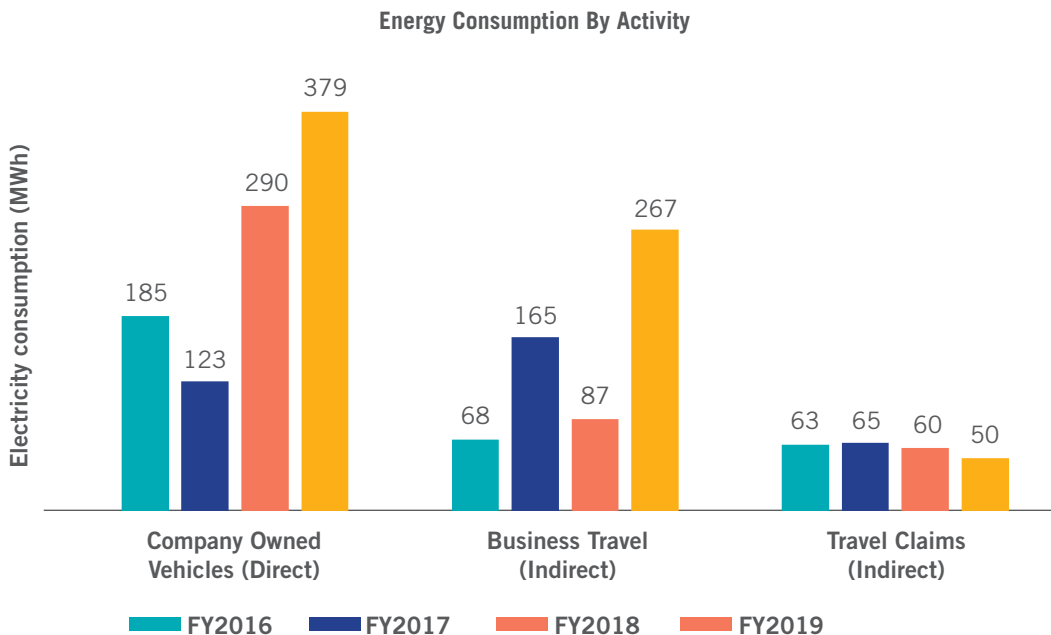


Note: Complete information on energy consumption is presented in the appendix

ENERGY CONSUMPTION BY ACTIVITY

(GRI 302-1, 302-2)

Below is the energy consumption by activity data for Sunway REIT. The activities covered are from direct consumption (company cars) and from indirect energy consumption (flights and employee mileage claims). The energy from these activities are insignificant in comparison to the energy consumed in Sunway REIT's buildings. Hence, no energy savings initiatives have been carried out for such activities.



VITAL ATTRIBUTES



MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



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UNITHOLDERS' INFORMATION

ENVIRONMENTAL

BEI (BUILDING ENERGY INDEX)

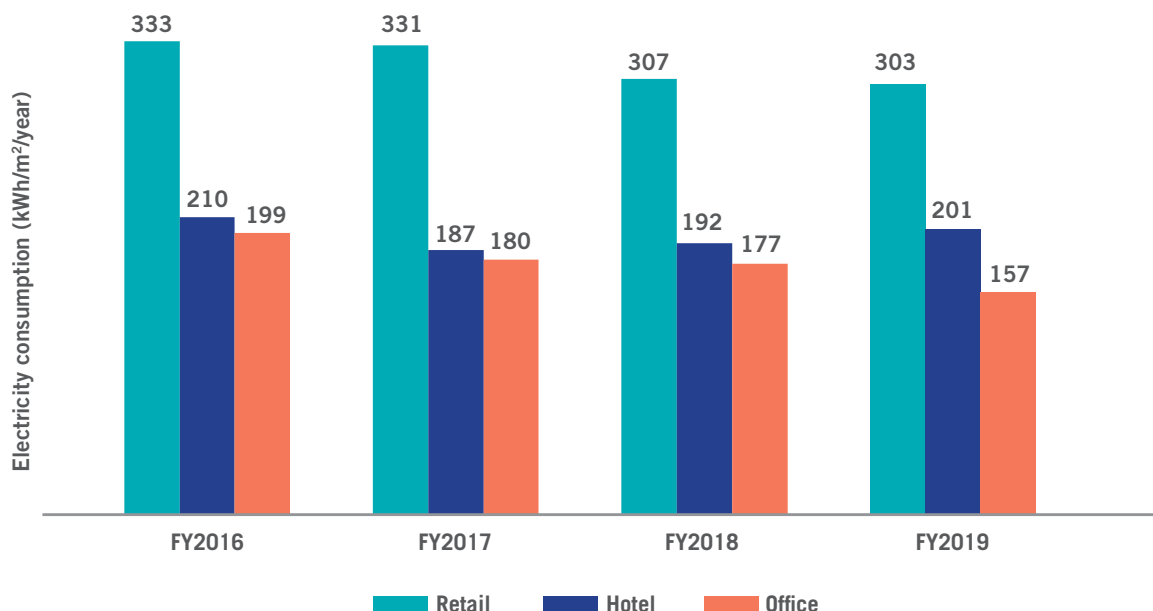
(GRI 302-3)

The BEI is a standard prescribed by the Green Building Index (GBI), used to measure specific energy usage of a particular building. It calculates the ratio of total energy used against the total GFA to determine the building energy intensity. As such, the BEI is a more consistent method in measuring energy savings. The BEI reported this year has been restated as the method of calculation has differed by taking into account significant factors such as adjustments to the chilled water energy consumption for buildings which are clustered under District Cooling System (DCS), which includes Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.

The below graph presents the BEI by sector for properties under Sunway REIT. For the Retail and Office segments, there is a reduction in the energy demand per meter square.

ENERGY INTENSITY FOR EACH SECTOR

Building electricity intensity by segment



SEGMENT	REDUCTION IN ENERGY DEMAND AS OF FY2019 (BASELINE YEAR: FY2016)	
	BEI (KWH/M ²)	PERCENTAGE (%)
Retail	30	9
Hotel	9	4
Office	42	21

ENVIRONMENTAL

WATER MANAGEMENT

DID YOU KNOW?

Water resource management is important to mitigate potential issues that may arise from clean water shortages. Therefore, sustainable management of water resources are essential for economic growth which can provide significant advantages to a community's health and education. In Malaysia, although water is very much affordable thanks to subsidies provided by the Government, there are still challenges in maintaining a secure supply of clean water and sanitation. For example, between 1998 and 2014, there was no water crisis, however since 2016, there has been major water cuts throughout Malaysia. Thus, it is essential to take into account sustainable water management in all operations.

RAIN WATER HARVESTING

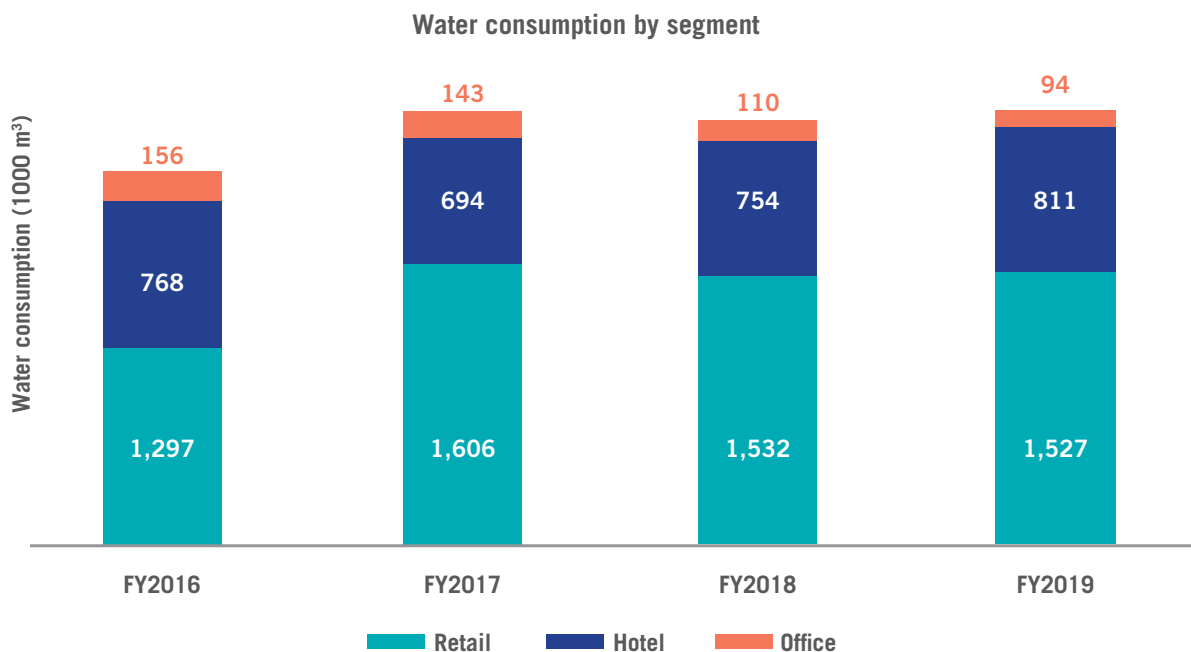
(GRI 303-1)

In this financial year, Sunway Pyramid Shopping Mall and Menara Sunway achieved another sustainability milestone implementing the rain water harvesting system (RWHS). RWHS is a system of rain water collection, storage and distribution for the use of the properties. The water collected from the Sunway Pyramid Shopping Mall rooftop is used for routine cleaning of the loading bay and refuse chamber. Meanwhile, water collected from Menara Sunway will be recycled for Menara Sunway landscape irrigation.

WATER CONSUMPTION

(GRI 303-1)

Water consumption is relatively consistent throughout the past 4 years, with a significant spike being observed in FY2017. This increase in water consumption is attributed to acquisition of Sunway Clio Property (retail), of which water consumption records are only available from FY2017 onwards. Thus, there is a spike of water consumption in the retail segment.



Note: Information of Sunway Clio Property (Hotel) for FY2016 was reported from March 2016 – June 2016 and information for Sunway Clio Property (Retail) was reported from FY2017



ENVIRONMENTAL

GHG EMISSIONS MANAGEMENT

DID YOU KNOW?

Over the past few years, more attention is being given to the mitigation of greenhouse gas (GHG) emissions as the GHG emissions in the atmosphere traps heat which is the main cause of climate change. Similarly, climate change contributes to extreme weather, the worsening of air quality and even contributes to the spread of vector-borne diseases. Thus, it is necessary to take into account GHG emissions as well as implement mitigation measurements in decreasing GHG emissions.

EV CHARGING STATION @ SUNWAY PYRAMID SHOPPING MALL

(GRI 305-5)

Electric vehicles (EV's) are a new buzz thanks to their capability of producing zero direct emissions. In conventional cars, direct emissions are emitted through the tailpipe, through evaporation from the fuel system, and during the fueling process. By omitting direct emissions, urban areas can enjoy cleaner air quality. However, it should be noted that EV's do not produce zero emissions overall. Nonetheless, in general EV's are more efficient and produce fewer GHG emissions compared to conventional vehicles. Thus, EV's can help to lower carbon footprint.

In partnership with smart parking reservation service provider ParkEasy, Shell Malaysia and BMW Group Malaysia, there are five new electric vehicle (EV) charging bays at Sunway Pyramid Shopping Mall. The five new EV charging bays hold a total of 15 charging stations. Ushering in a new age of urban mobility, electric vehicle owners can plug-in and charge their vehicles with ease at the dedicated BMW EV charging bays located at designated areas of the carpark.

Taking it a step further with technology, Mobile application ParkEasy allows EV or plug-in hybrid electric vehicle users to reserve a spot at Reserve+ Shell Recharge Bays for more than 60 minutes, while also assuring drivers of parking and charging availability. This way users can plan their journey ahead and be worry-free with regards to parking when taking a trip to the mall.

Going forward, there are plans to continue collaborating with ParkEasy to provide charging bays solutions across its developments at Sunway Carnival Shopping Mall in mainland Penang.



Data for emissions generated was obtained by using the relevant emission factors, taken the Sustainable Energy Development Authority (SEDA), Malaysia where available and from the Department for Environment, Food & Rural Affairs (DEFRA), United Kingdom where required.

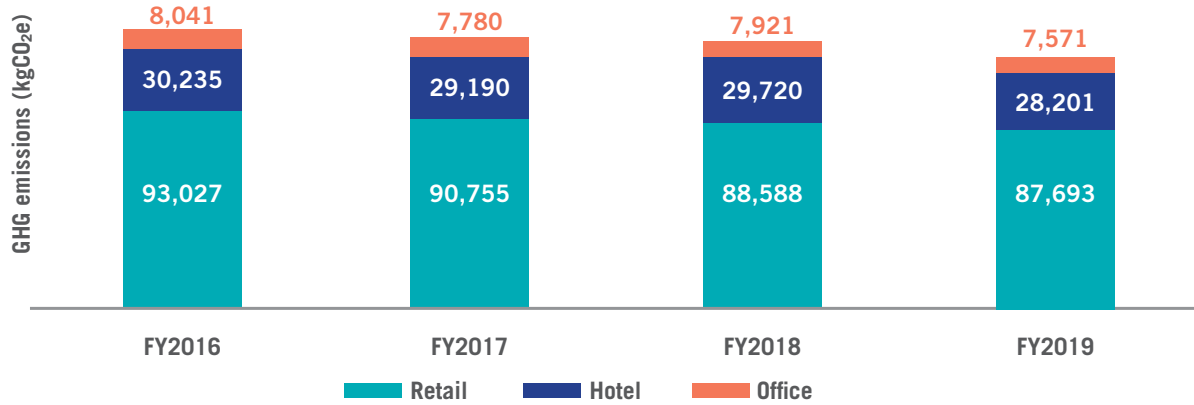
ENVIRONMENTAL

GHG EMISSIONS GENERATED FROM BUILDINGS

(GRI 305-2)

A total of 7,838 tonnes of GHG emissions were avoided in FY2019 (FY2016: 131,303 tonnes GHG) thanks to the energy saving initiatives implemented in Sunway REIT properties. As GHG emissions are directly proportional to the energy consumption, the GHG emissions avoided are the same as the energy savings obtained, which is a 6% reduction in annual GHG emissions for all properties under Sunway REIT's portfolio in FY2019 based on bulk generation.

Building GHG emission by segment (Scope 2)

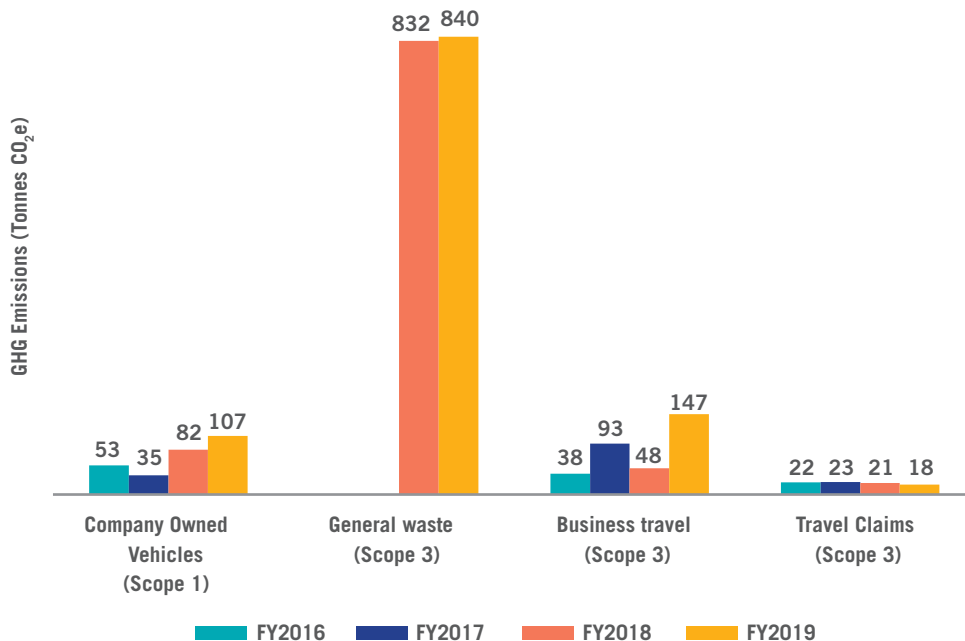


GHG EMISSIONS GENERATED BY ACTIVITY

(GRI 305-1, 305-2, 305-3)

Below are the emissions generated by activity data for Sunway REIT. The activities covered are from Scope 1 (company cars) and from Scope 3 (waste disposal, flights and employee mileage claims). Similarly, to energy consumption by activities, the emissions generated by company-owned vehicles, business travel (flights) and travel claims are insignificant in comparison to the emissions generated in Sunway REIT's properties. The emissions generated by waste is mitigated through recycling activities.

GHG Emissions By Activity (Scope 1 and Scope 3)



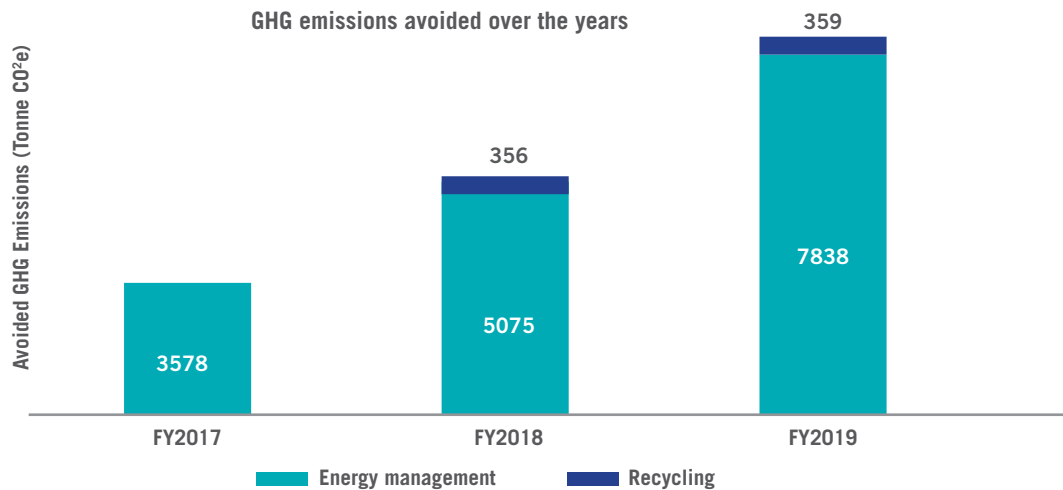
ENVIRONMENTAL

MITIGATED GHG EMISSIONS

(GRI 305-5)

Over the years, Sunway REIT has implemented several sustainability initiatives in order to reduce carbon footprint. Among these several initiatives, energy reduction and recycling activities have been able to produce tangible results in terms of the amount of GHG emissions reduced. The figures below indicate the progress of Sunway REIT in decreasing carbon footprint. Overall, energy reduction has contributed 95.6% whereas recycling contributed to 4.4% of GHG reduction in FY2019. Once again FY2016 has been used as the baseline year as many energy saving projects have been launched after FY2016.

TOTAL GHG EMISSION REDUCTION OVER THE YEARS



WASTE MANAGEMENT

METAL STRAW CAMPAIGN

(GRI 306-2)



DID YOU KNOW?

Plastic waste is becoming a major concern, especially due to its impact on our oceans and the damage it brings to our atmosphere from its seemingly never-ending production. One study suggests that an estimated 8.3 billion plastic straws pollute the world's beaches. There are several solutions to curb this issue and one such solution is by replacing every day single-use plastic items with reusable items. If a person were to use a plastic straw every day for 10 years, that would amount to 3,650 straws over a decade. Now if the same person were to switch to a metal straw, a significant amount of pollution can be avoided as stainless-steel straws are reusable and can last for ages if used properly.

In this financial year, Sunway Malls attempt to reduce single-use plastic straws by offering metal straws as a redemption item for every RM100 spent in Sunway Pyramid Shopping Mall, Sunway Putra Mall and Sunway Carnival Shopping Mall. This effort is also in line with the UN's Sustainable Development Goals SDG 12: Responsible consumption and production; as well as the banning of plastic straws in all Federal Territories of Kuala Lumpur, Labuan and Putrajaya by 2020.

The initiative has thus far proven to be a success, with an estimated 54,000 metal straws being redeemed at Sunway Pyramid Shopping Mall, Sunway Putra Mall and Sunway Carnival Shopping Mall between the months of January 2019 – May 2019.

ENVIRONMENTAL

FOOD WASTE MANAGEMENT - COMPOST MACHINE

(GRI 306-2)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



DID YOU KNOW?

According to Solid Waste Corporation Management (SWCorp), Malaysians generate almost 17,000 tonnes of food waste daily. This amount could feed 12 million individuals three times a day. Malaysia predominantly disposes of waste via landfills, and to meet the requirements to dispose of waste, Malaysia has more than 150 landfills. The reality is, space is running out.

Food waste is a major environmental and social issue as it contributes to landfill emissions and increased food prices. An audit was conducted to quantify the amount of food waste that is disposed on a daily basis which indicates about about 4,000kg of food waste is disposed daily from Menara Sunway, Sunway Pyramid Shopping Mall, and Sunway Resort Hotel & Spa.

Hence, both Sunway Pyramid Shopping Mall and Sunway Resort Hotel & Spa have decided to invest in a food waste compost machine respectively to reduce their food waste foot print. The food waste compost machines will convert the food waste into environmentally friendly organic compost. The mall targets to achieve an adoption rate of this initiative from 20% of their F&B tenants in CY2019 and 100% by CY2024. Meanwhile, the hotel targets to fully compost the food waste that is produced in the kitchen.



WASTE MANAGEMENT

VERMICOMPOSTING & GRUB COMPOSTING

(GRI 306-2)

In addition to the incorporation of food waste composting into the mall and hotel operations, Menara Sunway is also collecting food waste to be sent to a composting farm. The farm houses composting worms and black soldier fly maggots. These worms break down the food waste into useable compost whereas the maggots are fattened by the food waste and then collected to be used as animal feed. Total amount of food waste that has been collected since the start of the project in March 2019 until June 2019 is about 4,000kg.

KLOTH CARE

(GRI 306-2)



DID YOU KNOW?

The fashion industry is one of the top waste polluters in the world. The demand for textiles has been increasing over the past few years and due to this, the waste generated from the textile industry is increasing as well. Keeping this in mind, many solutions are being developed.

Another initiative in alignment with SDG 12 is additional efforts to reduce waste to landfill by Sunway Putra Mall, Sunway Pyramid Shopping Mall, Menara Sunway and Sunway Resort Hotel & Spa. In partnership with Kloth Care, Selangor Youth Malaysia and Life Line Clothing Malaysia. These properties will be supporting the project called 'Keep Fabrics Out of Landfills'.

Additionally, Sunway Putra Mall is the first shopping mall to provide a vehicle drop-off spot for shoppers to conveniently donate unwanted fabrics. All these clothes will be donated to those who needs and the ones that are not in good conditions will be upcycled to create new items such as pouch, tote bags and more. This initiative is also in support of the KlothCare project called 'Keep Fabrics Out of Landfills' which is aiming to collect 188,000kg unwanted fabrics by 2020.

ENVIRONMENTAL

NO.	PROPERTY	BIN LOCATION
1	Sunway Putra Mall	Basement Parking level B1
2	Sunway Pyramid Shopping Mall	Kitchens outlet, Ground Floor
3	Menara Sunway	Next to Kelab Social Sunway (KSS), Basement Parking level B1
4	Sunway Resort Hotel & Spa	Level 12

RE-TECH E-WASTE COLLECTION CAMPAIGN

(GRI 306-2)



DID YOU KNOW?

Electrical and electronic waste, otherwise known as “e-waste”, is becoming a serious environmental issue on a global scale and Malaysia is no exception. Based on a published project report on inventory of e-waste in Malaysia funded by the Ministry of Environment Japan (MOEJ), it is estimated in Malaysia 79,500 units of e-waste will be disposed in the year 2020 alone, which is equivalent to about 1,150 million metric tonnes. Televisions, mobile phones and personal computers are among the largest contributors of e-waste in terms of volume, units and weight respectively. Under warm temperatures, e-waste will release toxic chemicals which seep into the air and groundwater, damaging the atmosphere as well as adversely affecting both land and sea animals. Thus, it is important to minimize e-waste disposal to landfill.

To tackle the e-waste issue, Sunway Malls have joined with a few other organisations to establish an initiative known as the Re-tech E-waste Collection Campaign. Re-tech is a joint initiative between SS14 Rukun Tetangga and USJ13 Rukun Tetangga, and in partnership with JKP Zone 1 & 3, the Subang Jaya Municipal Council, Lions Club of Subang Jaya as well as KITAReward, with Sunway Malls as a corporate partner. The goal of this initiative is to encourage e-waste recycling amongst their residents by initiating collection points in their area and at the same time reduce the disposal of e-waste to landfills.

To date, the initiative has been very successful, with the launch going off with a bang as the first day of collection saw over 2 tonnes of recyclable e-waste collected, contributed by 86 households. Residents of Subang Jaya and its vicinity can bring their e-waste for recycling at the community centre in SS14, USJ13 in exchange for rewards from Sunway Pyramid Shopping Mall. The rewards are awarded based on the items brought in for recycling, in the form of cash vouchers from various shops in Sunway Pyramid Shopping Mall. As of 13 May 2019, RM5,700 in cash vouchers have been distributed since the launch of the programme on 1 July 2018.

Items that are accepted include old, spoiled or unwanted TVs, radios, mobile phones, refrigerators, washing machines, laptops, keyboards, monitors, mouse, CPU, modems, printers, tablets, mini servers, CD drives and electrical home items amongst many others.



ENVIRONMENTAL

REPURPOSE USED COOKING OIL

(GRI 306-2)



In an effort to tackle cooking oil waste, Sunway Resort Hotel & Spa, Sunway Pyramid Convention Centre and Sunway Clio Hotel has joined an initiative driven by FatHopes Energy Sdn Bhd, a waste to energy company, to minimise the cooking oil waste to landfill.

The initiative is under the Ethical Waste Management Practice Program whereby restaurants and F&B outlets are invited to participate in this program to ensure ethical disposal of used cooking oil. FatHopes Energy’s primary focus is in collecting waste vegetable oil, consolidating and finally processing it for the production of biofuels. The company also operates a biodiesel plant in its premise located at Subang New Village, Shah Alam.

As part of the initiative, FatHope Energy will be providing a portable tank to collect used cooking oil generated by the participating Sunway Hotels. Collection of the used cooking oils at Sunway Hotels started on 1 April 2019. This effort contributes to Sunway’s goals on reducing pollution to environment and maximise recycling.

As part of Sunway Hotels commitment to the initiative, targets have been set:

PERIOD	SHORT-TERM GOAL: YEAR 2022	LONG-TERM GOAL: YEAR 2030
Target	Repurpose 25% of the used cooking oil based on consumption	Repurpose 50% of the used cooking oil based on consumption.

RECYCLE USED CLOTH & LINEN

(GRI 306-2)



In an effort to reduce waste generated from Sunway Hotels, Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown started an initiative to give discarded linen new life by donating to Penang Cheshire Home to be recycled into handicraft, which also supports the upkeep of the home.

ENVIRONMENTAL

OFFICE RECYCLING EVENTS

(GRI 306-2)



In August 2018, Menara Sunway and Wisma Sunway organised their first recycling campaigns to increase awareness on the benefits and importance of recycling as well as keeping waste out of landfills. The campaign was targeted towards the tenants within the two properties. Menara Sunway and Wisma Sunway held a total of 5 and 2 recycling campaigns respectively, between August 2018 and February 2019. In total, 875kg of recycling materials were recorded over the 7 campaigns.

BAN ON SINGLE-USE PLASTIC

(GRI 306-2)



DID YOU KNOW?

About 8 million tonnes of plastic is thrown into the ocean annually and it is predicted that by 2050, there will be more plastic in the ocean than fish. In turn, the plastic pollution problem causes over 100,000 marine animals dying from plastic ingestion every year. Additionally, plastic does not biodegrade; rather it breaks down into ever-smaller pieces and thus stays within the food chain indefinitely. If you eat seafood, chances are you are ingesting plastic as well.

To do our part in mitigating this increasingly damaging issue, Menara Sunway has taken the first step in eliminating single-use plastic in its premises. By creating a single-use plastic ban policy and releasing communication material to the staff to raise awareness on the importance of refusing plastic respectively. Menara Sunway will be pioneering what will eventually be rolled out as a REIT-wide initiative.

This initiative has also been developed in response to a launch of Malaysia's Roadmap Towards Zero Single-Use Plastics 2018-2030 Roadmap by MESTECC in October 2018 which requires business operators to:

- Comply with the Roadmap in a participatory manner
- Encourage proactive measures in the implementation of the Roadmap
- Provide technical and business inputs to the various platforms established by the government

The initiative was kicked off in June 2019 with awareness materials. The awareness communication materials have been scheduled to roll out on a weekly basis until 1 August 2019, whereby the ban on single-use plastics will officially be effective in Menara Sunway.

Due to the period of which the single-use plastic ban will be rolling out, more details on the progress of initiative along with details of the policy to be in place will be published, in the next Sunway REIT Annual Report.



VITAL ATTRIBUTES



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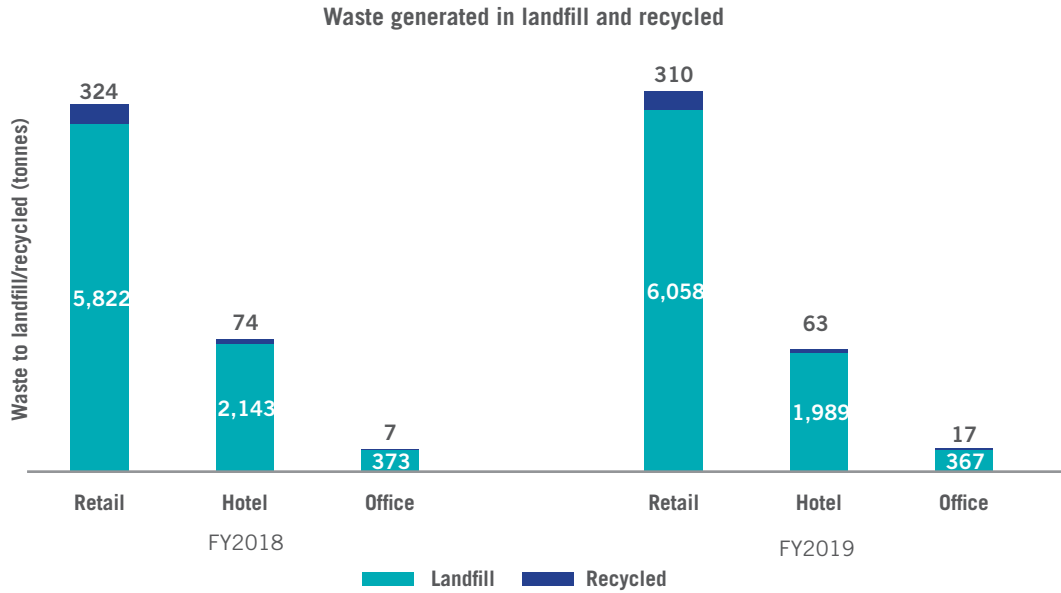
UNITHOLDERS' INFORMATION

ENVIRONMENTAL

WASTE GENERATED

(GRI 306-2)

This financial year, 8,804 tonnes of waste was generated, of which 8,415 tonnes (96%) was sent to landfill while in FY2018, the total amount of waste generated was 8,743 tonnes, of which 8,338 tonnes (95%) was sent to landfill.

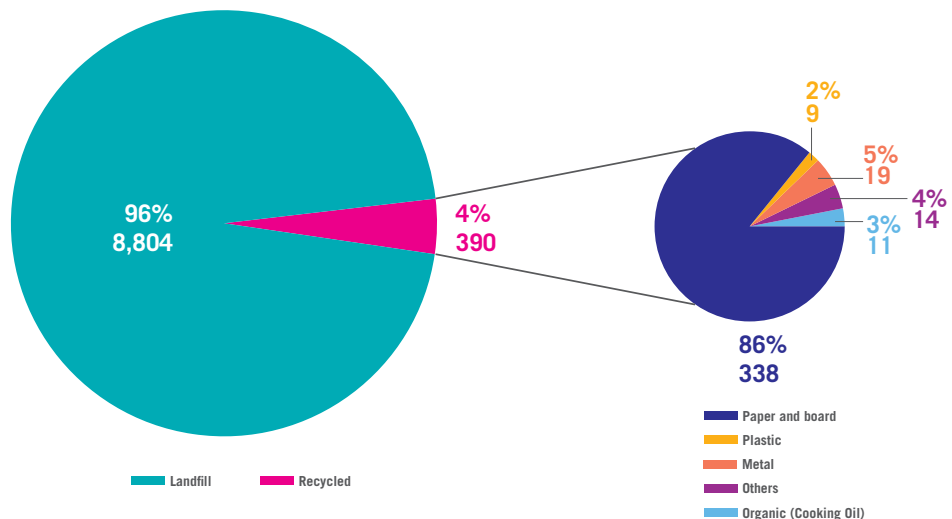


BREAKDOWN OF RECYCLABLE ITEMS

(GRI 306-2)

Overall, little change can be seen in the amount of waste disposed and recycled. However, the offices under Sunway REIT have shown a significant improvement in recycling. In FY2018, the recycling rate in offices was 1.8%, whereas for this financial year, the recycling rate increased by 2.6%, resulting in a recycling rate of 4.4% in FY2019 for the offices.

In this financial year, paper and board is once again the largest recycled category at 86% (FY2018: 82%). Furthermore, 96% of the waste was sent to landfill and the rest was recycled.



SOCIAL

OUR PEOPLE

DIVERSITY IN THE WORKFORCE

(GRI 405-1)

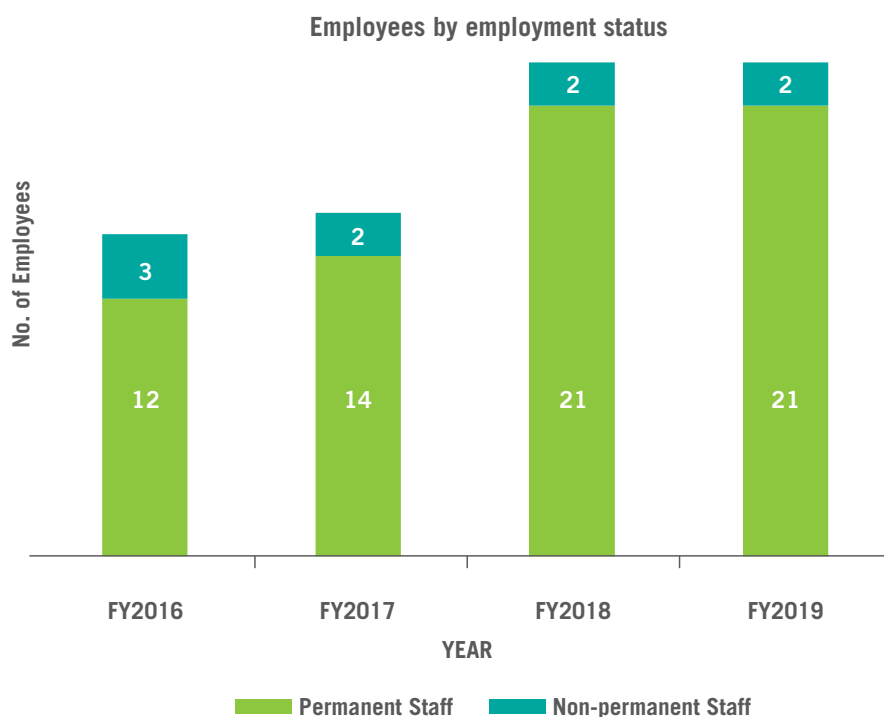
The Manager is committed to encouraging diversity and inclusion in the workplace. We aim to create a culture that respects and values each other's differences, promotes equality and diversity, and encourages individuals to grow and develop in order to realise their full potential. Diversity and inclusion are closely tied to our core values of integrity, humility and excellence which are embedded into every facet of our business and goals. These practices and beliefs are part of our Diversity and Inclusion policy.

The figures below indicate the distribution of Sunway REIT's employees by gender, ethnicity and age as of 30 June 2019. In total, the Manager consists of 23 employees.



Employees Transition in FY2019

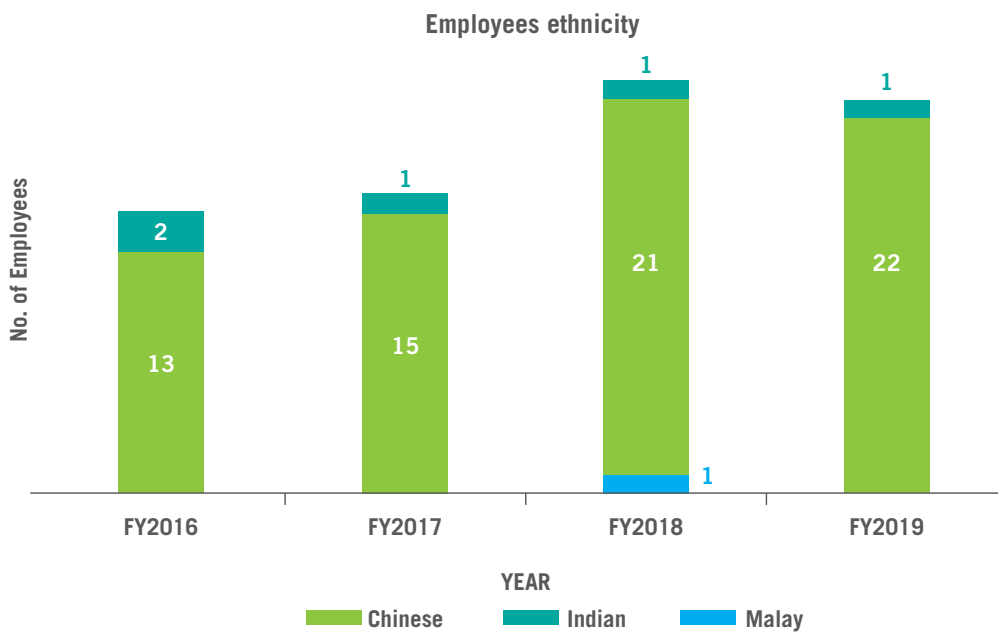
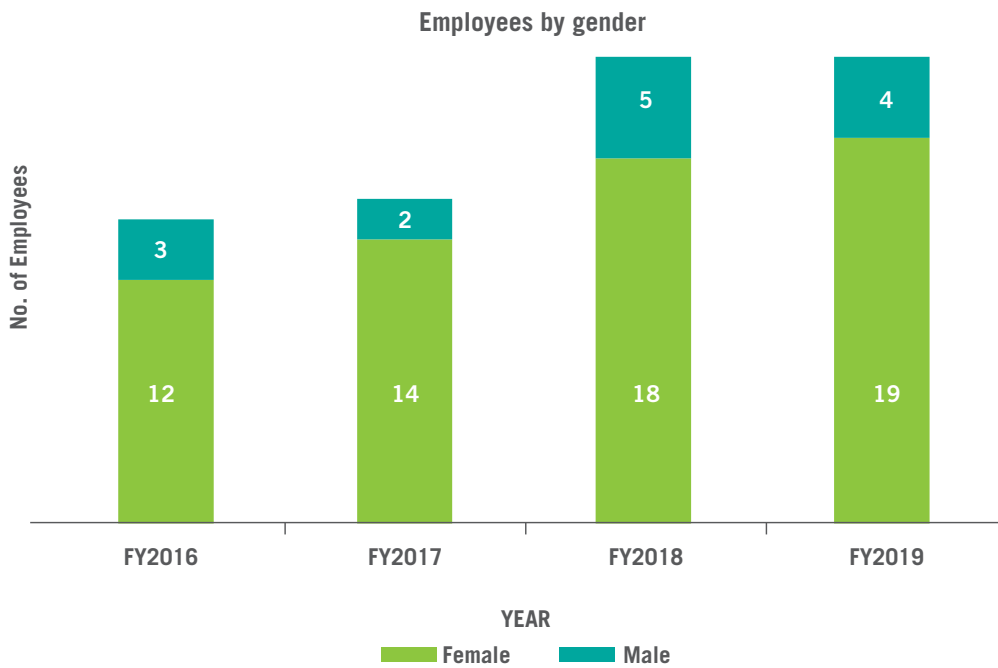
Number of employees (as at 30 June 2018)	23
Number of attrition	4
Number of new hires	4
Number of employees (as at 30 June 2019)	23
Retention rate	83%
Attrition rate	17%
New hires rate	17%



SOCIAL

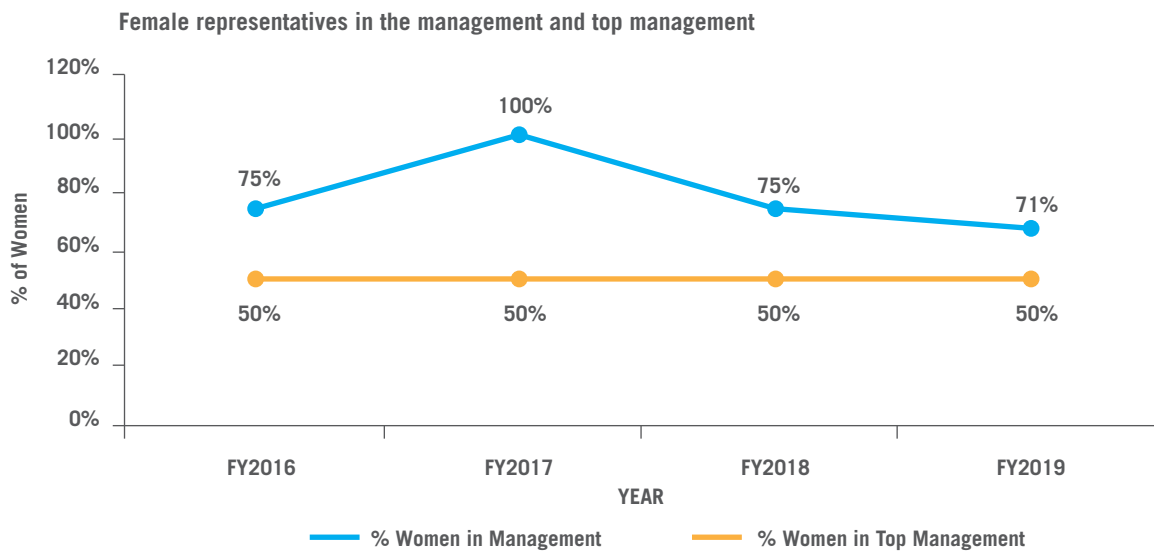
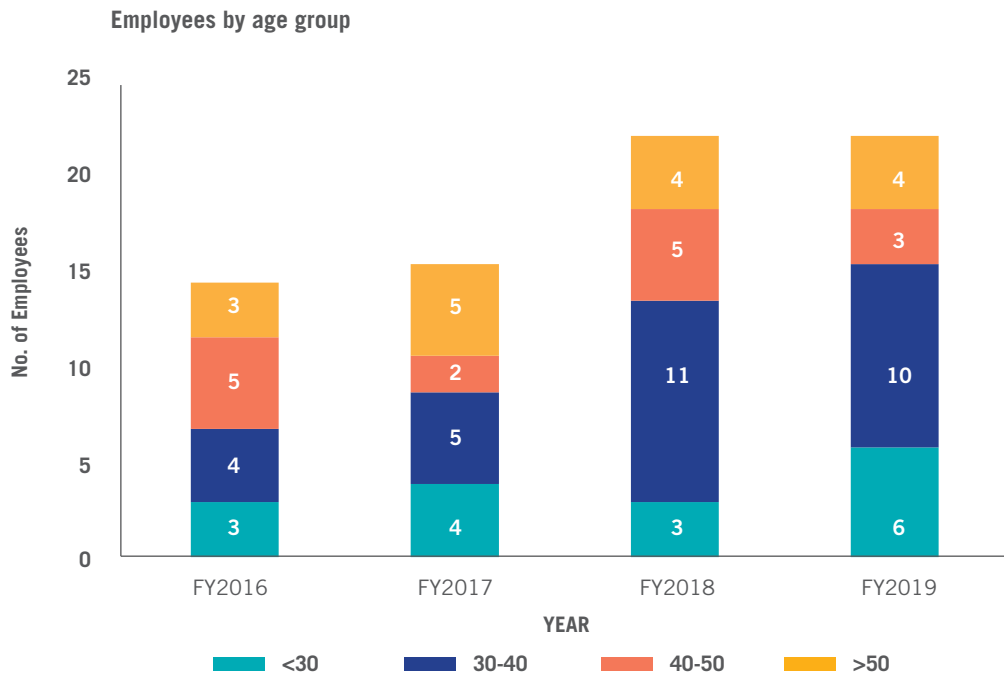
DIVERSITY IN THE WORKFORCE

(GRI 405-1)



SOCIAL

DIVERSITY IN THE WORKFORCE (GRI 405-1)



SOCIAL

VALUING OUR WORKFORCE

(GRI 401-2, 404-1, 404-2)

At Sunway REIT, we highly appreciate the benefits of maintaining an engaged workforce. Thus, our employees are entitled to benefit from a wide array of engagement activities, training and development programs as well as enjoy several perks as per Sunway Group's benefit policy.

TRAINING AND DEVELOPMENT:

A total of 544 hours of training was recorded for all the Manager's employees.

Trainings and programs benefited by the Manager's employees:

- First-Time Manager
- Situational Leadership II
- Design Sprint
- Finance for Non-Finance
- Excel Training - Advance level
- English for Business Communication
- 7 Habits of Highly Effective People
- Managing Leave & Absenteeism at Workplace
- Managing Misconduct and Absenteeism at Workplace
- Managing Poor Performance at Workplace
- How to Record a Statement when a Case Arise

EMPLOYEE ENGAGEMENT

(GRI 401-2)

In order to ensure good communication between the management and staff, a continuous two-way engagement between the top management and the Manager's employees is initiated via dialogue sessions. These dialogue sessions allow employees to raise concerns and at the same time allow management to look into the perspective of the Manager's staff in order to develop an excellent working environment. Additionally, other engagement activities are also carried out throughout the year. Below is a list of employee engagement activities that were carried out in FY2019.

EMPLOYEE ENGAGEMENT ACTIVITIES:

- Healthy lunch (once in every 2 months)
- Bowling Night
- Movie Night
- Fruits/Juice Day
- Karaoke Night
- Run for Rare
- Townhall session/Dialogue session
- Annual Dinner

SOCIAL



Employee Annual Dinner



Karaoke Night



Run for Rare



VITAL ATTRIBUTES



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EMPLOYEE BENEFITS

(GRI 401-2)

The Manager's employees enjoy the same benefits as Sunway Group.

Recognition is the key to employee loyalty. Top global talent is attracted and retained with competitive compensation. Our compensation and benefits exceed or are in accordance with local laws. Sunway's salary structure is reviewed annually in line with general industry practice. Periodic benchmarking checks that our salaries and total remunerations are competitive. Business units may offer industry-specific benefits. However, all employees receive a comprehensive and competitive benefits package that is relevant to their particular markets.

Employees have also enjoyed the benefits of the Employees' Share Option Scheme (ESOS). The ESOS structure promotes a culture of reward based on merit. The vesting amount depends on the performance of the respective employees with higher performing staff vesting a higher proportion of options.

EXAMPLES OF WELFARE FOR SUNWAY STAFF



THEME PARKS



SHOPPING MALLS



HOTEL ROOM RATES



PROPERTY PURCHASES



HEALTHCARE BENEFITS



PARENTAL LEAVE & CHILDCARE SUBSIDY

OUR TOTAL REWARD STATEMENTS COMMUNICATE THE OVERALL VALUE OF EACH INDIVIDUAL EMPLOYEE'S FINANCIAL REWARDS SUCH AS:



- BASE PAY
- BONUS
- INCENTIVES
- EMPLOYEE BENEFITS

SOCIAL

CUSTOMER AND EMPLOYEE WELFARE

CUSTOMER PRIVACY AND DATA SECURITY

(GRI 418-1)

RETAIL

All employees of Sunway Malls are required to comply with the PDPA act and the Compliance Manual.

Ensuring PDPA compliance in Sunway Malls

- All Job Description are clearly stated on staff's roles & responsibility to comply with all Sunway policies in relation to PDPA
- HR to ensure All Sunway Malls staff read, understand and acknowledge on the Non-Disclosure Agreement (NDA)
- Question and answer session to conduct PDPA training/briefing regularly to Sunway Malls staff
- Question and answer session to arrange yearly internal audit to ensure staff compliance on PDPA
- In terms of shopper privacy, the Marketing department places a sign at the concourse that visitors may be filmed/photographed for the malls' usage. For redemption forms/kids club forms, shoppers can indicate their method of preferred communication. We also included a line, that assures them that we follow Sunway's PDPA compliance.

HOTEL

All Sunway Hotels personnel are required to comply with the PDPA act. Additionally, access to guests' details is strictly granted only to authorised users of whom are holding the highest level of administration authority.

OFFICE

All tenant information is not disclosed to any third party without prior consent from the tenant.

PRODUCT QUALITY

(GRI 416-1)

RETAIL

To ensure quality services are provided at all times, Sunway Malls' have set a vision and corporate missions, supported by a Quality Policy that all staff are to use as a guide to serve stakeholders.

Vision

- Create experiences that enrich lives

Mission

- Embrace innovation to create delightful experiences
- Drive customer-centric culture
- Inspire our people to bring out the best in them

Quality policy

Sunway Malls is committed to create experiences that enrich lives by:

- Delivering the best innovative retail, leisure and entertainment offerings and experiences for all our customers
- Consistently providing world-class operations service excellence that exceeds customers' expectation
- Continual improvement for Total Quality Environmental, Safety & Health practices and values
- Creating wholesome, communal and environmental friendly lifestyle destination
- Enhancing stakeholders' expectations
- Developing human capital that can deliver world-class performance



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HOTEL

All hotels ensure service quality by practicing their standard operating procedures and guidelines.

Ensuring quality service in Sunway Resort Hotel & Spa Cluster

- SOP and training which ensures the consistency of service quality to their guests.
- Satisfaction scores are shared with hotel employees to align the overall satisfaction of the hotel's performance with the staff's actions.
- Continuous monitoring and identification of areas for improvement.
- A working template on defect and Standard Operation Procedures (SOP) had been established to create a solid work flow system by reducing differences in skill, providing steps to accomplish jobs and guiding the employees in following the right procedure.
- Appointment of a Quality Improvement Manager.

Sunway Resort Hotel & Spa aspires to ensure guest satisfaction and happiness their stay.

Ensuring quality service in Sunway Putra Hotel

- Implementation of a defect reporting program to ensure defects are eliminated prior to guests' discovering the defects.
- Implemented the "Sunway Putra Hotel Experience" to provide a VIP experience to all guests.
- Quality Improvement audits and checks are being done on a regular basis to ensure all standards are being practiced consistently throughout the hotel.

Sunway Putra Hotel aspires to welcome guests' home as family with the warmth and comfort of a 5-star luxury hotel at a competitive price, and to provide excellent service and products; consistently exceeding guests' expectations.

Ensuring quality service in Sunway Hotel Seberang Jaya & Sunway Hotel Georgetown Penang

- Monitor and improve service and product quality by quantifying the number of mentions on each aspect through guests' reviews.
- Monthly QI meeting will be held with all departments to review action plans on enhancing services, products and facilities.

Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown Penang aspires to deliver a service of a quality that instills a sense of comfort and welcome as a "home away from home".

OFFICE

All products to be used in the facilities are checked for SIRIM certification records before they are purchased. The office management team aspires towards delivering a good experience by ensuring continuous improvement in the quality of the products and services.

CUSTOMER SERVICE

(GRI 416-1)

RETAIL

In FY2019, based on the net promoter score and customer satisfaction index, there can be seen an improvement in customer experience every quarter. The NPS is a positive number which indicates a good overall satisfaction from shoppers in Sunway Pyramid Shopping Mall as well as a good likelihood of current shoppers recommending Sunway Pyramid Mall as a go to destination.

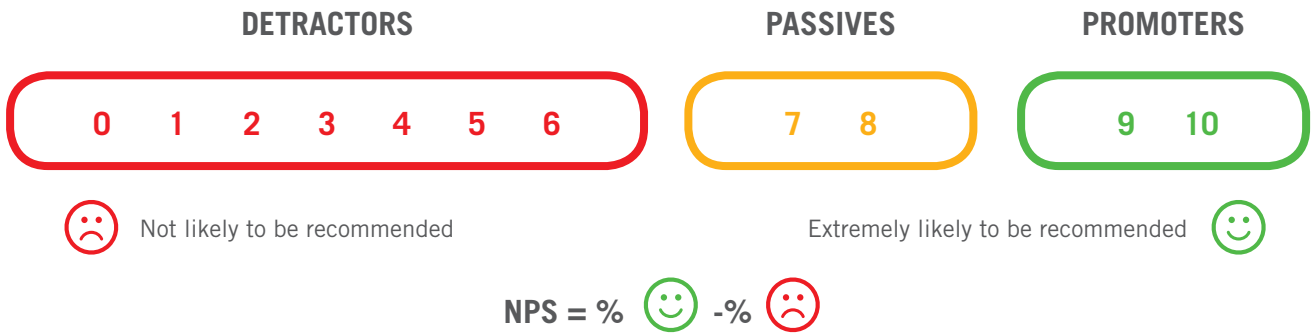
REPORTING YEAR	FY 2019			
REPORTING QUARTER	Q1	Q2	Q3	Q4
Net promoter score	25.9	27.7	23.6	25.3
Customer satisfaction index	48%	45%	52%	60%

SOCIAL

NET PROMOTER SCORE (NPS)

The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of shoppers to recommend Sunway Pyramid Shopping Mall as a shopping destination to others.

It is used as a proxy for gauging the shopper's overall satisfaction with a Sunway Pyramid's product or service and the shopper's loyalty to the mall.



CUSTOMER SATISFACTION INDEX FOR MALLS' BASED ON BELOW STATEMENT

CATEGORY	FACTOR
Shop mix	<ul style="list-style-type: none"> • Latest in fashion and design • Variety of F&B • Variety of brands for clothing/accessories
Amenities	<ul style="list-style-type: none"> • Spacious pathways/walkways/footpath • Signages for ATMs/Toilets/Lifts • Cleanliness and tidiness of restrooms • Other amenities for shoppers
Outlet's employees	<ul style="list-style-type: none"> • Friendliness and politeness • Knowledgeability and responsiveness
Parking & security	<ul style="list-style-type: none"> • Safety and security • Ease of finding parking spaces with the parking guide system

Sunway REIT continues to upgrade and refresh its properties to ensure optimal comfort to its customers. In this financial year, Sunway Pyramid Shopping Mall had been given an uplift to enrich shoppers experience in the mall with new amenities to customers. To further enhance customers' experience, Sunway Pyramid Shopping Mall plans to upgrade its restrooms, which include introduction of a full-fledged restroom for children.

HOTEL

In FY2019, overall Sunway Hotels has scored well in the Global Review Index by ReviewPro which is a measurement tool used by thousands of hotels worldwide as a benchmark for reputation management efforts.

NO.	HOTEL	GLOBAL REVIEW INDEX SCORE (YEAR TO DATE)
1	Sunway Resort Hotel & Spa Cluster	90.0%
2	Sunway Putra Hotel	89.4%
3	Sunway Hotel Seberang Jaya	84.2%
4	Sunway Hotel Georgetown	86.6%



SOCIAL

OFFICE

Sunway office buildings under Sunway REIT's portfolio has also scored well in the customer satisfaction index for FY2019. This year, Wisma Sunway in particular scored significantly well, with a score of 80.1% in customer satisfaction.

NO.	OFFICE	CUSTOMER SATISFACTION INDEX (YEAR TO DATE)
1	Sunway Tower	78.6%
2	Wisma Sunway	80.1%
3	Sunway Putra Tower	78.5%
4	Menara Sunway	72.9%

Customer satisfaction index for offices' based on below statement

CATEGORY	FACTOR
Employees	<ul style="list-style-type: none"> • Staff availability and punctuality • Professionalism in regards to response to customers • Speed in regards to response to customers
Product and service quality	<ul style="list-style-type: none"> • Quality of work and services • Accuracy of billing
Security	<ul style="list-style-type: none"> • Security operation
Amenities	<ul style="list-style-type: none"> • Cleanliness • Landscape

HEALTH, SAFETY AND SECURITY

(GRI 403-2, 403-3)

RETAIL

Safety and Security has always been of utmost importance to Sunway malls. Currently the malls are in the midst of upgrading the CCTV systems and work hand-in-hand with Sunway Group of Security to manage the malls security forces, comprising of guards and auxiliary police.

The office and our employees' children playgrounds are regularly disinfected. The offices and playgrounds are disinfected with an eco-friendly water-based coating that kills viruses, bacteria, mould, and fungal growth to sterilize the environment and remove bad odour. Additionally, free fruits are given to all staff every Wednesday as part of the effort in encouraging staff to keep a healthy and balanced diet.

Safety performance

The safety information below is a compilation of data from Sunway Pyramid Shopping Mall, Sunway Putra Mall and Sunway Carnival Shopping Mall:

DESCRIPTION	NUMBER OF CASES
Fatalities Case	-
Lost Workday Case (LWC)	2
Restricted Workday Case (RWC)	-
First Aid Case (FAC)	-
Near Miss Case	-
Dangerous Occurrence Case	-
Fire Case	-
Property Damage Case	1
Vehicle Accident Case	2
No. of Days Lost	47
Total Safe Man-hours Worked since last LWC	10,086 hours
Diseases contracted from on the job exposure	-

SOCIAL

Health and safety training

Malls in the central region train together, hence the number of participants have been reported as a combination of Sunway Pyramid & Sunway Putra Mall participants for the central region. The number of participants that attended safety training from Sunway Carnival Mall has been reported independently.

NO.	TRAINING DESCRIPTION	MALL	DATE	NUMBER OF PARTICIPANTS
1	ESSENTIAL FIRST AID, CPR & AED TRAINING	Sunway Pyramid Shopping Mall & Sunway Putra Mall	19/03/2019	13
2	ESSENTIAL FIRST AID, CPR & AED TRAINING	Sunway Pyramid Shopping Mall & Sunway Putra Mall	26/03/2019	18
3	FIRE FIGHTING & EMERGENCY RESPONSE PLAN (ERP)	Sunway Pyramid Shopping Mall & Sunway Putra Mall	27 – 28/02/2019	21
4	ESSENTIAL FIRST AID, CPR & AED TRAINING	Sunway Pyramid Shopping Mall & Sunway Putra Mall	21/06/2018	19
5	ESSENTIAL FIRST AID, CPR & AED TRAINING	Sunway Pyramid Shopping Mall & Sunway Putra Mall	28/06/2018	21
6	ESSENTIAL FIRST AID, CPR & AED TRAINING	Sunway Pyramid Shopping Mall & Sunway Putra Mall	05/07/2018	21
7	ESSENTIAL FIRST AID, CPR & AED TRAINING	Sunway Pyramid Shopping Mall & Sunway Putra Mall	02/10/2018	14
8	ESSENTIAL FIRST AID, CPR & AED TRAINING	Sunway Pyramid Shopping Mall & Sunway Putra Mall	09/10/2018	17
9	ESSENTIAL FIRST AID, CPR & AED TRAINING	Sunway Pyramid Shopping Mall & Sunway Putra Mall	16/10/2018	21
10	EMERGENCY RESPONSE MANAGEMENT	Sunway Carnival Shopping Mall	18 – 19/09/2018	21



VITAL ATTRIBUTES



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HOTEL

Sunway Hotels prioritises guest's and employee' safety and security by upholding the hotels with sufficient in-house manpower. Hotels comply to Occupational Safety and Health Act 1994 (Act 514). Additionally, a safety policy has been established for guests, employees and contractors. Common areas and lifts are equipped with CCTV and employees are equipped with life safety and first aid knowledge. Selected employees are trained with emergency response knowledge. As for food safety, Sunway Hotels comply to the Food Safety Management System (FSMS).

Safety performance in Sunway Hotels – Penang region

DESCRIPTION	NUMBER OF CASES
Fatalities Case	-
Lost Workday Case (LWC)	6
Restricted Workday Case (RWC)	-
First Aid Case (FAC)	5
Near Miss Case	-
Dangerous Occurrence Case	-
Fire Case	-
Property Damage Case	-
Vehicle Accident Case	-
No of Days Lost	102
Total Safe Man-hours Worked since last LWC	265 hours
Diseases contracted from on the job exposure	-

Safety performance in Sunway Hotels – Central region

DESCRIPTION	NUMBER OF CASES
Fatalities Case	-
Lost Workday Case (LWC)	3
Restricted Workday Case (RWC)	1
First Aid Case (FAC)	2
Near Miss Case	1
Dangerous Occurrence Case	-
Fire Case	5
Property Damage Case	5
Vehicle Accident Case	-
No. of Days Lost	113
Total Safe Man-hours Worked since last LWC	229,336 hours
Diseases contracted from on the job exposure	-

Health and safety training

NO.	TRAINING DESCRIPTION	HOTEL	DATE	NUMBER OF PARTICIPANTS
1	ERT Training - Mr Segaran	Sunway Putra Hotel	09.07.2018	5
			10.08.2018	4
			27.09.2018	6
			23.10.2018	8
			28.11.2018	5
			31.01.2019	5
			27.03.2019	4
			18.04.2019	2
			02.05.2019	2
			2	ERT Roles and Responsibilities - Mr Hafiz
21.09.2018	9			
3	Fire Safety Training For Kitchen Team - - Mr Segaran	Sunway Putra Hotel	26.04.2019	31
			17.05.2019	8
4	OSH - Evacuation Drill - Mr Hafiz	Sunway Putra Hotel	27.02.2019	14
5	First Aid Training - Mr Rasadurai	Sunway Putra Hotel	29 & 30.11.2018	11
			18 & 19.02.2019	11
			06 & 07.03.2019	12
			15 & 16.04.2019	18

SOCIAL

Health and safety training

NO.	TRAINING DESCRIPTION	HOTEL	DATE	NUMBER OF PARTICIPANTS
6	Chemical Spill Response - Mr Hafiz	Sunway Putra Hotel	15.01.2019	13
7	Code 1 Drill - Mr Hafiz	Sunway Putra Hotel	17.01.2019	5
8	Safety & Health Training - Mr Azmi (SUNMED)	Sunway Putra Hotel	27.06.2019	3
9	Pool Safety Training - (GADING INSTITUTE)	Sunway Putra Hotel	13 & 14.11.2018	10
10	ERT Roles and Responsibilities - Mr Azizul	Sunway Putra Hotel	19.10.2018 09.11.2018	7 10
11	CPR Training - Mr Aizul	Sunway Putra Hotel	15 & 16.10.2018	8
12	Generation Safety & Health - (NIOSH)	Sunway Putra Hotel	15.05.2018	7
13	Fire and Life Safety Officer Training -Mr Segaran	Sunway Putra Hotel	02.05.2018	1
14	Health Talk	Sunway Resort Hotel & Spa Cluster	08.04.2019	35
15	Lets talk about Influenza	Sunway Resort Hotel & Spa Cluster	25.04.2019	27
16	First Aid	Sunway Resort Hotel & Spa Cluster	April 2019	15
17	Fire Life safety (FLS)	Sunway Resort Hotel & Spa Cluster	2018: Jul - Dec	
18	Emergency Response Team (ERT)	Sunway Resort Hotel & Spa Cluster	2018: Jul - Dec 2019: Jan - Jun	69 145
19	Food Handlers Training	Sunway Resort Hotel & Spa Cluster	2018: Jul - Dec 2019: Jan - Jun	33 certified 64 certified
20	Fire Life Safety (Refresher) Training	Sunway Hotel Georgetown Penang	64 certified 29.1.2019 28.2.2019 19.3.2019 9.4.2019 16.5.2019 20.6.2019	6 12 10 9 7 9
22	Healthy Heart, Healthy You	Sunway Hotel Georgetown Penang	23.1.2019	16
23	Fire Life Safety (Refresher) Training	Sunway Hotel Seberang Jaya	4.1.2019 13.2.2019 15.3.2019 12.4.2019 24.5.2019 14.6.2019	11 13 15 11 13 6
24	Back Pain (KPJ Penang Specialist)	Sunway Hotel Seberang Jaya	29.1.2019	17



SOCIAL

OFFICE

Safety performance

Below is the combined safety performance for Menara Sunway, Sunway Tower, Sunway Putra Tower and Wisma Sunway for FY2019.

DESCRIPTION	NUMBER OF CASES
Fatalities Case	-
Lost Workday Case (LWC)	-
Restricted Workday Case (RWC)	-
First Aid Case (FAC)	-
Near Miss Case	1
Dangerous Occurrence Case	-
Fire Case	1
Property Damage Case	2
Vehicle Accident Case	-
No. of Days Lost	-
Total Safe Man-hours Worked since last LWC	8,759 hours
Diseases contracted from on the job exposure	-

Health and safety training

Below is the list of trainings held for staff in Menara Sunway, Sunway Tower, Sunway Putra Tower and Wisma Sunway in FY2019.

NO.	TRAINING DESCRIPTION	MALL	DATE	NUMBER OF PARTICIPANTS
1	New Hire Safety Induction	Menara Sunway	15.07.2019	12
2	Contractor Safety Briefing	Menara Sunway	27.06.2019	8
		Sunway Tower	17.07.2019	7
		Wisma Sunway	05.08.2018	7
4	Contractor Site Safety Briefing	Menara Sunway	04.04.2019	4
		Wisma Sunway	05.08.2018	3
6	Emergency Fire Panel Training	Menara Sunway	20.07.2019	14

SOCIAL

AUTISM IS AWESOME INITIATIVE (AUTSOME)

(GRI 413-1)



On 8 January 2019, a major step was taken as Sunway Putra Mall became the first mall in Malaysia to be an Autism Friendly Mall by launching the Autism is Awesome initiative, or “Autosome” initiative. The goal of the Autosome initiative is to create awareness, advocate acceptance and support the autism community around us. It is also in line with the UN SDG 10: Reduced inequalities. To take it a step further, Sunway Putra Mall has pledged to support and create more awareness on Autism Spectrum Disorder (ASD). To support the autism community and their families, Sunway Putra Mall aims to provide them with an inclusive and comfortable shopping experience, simultaneously increasing public’s understanding and acceptance of autism spectrum disorder. This pledge can be found in Sunway Putra Mall’s mission statement.

The idea behind “AUTSOME” simply means, Autism Is Awesome - Because every individual with Autism is Always Unique, Totally Intelligent, Sometimes Mysterious. Only children who are diagnosed with Autism Syndrome Disorder (ASD) are applicable to register for the programme. As of May 2019, Sunway Putra Mall has 600 registered Autosome members.

Among the exclusive services provided for Autosome members are services such as Autism Tuesday Shopping Day (10am - 5pm), Shopping Assistance, Reserved Parking lots for Autosome members, dimmed lights and low volume of music, every Tuesday. Facilities such as Calm Room and Sensory Walls are also available in the mall for our Autosome members to utilise.

Autosome
Educate Advocate Celebrate

Autosome IS AWESOME
#AutismAwareness #SunwayPutraMall

Mission
In our effort to support the autism community and their families, Sunway Putra Mall aims to provide them with an inclusive and comfortable shopping experience, simultaneously increasing public’s understanding and acceptance of Autism Spectrum Disorder (ASD).

Be an Autosome Member today by collecting our Autosome Kit at Concierge Ground Floor!
What’s in the kit?
Parking sticker, Wristband, and Shopping Privileges

For more info on Autosome, our Autism-friendly initiative, visit www.sunwayputramall.com.my/autosome or [sunwayputramall](https://www.facebook.com/sunwayputramall)

From the heart of **PUTRA Mall** | **ABC** Autism Behavioral Center

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AUTISM IS AWESOME INITIATIVE (AUTSOME)

(GRI 413-1)

Other privileges include special discount for Autsome members in selected participating outlets. As the initiative is an on-going effort, discounts and promotions at the participating outlets are subject to change. More information and updates on Autsome privileges are available at www.sunwayputramall.com.my/autsome.

Flash your wristband to enjoy Shopping Privileges

Autism Friendly Shopping Day
Every Tuesday*
 (10 a.m - 5 p.m)
 *Except Public Holidays

Dimmed Lights Volume Down

THE PARENTHOOD The Travel Store PAK JEN TEZZER SALOON SWENSEN'S

ARITHAI Krispy Kreme LYGON BISTRO SECOND CLIP MOG DOLLY

THE BODY SHOP HAW HAW Onde Onde Chicken Rice Shop Da-D KAMPONG KRAVERS

C-A-T Auntie Anne's SAMSUNG GOOD PADINI CONCEPT STORE COFFEE BEAN TEA CO. FOSSIL

Disclaimer: Kindly refer at participating outlets for more details

Enjoy exclusive discounts!

Autsome Shopping

10% OFF on all menu items. 10% OFF on total bill. Free Entry 20% OFF on all services FREE playland entry

For more details visit our website www.sunwayputramall.com.my/autsome T&C apply.

SOCIAL

AUTISM IS AWESOME INITIATIVE (AUTSOME)



Calm Room



Sensory Wall @ Level 2



VITAL ATTRIBUTES



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AUTISM IS AWESOME INITIATIVE (AUTSOME)



Sensory Wall 2 @ Level 3



Parking @ B1

SOCIAL

FOOD BANK INITIATIVE

(GRI 413-1)



Since 2016, Sunway Putra Mall has continuously provided a platform for public and shoppers to donate non – perishable food items as well as household essentials. All donations have been and will be distributed to the homes in need, with the help of Touching Lives Club KL and Selangor.

This effort is in alignment with SDG 2: Zero Hunger. As of May 2019, a total of RM 100,000 worth of goods has been collected and this includes this includes donations from Fitrah Al-Hajj, Marugame Udon, MBG Fruitshop, Friends of Burger and The Chicken Rice Shop. The food bank is located in Sunway Putra Mall on the Lower Ground floor, in front of Cold Storage.

UN SDG AWARENESS - COLLABORATION WITH THE ONE ACADEMY

(GRI 413-1)

To accomplish this, Sunway Malls partnered with The One Academy to deliver SDG awareness on a more creative and interactive manner.

To leverage on the younger generation’s potential, a challenge was presented as a semester-long course project to the One Academy Students. After 6 weeks of pitching ideas and 7 weeks of restless efforts driven by creativity, grit, and determination, the 18 students involved outdid themselves. Through the weekend of 25 and 26 August 2018, four interactive installations were proudly presented to the public.

According to our shopper system an estimate of 22,000 unique shoppers interacted with the installations that weekend. The installations gave the shoppers an idea of the SDGs, why they are important and how they can contribute to the SDGs. Not only did the public benefit from the fun and educational experience; the students were given a fantastic opportunity to showcase their installations to a wider audience and test their project on a more realistic scale.

The Project drew attention whereby the group of students from The One Academy were invited to showcase their work at the Shanghai Maker Carnival 2018 to shed light on the UN SDGs. In addition to that, Sunway Malls and The One Academy represented Malaysia during the United Nation’s Sustainable Development Goals (SDG) Action Campaign’s Global Festival of Action in Bonn, Germany. Their entry, ‘Our Sustainability – A Reminder Through Interactive Experiences’ was presented with the SDG Action Finalist Award under the Creative category and was the only Malaysian finalist amongst 2,000 participants from 142 countries that competed alongside a Grammy Award winner, IBM USA, UK International Paralympic Committee and the New York City Mayor’s Office.

Sunway Malls realised that this approach of educating the public through interactive installations does not address the SDGs directly. Nonetheless, Sunway Malls recognised the importance of providing an accessible and comfortable ground through which the public can be eased into associating with the SDGs on a more personal manner. The unique interactive installations created provided experiences that were easily relatable. Additionally, the novelty factor adds to memorability, and hopefully planted the seeds for self-initiated actions in the participants. Sunway Malls are currently looking into continuing this project in other campaigns, with potentially a more focused approach on specific SDGs.



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UN SDG AWARENESS - COLLABORATION WITH THE ONE ACADEMY (GRI 413-1)

INTERACTIVE INSTALLATIONS PRESENTED IN SUNWAY PYRAMID SHOPPING MALL (25 – 26 AUGUST 2018)

NO.	INSTALLATION	DESCRIPTION	INCORPORATED SDG(S)
1	Beyond the Garden Wall	A replica of a low-income home. The replica contained objects like clothing, mattress, food plate, and more; which when interacted with, triggers a short SDG themed movie made by the students played through an old TV set.	 
2	S.A.W (Sexist Arm Wrestling)	An arm-wrestling game in which male and female robots are pitted against each. The female robot is scripted to win, but, conspicuously at the end of the match the winner is announced as the male robot. The aim of the installation is to trigger a sense of unfairness and shock in players to highlight issue of gender equality.	
3	Mao	An interactive flip book which tells story through animation displayed using Pepper's ghost technique. Its short story conveys how minor changes to our daily lifestyle can impact the environment.	 
4	Lights Out	A cardboard planetarium dome which was embedded with LED lights to create a starry-night experience. The stars however, become more visible only as visitors turn off lights inside small cardboard homes, reminding them of light pollution and responsible energy use.	 

SOCIAL

THE GOOD SHOP (GRI 413-1)

Sunway REIT has recently partnered with The Good Shop and Sunway Pyramid Shopping Mall to manage a 6-month long project. The idea of the project is to give an opportunity to social enterprises (SE) to showcase their services and at the same time promote impact products and services sourced from vendors that practice sustainable and ethical business models. Overall, the project involved over 20 vendors from non-profit organisations (NGO) and SE. Additionally, workshops will be taking place at the outlet.

WEEKEND	VISITS	WORKSHOPS	INCORPORATED SDG(S)
1 - 2 June 2019	200	1. Peng Wai - Workshop and wire art demonstrations 2. Haymasuthan - Official product photographer and abilympic athlete	
8 - 9 June 2019	300	1. Peng Wai - Workshop and wire art demonstrations	

Due to the period of which The Good Shop will be in operation, more details on the progress of The Good Shop will be published in the next Sunway REIT Sustainability Statement.

The project has 5 main aims:

1. To promote and support decent job creation, entrepreneurship creativity and innovation and encourage formalisation and growth of SE, including providing access to financial services.
2. To increase labour productivity, reducing unemployment rates, especially for young marginalized youths, and improving access to financial services and benefits that are essential components to sustainable and inclusive economic growth.
3. To promote sustainable tourism that creates jobs and promotes local culture and products.
4. To provide shoppers impact products and services sourced from vendors that practice sustainable and ethical business models.
5. To expose and nurture NGO and SE vendors growth in navigating mainstream retail industry.



SOCIAL

SURPLUS FOOD DONATION – KECHARA SOUP KITCHEN

(GRI 306-2, 413-1)



Since 2016, Sunway Resort Hotel & Spa has been working with Kechara Soup Kitchen to donate surplus food from The Resort Café. Kechara Soup Kitchen Society is a non-governmental organisation, that has been in operation since 2008. The programme is part of the The #ZeroFoodWastage initiative, which is the brainchild of Tengku Zatashah Sultan Sharafuddin Idris Shah.

In May 2017, the initiative grew with the involvement of two other entities from Sunway Hotels, namely Sunway Pyramid Hotel and Sunway Clio Hotel.

For the past four years this initiative has touched the lives of many in need. The donated surplus food is distributed by Kechara Soup Kitchen Society and is used to help the homeless and urban poor in Malaysia. In 2018, an estimated 18,000 individuals from the B40 group had benefited from the food donated by Sunway Hotels to Kechara Soup Kitchen.

SOCIAL

#SUNWAYSOAPFUL PROJECT – REPURPOSING USED SOAP BARS

(GRI 306-2, 413-1)



Soapful is an initiative by Sunway Hotels & Resorts, in collaboration with Ecolab Sdn Bhd, Kinder Soaps Sdn Bhd and Selangor Youth Community (SAY) to repurpose used soap bars to help homes in need. While most hotel soaps, which are typically only used once or twice, end up in landfills, Sunway Hotels & Resorts has now found a more sustainable way to repurpose used soaps and at the same time help communities in need.

The #SunwaySoapful project kick started in December 2018 with a donation of 1,000 bars of repurposed soap to Pertubuhan Kebajikan Anak Yatim Darul Ehsan Malaysia (PKAYDEM), under Yayasan Islam Darul Ehsan (YIDE). The repurposed soaps were made from some 100 kgs of leftover soaps collected from Sunway Resort Hotel & Spa, Sunway Pyramid Hotel and Sunway Clio Hotel. These leftover soaps were accumulated from a collection that had started in July 2018.

After the kick starter in December 2018, the first one-year long project was initiated on 1 March 2019. To further support the project, five other Sunway hotels has joined the project, three of which are under Sunway REIT's portfolio, namely Sunway Putra Hotel, Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya. Sunway Hotels & Resorts targets to produce 720kgs of soap each year, which translate into about 7,200 bars of 100g repurposed soaps. With this target, the social enterprise can be sustained.

After the first one-year project, Sunway Hotels & Resorts will continue the initiative by working with a new beneficiary which will be selected by SAY. SAY is a long-term partner in this project who will continue to identify the beneficiaries of this project based on its capacity and to be included as part of their social enterprise programme.

The project has 3 main aims:

1. Minimise the hotels impact to the environment by removing its soap waste from the landfills.
2. To reduce cost for the benefitting homes
3. To break the cycle of poverty allowing the children from the homes involved in the programme to cultivate meaningful business skills and potentially use the income they earn from the project to start their own business.

#SUNWAYSOAPFUL PROJECT

- Ecolab will facilitate the collection of used soap bars from the hotels
- Collected soaps will be delivered to Kinder Soaps' processing lab to be repurposed into new bars of soap
- Kinder Soaps will teach and guide selected homes on the processes of repurposing used soaps
- At the end of the one-year project, the aim is for the home to be able to produce their own repurposed soaps
- Homes can utilise the soaps for personal use and to be sold as part of their social enterprise programmes at charity sales, community markets and other social platforms



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FESTIVE EVENTS FY2019

NO.	ACTIVITY	DESCRIPTION	LOCATION (S)
1 Mid Autumn festival 2018			
1.1	Mid Autumn festival	An origami activity was set up in conjunction with the Mid Autumn Festival 2018 on 7 September 2019. More than 8,888 origami rabbits were created using recyclable decorative papers. This effort was recognized by The Malaysia Book of Records for the most number of origami rabbits. The origami were later distributed to 'Biji-Biji' Initiative who repurposed half of the origami into decorative items and the other half into note books etc.	Sunway Putra Mall
2 Deepavali 2018			
2.1	Deepavali 2018	In an effort to give back to the community in conjunction with Deepavali 2018, Sunway Carnival Shopping Mall celebrated the auspicious occasion with 20 children and 3 helpers of Penang Shan Children's Home Taman Inderawasih. They were treated to a scrumptious dinner in the mall and presented with Deepavali packets. Besides this, they were also treated to a shopping spree to buy essential items such as under garments and groceries.	Sunway Carnival Shopping Mall
3 Christmas Campaign 2018			
3.1	Jolly Rainbow Christmas Factory	Underprivileged children of City Revival and Watoto were invited for a fun filled day at the mall. They were treated to a good meal and were given school supplies.	Sunway Pyramid Shopping Mall
4 CNY Campaign 2019			
4.1	Hakka Gathering	Fun activities were available in the mall with support from the Hakka Association.	Sunway Pyramid Shopping Mall
4.2	A Hokkien Heritage Celebration	Sunway staff spread Lunar New Year cheer to the residents of Rumah Sejahtera Permatang Tinggi on the twelfth day of the Chinese Lunar Calendar. About 80 residents and helpers received Chinese New Year goodies such as mandarin oranges and foodstuff. Sunway Carnival Shopping Mall General Manager, Mr. Chai Wen Yew and Sunway Hotel Finance Director, Mr. Woo Hing Siang, also distributed angpows in conjunction with the Chinese New Year festivities, bringing joy to the residents.	1. Sunway Carnival Shopping Mall 2. Sunway Hotel Seberang Jaya 3. Sunway Hotel Georgetown
4.3	Chinese New Year Campaign – collaboration with Kechara Soup Kitchen	Sunway Resort Hotel & Spa, in collaboration with Kechara Soup Kitchen Society, provided 300 homeless people in the Jalan Imbi area with a sumptuous festive meal. 8kg of yee sang was dished out, featuring the hotel chef's signature plum sauce for the homeless persons to indulge in a festive mood. A joyful tossing of the yee sang spread over a 6m-long table ensued. The food distribution event was part of Sunway's #zerofoodwastage initiative and in conjunction with Chinese New Year.	Sunway Resort Hotel & Spa
5 Earth Hour 2019			
5.1	Earth Hour Lights Off 2019	All non-essential lights were turned off for 1 hour in support of the Earth Hour 2019 on Saturday 30 March, 8.30pm - 9.30pm. Tenants facing the main driveway were also encouraged to turn off their lights for the one-hour earth event.	Sunway Pyramid Shopping Mall
5.2	Earth Hour 2019	All non-essential lights were turned off for 1 hour in support of Earth Hour 2019	Sunway Putra Mall
5.3	Earth Hour 2019	All non-essential lights were turned off for one hour from 8.30pm – 9.30pm on 30 March 2019 (Saturday). Tenants were also encouraged to turn off all their lights during the event.	Sunway Carnival Shopping Mall
6 Hari Raya 2019			
6.1	Rise Against Hunger 2019	Sunway Hotel Seberang Jaya hosted Sunway Group's initiative, 'Rise against hunger 2019'. Volunteers for the programme prepared 100,000 packets of meals for the less fortunate. Sunway has been involved in this meal-packing effort to feed urban poor for four consecutive years; since 2015 .	Sunway Hotel Seberang Jaya

APPENDIX

ENERGY CONSUMPTION IN BUILDINGS

(GRI 302-1)

SEGMENT	PROPERTY	GFA (SQ.FT.)	MWH PER ANNUM			
			FY2016	FY2017	FY2018	FY2019
Retail	Sunway Pyramid Shopping Mall	2,454,795	87,939	83,282	79,870	79,524
	Sunway Carnival Shopping Mall	769,546	19,729	19,527	19,443	18,843
	Sunway Clio Property (retail)	99,882	1,633	2,594	2,751	2,856
	Sunway Putra Mall	1,248,216	24,743	25,369	25,583	25,135
Hotel	Sunway Resort Hotel & Spa	1,130,177	20,063	19,799	21,305	19,338
	Sunway Pyramid Hotel	356,888	6,387	4,270	3,852	4,185
	Sunway Clio Property (hotel)	698,880	5,155	5,768	5,390	5,365
	Sunway Putra Hotel	833,520	6,030	6,213	6,383	6,024
	Sunway Hotel Seberang Jaya	174,800	3,133	3,138	3,110	3,074
	Sunway Hotel Georgetown	193,115	2,798	2,872	2,784	2,650
Office	Menara Sunway	399,446	6,352	6,017	6,193	5,857
	Sunway Tower	348,998	1,768	1,924	1,969	1,612
	Sunway Putra Tower	453,842	1,084	1,033	1,108	1,096
	Wisma Sunway	171,544	2,382	2,235	2,144	2,345
TOTAL		9,333,649	189,196	184,041	181,885	177,904

OVERALL ENERGY CONSUMPTION BY ACTIVITY

(GRI 302-1, 302-2)

DISCLOSURE	TYPE OF ACTIVITY	BULK ENERGY CONSUMPTION PER YEAR (MWH)			
		FY2016	FY2017	FY2018	FY2019
Within the organisation [302 – 1]	Company Owned Vehicles	185	123	290	379
	Electricity Consumption	189,196	184,041	181,885	117,904
	TOTAL	189,381	184,164	182,175	178,283
Outside the organisation [302 – 2]	Business Travel (Flights)	68	165	87	267
	Travel Claims (Mileage)	63	65	60	50
	TOTAL	131	230	147	317



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WATER CONSUMPTION IN BUILDINGS

(GRI 303-1)

SEGMENT	PROPERTY	M ³ PER ANNUM			
		FY2016	FY2017	FY2018	FY2019
Retail	Sunway Pyramid Shopping Mall	829,772	1,043,926	928,208	902,884
	Sunway Carnival Shopping Mall	166,212	173,344	185,057	190,039
	Sunway Clio Property (retail)	NA	10,667	15,350	12,356
	Sunway Putra Mall	300,961	378,100	403,276	422,053
Hotel	Sunway Resort Hotel & Spa	359,260	279,078	344,784	385,467
	Sunway Pyramid Hotel	73,709	42,044	58,526	64,580
	Sunway Clio Property (hotel)	177,568	161,035	102,416	127,605
	Sunway Putra Hotel	35,277	45,929	156,817	144,023
	Sunway Hotel Seberang Jaya	42,592	49,961	42,291	41,611
	Sunway Hotel Georgetown	79,158	116,018	49,257	47,557
Office	Menara Sunway	68,876	72,777	71,980	44,113
	Sunway Tower	7,606	7,831	4,153	8,406
	Sunway Putra Tower	64,339	47,355	20,479	25,409
	Wisma Sunway	14,928	15,081	13,528	15,938
TOTAL		2,220,258	2,443,146	2,396,122	2,432,041

GHG EMISSIONS GENERATED

(GRI 305-1, 305-2, 305-3)

SCOPE	TYPE OF ACTIVITY	BULK EMISSIONS (TONNE CO ₂ E)			
		FY2016	FY2017	FY2018	FY2019
1	Company Owned Vehicles (Petrol/diesel consumption not including WTT)	53	35	82	107
2	Electricity Consumption	131,303	127,725	126,229	123,465
TOTAL		131,356	127,760	126,311	123,572
3	General waste (landfill)	N/A	N/A	832	840
	Business Travel (Flights including WTT)	38	93	48	147
	Travel Claims (Mileage including WTT)	22	23	21	18
TOTAL		60	116	901	1,005

APPENDIX

LANDFILL WASTE

(GRI 306-2)

SEGMENT	PROPERTY	FY2018 (TONNES)	FY2019 (TONNES)
Retail	Sunway Pyramid Shopping Mall	4,233	4,575
	Sunway Carnival Shopping Mall	732	730
	Sunway Clio Property (retail)	Combined with Sunway Resort Hotel & Spa	
	Sunway Putra Mall	858	754
Hotel	Sunway Resort Hotel & Spa		
	Sunway Pyramid Hotel	1,137	1,035
	Sunway Clio Property (hotel)		
	Sunway Putra Hotel	259	190
	Sunway Hotel Seberang Jaya	730	730
	Sunway Hotel Georgetown	17	35
Office	Menara Sunway	197	191
	Sunway Tower	31	31
	Sunway Putra Tower	Combined with Sunway Putra Mall	
	Wisma Sunway	144	144
TOTAL		8,338	8,415



VITAL ATTRIBUTES



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WASTE GENERATED (TOTAL & RECYCLED)










(GRI 306-2)

SEGMENT	TONNES			
	FY2018		FY2019	
	TOTAL WASTE	RECYCLED	TOTAL WASTE	RECYCLED
Retail	6,146	324	6,368	310
Hospitality	2,217	74	2,052	63
Office	380	7	384	17
TOTAL	8,743	405	8,804	390

GBI CONTENT INDEX

GRI STANDARD	DISCLOSURE	CONTENT	PAGE NUMBER(S)	DISCLOSURE LEVEL
GRI 100 - UNIVERSAL STANDARDS				
GRI 101: Foundation 2016				
101-1	Reporting Principles		3, 272	F
101-2	Using the GRI Standards for sustainability reporting		3, 272	F
101-3	Making claims related to the use of the GRI Standards		3, 272	F
GRI 102: General Disclosures 2016				
Organisational Profile				
102-1	Name of the organization		10, 23	F
102-2	Activities, brands, products and services		10, 23,24	F
102-3	Location of the organisation's headquarters		23	F
102-4	Location of operations		162	F
102-5	Nature of ownership and legal form		56	F
102-6	Market served		162	F
102-7	Scale of the organisation		8	F
102-8	Information on employees and other workers		65-67, 303-305	F
102-9	Organisation's supply chain		285-287	F
102-10	Significant changes to the organization and its supply chain		285-287	F
102-11	Precautionary Principle or approach		21	P
102-12	External Initiatives		283 – 284	F
102-13	Membership in national/international associations		283	F
Strategy				
102-14	Statement from senior decision-maker		30-53	F
102-15	Key impacts, risks, and opportunities		21, 116 – 123	F
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior		11 – 15	F
102-17	Mechanisms for advice and concerns about ethics		18 – 20	F
Governance				
102-18	Governance structure		56, 57, 273, 274	F
102-19	Delegating authority		56	F
102-20	Executive-level responsibility for economic, environmental, and social topics		273	F
102-21	Consulting stakeholders on economic, environmental, and social topics		279	F
102-22	Composition of the highest governance body and its committees		57, 274	F
102-23	Chair of the highest governance body		57, 274	F
102-24	Nominating and selecting the highest governance body		246	F
102-25	Conflicts of interest		261	F
102-26	Role of highest governance body in setting purpose, values, and strategy		244	F
102-27	Collective knowledge of highest governance body		251	F










GBI CONTENT INDEX

GRI STANDARD	DISCLOSURE	CONTENT	PAGE NUMBER(S)	DISCLOSURE LEVEL	
GRI 100 - UNIVERSAL STANDARDS					
102-28	Evaluating the highest governance body's performance		246	F	
102-29	Identifying and managing economic, environmental, and social impacts		274	F	•
102-30	Effectiveness of risk management processes		247	F	
102-31	Review of economic, environmental, and social topics		273	F	MESSAGE TO UNITHOLDERS
102-32	Highest governance body's role in sustainability reporting		273, 274	F	•
102-33	Communicating critical concerns		18-20,277	F	•
102-34	Nature and total number of critical concerns		18-20	F	
102-35	Remuneration policies		287	F	TRUST STRUCTURE & LEADERSHIP
102-36	Process for determining remuneration		287	F	•
102-37	Stakeholders' involvement in remuneration		287	F	•
102-38	Annual total compensation ratio			O	•
102-39	Percentage increase in annual total compensation ratio			O	
Stakeholder Engagement					
102-40	List of stakeholder groups		279	F	•
102-41	Collective bargaining agreements		N/A. There is no union registered at the Manager. There are unions at the lessee level (hotel).		•
102-42	Identifying and selecting stakeholders		279	F	
102-44	Key topics and concerns raised		277	F	PROPERTY DETAILS
102-43	Approach to stakeholder engagement		280	F	•
Reporting Practice					
102-45	Entities included in the consolidated financial statements		339	F	
102-46	Defining report content and topic Boundaries		272	F	CORPORATE GOVERNANCE & ACCOUNTABILITY
102-47	List of material topics		277	F	•
102-48	Restatements of information		306	F	•
102-49	Changes in reporting			N/A	
102-50	Reporting period		272	F	SUSTAINABILITY STATEMENT
102-51	Date of most recent report		272	F	•
102-52	Reporting cycle		272	F	•
102-53	Contact point for questions regarding the report		272	F	•
102-54	Claims of reporting in accordance with the GRI Standards		272	F	
102-55	GRI content index		272	F	FINANCIAL INSIGHTS
102-56	External assurance			O	•
GRI 103: Management Approach 2016					
103-1	Explanation of the material topic and its Boundary		21	F	
103-2	The management approach and its components		21	F	UNITHOLDERS' INFORMATION
103-3	Evaluation of the management approach		21	F	•

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GRI STANDARD	DISCLOSURE	CONTENT	PAGE NUMBER(S)	DISCLOSURE LEVEL
GRI 200 - ECONOMIC				
GRI 201: Economic Performance 2016				
201-1		Direct economic value generated and distributed	283	F
201-2		Financial implications and other risks and opportunities due	21, 116	F
201-3		Defined benefit plan obligations and other retirement plans		O
201-4		Financial assistance received from government		NO
GRI 202: Market Presence 2016				
202-1		Ratios of standard entry level wage by gender compared to local minimum wage		N/A
202-2		Proportion of senior management hired from the local community	59, 65	F
GRI 203: Indirect Economic Impacts 2016				
203-1		Infrastructure investments and services supported	283, 288	F
203-2		Significant indirect economic impacts	283	F
GRI 204: Procurement Practices 2016				
204-1		Proportion of spending on local suppliers	286	P
GRI 205: Anti-Corruption 2016				
205-1		Operations assessed for risks related to corruption		O
205-2		Communication and training about anti-corruption policies and procedures	286	F
205-3		Confirmed incidents of corruption and actions taken		O
GRI 206: Anti-Competitive Behavior 2016				
206-1		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		O
GRI 300 - ENVIRONMENTAL				
GRI 301: Materials 2016				
301-1		Materials used by weight or volume		O
301-2		Recycled input materials used		O
301-3		Reclaimed products and their packaging materials		O
GRI 302: Energy 2016				
302-1		Energy consumption within the organization	288 - 292, 327	F
302-2		Energy consumption outside of the organization	295, 328	F
302-3		Energy intensity	292	F
302-4		Reduction of energy consumption	289 - 290	F
302-5		Reductions in energy requirements of products and services	288, 289, 290	F

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GRI STANDARD	DISCLOSURE	CONTENT	PAGE NUMBER(S)	DISCLOSURE LEVEL	
GRI 300 - ENVIRONMENTAL					
GRI 303: Water 2016					
303-1	Water withdrawal by source		293, 328	F	
303-2	Water sources significantly affected by withdrawal of water			O	
303-3	Water recycled and reused			O	
GRI 304: Biodiversity 2016					
304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside			N/A	
304-2	Significant impacts of activities, products, and services			N/A	
304-3	Habitats protected or restored			N/A	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations			N/A	
GRI 305: Emissions 2016					
305-1	Direct (Scope 1) GHG emissions		291, 295, 328	F	
305-2	Energy indirect (Scope 2) GHG emissions		291, 295, 328	F	
305-3	Other indirect (Scope 3) GHG emissions		295, 328	F	
305-4	GHG emissions intensity			O	
305-5	Reduction of GHG emission		295 – 296	F	
305-6	Emissions of ozone-depleting substances (ODS)			O	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions			O	
GRI 306: Effluents and Waste 2016					
306-1	Water discharge by quality and destination			O	
306-2	Waste by type and disposal method		296 - 302, 329	F	
306-3	Significant spills			NO	
306-4	Transport of hazardous waste			N/A	
306-5	Water bodies affected by water discharges and/or runoff			NO	
GRI 307: Environmental Compliance 2016					
307-1	Non-compliance with environmental laws and regulations			NO	
GRI 307: Supplier Environmental Assessment 2016					
308-1	New suppliers that were screened using environmental criteria			O	
308-2	Negative environmental impacts in the supply chain and actions taken			NO	

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GRI STANDARD	DISCLOSURE	CONTENT	PAGE NUMBER(S)	DISCLOSURE LEVEL
GRI 300 - SOCIAL				
GRI 401: Employment 2016				
401-1		New employee hires and employee turnover	303	F
401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employee	306, 308	F
401-3		Parental leave	308	F
GRI 402: Labour Management Relations 2016				
402-1		Minimum notice periods regarding operational changes		O
GRI 403: Occupational Health and Safety 2016				
403-1		Workers representation in formal joint management-worker health and safety committees		O
403-2		Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	312, 314, 316	F
403-3		Workers with high incidence or high risk of diseases related to their occupation	312, 314, 316	F
403-4		Health and safety topics covered in formal agreements with trade unions		O
GRI 404: Training and Education 2016				
404-1		Average hours of training per year per employee	15	F
404-2		Programs for upgrading employee skills and transition assistance programs	306	F
404-3		Percentage of employees receiving regular performance and career development reviews		O
GRI 405: Diversity and Equal Opportunity 2016				
405-1		Diversity of governance bodies and employees	303 - 305	O
405-2		Ratio of basic salary and remuneration of women to men		O
GRI 406: Non-discrimination 2016				
406-1		Incidents of discrimination and corrective actions taken		NO
GRI 407: Freedom of Association and Collective Bargaining 2016				
407-1		Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		NO
GRI 408: Child Labour 2016				
408-1		Operations and suppliers at significant risk for incidents of child labor		N/A
GRI 409: Forced or Compulsory Labour 2016				
409-1		Operations and suppliers at significant risk for incidents of forced or compulsory labor		N/A
GRI 410: Security Practices 2016				
410-1		Security personnel trained in human rights policies or procedures		O
GRI 411: Rights of indigenous people 2016				
411-1		Incidents of violations involving rights of indigenous peoples		O

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GRI STANDARD	DISCLOSURE	CONTENT	PAGE NUMBER(S)	DISCLOSURE LEVEL
GRI 300 - SOCIAL				
GRI 412: Human Rights Violation 2016				
412-1		Operations that have been subject to human rights reviews or impact assessments		O
412-2		Employee training on human rights policies or procedures		O
412-3		Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		O
GRI 413: Local Communities 2016				
413-1		Operations with local community engagement, impact assessments, and development programs	317 - 320	F
413-2		Operations with significant actual and potential negative impacts on local communities	NO	
GRI 414: Supplier Social Assessment 2016				
414-1		New suppliers that were screened using social criteria		O
414-2		Negative social impacts in the supply chain and actions taken		O
GRI 415: Public Policy 2016				
415-1		Political contributions	N/A	
GRI 416: Customer Health and Safety 2016				
416-1		Assessment of the health and safety impacts of product and service categories	309 - 311	F
416-2		Incidents of non-compliance concerning the health and safety impacts of products and services	312, 314, 316	F
GRI 417: Marketing and Labeling 2016				
417-1		Requirements for product and service information and labeling		O
417-2		Incidents of non-compliance concerning product and service information and labeling		O
417-3		Incidents of non-compliance concerning marketing communications		O
GRI 418: Customer Privacy 2016				
418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	309	F
GRI 419: Socioeconomic Compliance 2016				
419-1		Non-compliance with laws and regulations in the social and economic area	NO	

Note:
 F – Full disclosure
 P – Partial disclosure
 O – Omissions
 NO – Non Occurrence
 N/A- Not applicable





**FINANCIAL
INSIGHTS**

DELIVERING SUSTAINABLE FINANCIAL PERFORMANCE

Our capacity to plan is not only for today and tomorrow but also beyond to maintain a good financial performance. Balancing effort and precision is the key towards stability.

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FINANCIAL STATEMENTS



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MESSAGE TO UNITHOLDERS



TRUST STRUCTURE & LEADERSHIP



MANAGEMENT DISCUSSION & ANALYSIS



PROPERTY DETAILS



CORPORATE GOVERNANCE & ACCOUNTABILITY



SUSTAINABILITY STATEMENT



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DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors of Sunway REIT Management Sdn. Bhd. (the “**Manager**”), the Manager for Sunway Real Estate Investment Trust (the “**Fund**”) are responsible for the preparation of the financial statements of the Fund and its subsidiaries (the “**Group**”) for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the provisions of the deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 entered into between the Manager and RHB Trustees Berhad, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and to present it before the unitholders of the Fund at its annual general meeting.

The Directors are responsible to ensure that the financial statements give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2019, and of the financial performance and cash flows of the Group and of the Fund for the financial year ended 30 June 2019.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Fund keep accounting records which disclose the financial position of the Group and of the Fund with reasonable accuracy, enabling them to ensure that the financial statements comply with the relevant statutory requirements.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to detect and prevent fraud and other irregularities.

MANAGER'S REPORT

Sunway REIT Management Sdn. Bhd., the Manager for Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund"), has pleasure in presenting its report together with the audited financial statements of the Group and of the Fund for the financial year ended 30 June 2019.

Sunway REIT is a Malaysia-domiciled real estate investment trust constituted pursuant to a deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (collectively referred to as the "Deed") between the Manager and RHB Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010.

Sunway REIT's key objective is to provide unitholders with exposure to a diverse portfolio of authorised investments (pursuant to provisions of the Deed) that will provide stable cash distributions with the potential for sustainable growth in net asset value ("NAV") per unit.

Sunway REIT seeks to achieve its investment objective via the following broad strategies:

- (a) active asset management strategy;
- (b) acquisition growth strategy;
- (c) capital and risk management strategy; and
- (d) asset enhancement initiatives, including property development activities.

The Manager is of the view that it has achieved the investment objective for the financial year ended 30 June 2019. There was no change in the strategies and policies employed during the financial year.

DIRECTORS

The Directors of the Manager who have held office during the financial year until the date of this report are as follows:

Tan Sri Ahmad Bin Mohd Don
Dato' Ng Tiong Lip
Elvin A/L Berty Luke Fernandez
Sarena Cheah Yean Tih, *s.m.s.*
Ng Sing Hwa
Tengku Nurul Azian Binti Tengku Shahrman
Yeo Kar Peng (appointed on 2 January 2019)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Manager was a party, whereby the Directors of the Manager might acquire benefits by means of the acquisition of units in or debentures of Sunway REIT.

Since the end of the previous financial year, no Director of the Manager has received or become entitled to receive any benefit, by reason of a contract made by the Manager or a related corporation with any Director of the Manager or with a firm of which the Director of the Manager is a member of, or with a company in which the Director of the Manager has substantial financial interest.



MANAGER'S REPORT (CONT'D.)

DIRECTORS' INTERESTS

According to the register of depository of Sunway Real Estate Investment Trust, the unitholdings of the Directors of the Manager in office at the end of the financial year in units in Sunway REIT during the financial year were as follows:

	NUMBER OF UNITS			AS AT 30.6.2019 UNIT '000
	AS AT 1.7.2018 UNIT '000	ACQUIRED UNIT '000	SOLD UNIT '000	
Direct interest:				
Elvin A/L Berty Luke Fernandez	90	-	-	90
Indirect interest:				
Sarena Cheah Yean Tih, <i>s.m.s.*</i>	1,204,081	-	-	1,204,081

* Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad, Sunway REIT Holdings Sdn. Bhd. and spouse.

The other Directors of the Manager in office at the end of the financial year did not have any interests in units in Sunway REIT during the financial year.

SOFT COMMISSION

There was no soft commission received by the Manager during the financial year from any broker or dealer by virtue of transactions conducted for Sunway REIT.

OTHER INFORMATION

- (a) Before the financial statements of the Group and of the Fund were made out, the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to their estimated realisable values.
- (b) At the date of this report, the Manager is not aware of any circumstances which would:
 - (i) render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Fund inadequate to any substantial extent; and
 - (ii) render the values attributed to the current assets in the financial statements of the Group and of the Fund misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Fund misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Fund which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability of the Group or of the Fund which has arisen since the end of the financial year.
- (f) In the opinion of the Manager:
 - (i) the results of the operations of the Group and of the Fund during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Fund for the financial year in which this report is made; and
 - (iii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months (12) after the end of the financial year which would or may affect the ability of the Group or of the Fund to meet their obligations when they fall due.

MANAGER'S REPORT (CONT'D.)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 34 to the financial statements.

MATERIAL LITIGATIONS

Material litigations are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF0206), have expressed their willingness to continue in office.

BDO PLT (LLP0018825-LCA & AF0206) was registered on 2 January 2019 and with effect from that date, BDO (AF0206), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 8 August 2019.



Dato' Ng Tiong Lip



Sarena Cheah Yearn Tih, s.m.s.



VITAL
ATTRIBUTES



MESSAGE TO
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TRUST
STRUCTURE &
LEADERSHIP



MANAGEMENT
DISCUSSION &
ANALYSIS



PROPERTY
DETAILS



CORPORATE
GOVERNANCE &
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STATEMENT BY THE MANAGER

The Manager acknowledges its responsibilities for the preparation and fair presentation of the financial statements of Sunway Real Estate Investment Trust. In the opinion of the Manager, the financial statements set out on pages 347 to 409 are drawn up in accordance with the provisions of the trust deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (collectively referred to as the "Deed"), the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 8 August 2019.



Dato' Ng Tiong Lip



Sarena Cheah Yean Tih, s.m.s.

STATUTORY DECLARATION

I, Irene Sin May Lin (CA 15332), being the officer primarily responsible for the financial management of Sunway Real Estate Investment Trust, do solemnly and sincerely declare that the accompanying financial statements set out on pages 347 to 409 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Irene Sin May Lin
at Petaling Jaya in the State of Selangor
Darul Ehsan on 8 August 2019



Irene Sin May Lin

Before me,



No. 71-1, Jalan SS21/37
Damansara Utama (Up Town)
47400 Petaling Jaya, Selangor D.E

TRUSTEE'S REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

We have acted as Trustee of Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund") for the financial year ended 30 June 2019. In our opinion and to the best of our knowledge, Sunway REIT Management Sdn. Bhd. (the "Manager") has managed Sunway REIT during the period covered by these financial statements, set out on pages 347 to 409, in accordance with the limitations imposed on the investment powers of the Manager, the provisions of the trust deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (collectively referred to as the "Deed"), the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia and the applicable securities laws.

We have ensured that the procedures and processes employed by the Manager to value/price the units of Sunway REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements.

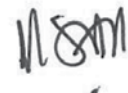
We also confirm that the income distributions declared and paid during the financial year ended 30 June 2019 are in line with and are reflective of the objective of Sunway REIT.

For and on behalf of the Trustee,
RHB Trustees Berhad



Lee Yit Cheng
Head, Trustees Operations

Kuala Lumpur, Malaysia
8 August 2019



Mohd Sofian Bin Kamaruddin
Vice President



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TRUST
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INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund"), which comprise the statements of financial position as at 30 June 2019 of the Group and of the Fund, and the statements of profit or loss and other comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 347 to 409.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF INVESTMENT PROPERTIES

As disclosed in Note 14 to the financial statements, the Group's and the Fund's investment properties were measured at RM8,047,410,000 as at 30 June 2019.

There were significant judgements and estimates involved in relation to the valuation of the Group's and Fund's investment properties including allowance for void, term yield rates, reversionary yield rates, capitalisation rates and discount rates.

Our audit procedures included the following:

- (a) Discussed with management their process for reviewing the work of the independent valuers.
- (b) Assessed the competency, independence and integrity of the independent valuers.
- (c) Obtained the valuation reports and discussed with the independent valuers the results of their work.
- (d) Tested the integrity of the data provided to the independent valuers to underlying lease agreements.
- (e) Benchmarked and assessed the key assumptions to external industry data and comparable property transactions, in particular the allowance for void, term yield rates, reversionary yield rates, capitalisation rates and discount rates.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST (CONT'D.)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITY OF MANAGER AND TRUSTEE FOR THE FINANCIAL STATEMENTS

The Manager of the Fund is responsible for the preparation of financial statements of the Group and of the Fund so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Group and of the Fund that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

In preparing the financial statements of the Group and of the Fund, the Manager is responsible for assessing the ability of the Group and of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Group or the Fund or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Fund.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Fund to cease to continue as a going concern.



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INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST (CONT'D.)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd.)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Fund, including the disclosures, and whether the financial statements of the Group and of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

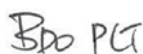
We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Fund for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the Unitholders of the Fund in accordance with the trust deed of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.



BDO PLT
LLP0018825-LCA & AF0206
Chartered Accountants

Kuala Lumpur
8 August 2019



Tan Yeong Tat
03315/07/2021 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTE	GROUP		FUND	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Gross revenue	6	580,299	560,406	580,299	560,406
Property operating expenses	7	(140,604)	(140,476)	(140,604)	(140,476)
Net property income		439,695	419,930	439,695	419,930
Interest income	8	5,165	6,231	5,165	6,231
Other income		135	2,070	135	2,070
Changes in fair value of investment properties	14	107,730	144,701	107,730	144,701
Net investment income		552,725	572,932	552,725	572,932
Manager's fees	9	(36,260)	(34,463)	(36,260)	(34,463)
Trustee's fees		(728)	(1,012)	(658)	(959)
Auditors' remuneration:					
- Statutory audits		(142)	(138)	(138)	(135)
- Other services		(30)	(30)	(30)	(30)
Tax agent's fee		(35)	(33)	(30)	(30)
Valuation fees		(912)	(565)	(912)	(565)
Other trust expenses		(2,636)	(2,354)	(2,983)	(2,463)
Finance costs	10	(117,664)	(105,646)	(121,537)	(105,596)
Total expenses		(158,407)	(144,241)	(162,548)	(144,241)
Profit before tax		394,318	428,691	390,177	428,691
Income tax expense	11	(7,945)	(1,000)	(7,945)	(1,000)
Profit for the financial year		386,373	427,691	382,232	427,691
Profit for the financial year comprises the following:					
Realised					
- Unitholders		282,336	281,947	282,336	281,947
- Perpetual note holders		4,141	-	-	-
		286,477	281,947	282,336	281,947
Unrealised		99,896	145,744	99,896	145,744
		386,373	427,691	382,232	427,691
Basic earnings per unit attributable to unitholders (sen):	12				
Realised		9.59	9.57	9.59	9.57
Unrealised		3.39	4.95	3.39	4.95
		12.98	14.52	12.98	14.52
Distribution per unit (sen)	13	9.59	9.57	9.59	9.57

The accompanying notes form an integral part of the financial statements.



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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	GROUP		FUND	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit for the financial year	386,373	427,691	382,232	427,691
Other comprehensive income to be reclassified to profit or loss in subsequent periods*:				
Cash flow hedge - fair value loss on derivative	(6,513)	(29,497)	(6,513)	(29,497)
Cash flow hedge reserve recycled to profit or loss	6,488	28,700	6,488	28,700
Total comprehensive income for the financial year	386,348	426,894	382,207	426,894
Realised profit for the financial year is arrived at as follows:				
Profit for the financial year	386,373	427,691	382,232	427,691
Less: Changes in fair value of investment properties	(107,730)	(144,701)	(107,730)	(144,701)
Add: Deferred tax expense on fair value gain of investment properties	7,945	1,000	7,945	1,000
Less: Net changes in fair value of derivative financial instrument	(28)	(1,978)	(28)	(1,978)
Less: Unrealised foreign exchange gain (hedged item)	(6,488)	(28,700)	(6,488)	(28,700)
Add: Cash flow hedge reserve recycled to profit or loss	6,488	28,700	6,488	28,700
Less: Others	(83)	(65)	(83)	(65)
Realised profit for the financial year	286,477	281,947	282,336	281,947
Less: Amount reserved for distribution to perpetual note holders	(4,141)	-	-	-
Realised profit attributable to unitholders	282,336	281,947	282,336	281,947

*There is no tax effect arising from each of the components of the other comprehensive income.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

INCOME DISTRIBUTION TO UNITHOLDERS

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Realised profit for the financial year, representing income available for distribution for the financial year	282,336	281,947
Brought forward undistributed income available for distribution	550	447
Total income available for distribution	282,886	282,394
Distribution to unitholders during the year:		
Distribution of 2.67 sen per unit for period from 1 July 2017 to 30 September 2017	-	(78,633)
Distribution of 2.38 sen per unit for period from 1 October 2017 to 31 December 2017	-	(70,093)
Distribution of 2.37 sen per unit for period from 1 January 2018 to 31 March 2018	-	(69,799)
Final income distribution of 2.15 sen per unit for period from 1 April 2018 to 30 June 2018	-	(63,319)
Distribution of 2.48 sen per unit for period from 1 July 2018 to 30 September 2018	(73,038)	-
Distribution of 2.25 sen per unit for period from 1 October 2018 to 31 December 2018	(66,264)	-
Distribution of 2.58 sen per unit for period from 1 January 2019 to 31 March 2019	(75,983)	-
Proposed final income distribution of 2.28 sen per unit for period from 1 April 2019 to 30 June 2019 ¹	(67,148)	-
Balance undistributed arising from rounding difference	453	550

¹ The proposed final income distribution will be recognised and paid in the financial year ending 30 June 2020.

The accompanying notes form an integral part of the financial statements.



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STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		GROUP	
	NOTE	2019 RM'000	2018 RM'000
Assets			
Non-current assets			
Investment properties	14	8,047,410	7,280,225
Plant and equipment	15	12,517	13,591
		8,059,927	7,293,816
Current assets			
Trade receivables	17	19,380	21,423
Other receivables	18	11,473	10,669
Derivatives	21	-	10,766
Short term investment	19	-	129,625
Cash and bank balances	20	67,258	57,559
		98,111	230,042
Total assets		8,158,038	7,523,858
Equity and liabilities			
Equity			
Unitholders' capital	22	2,727,829	2,727,829
Undistributed income		1,729,010	1,625,407
Total Unitholders' funds		4,456,839	4,353,236
Perpetual note holders' funds	23	339,717	-
Total equity		4,796,556	4,353,236
Non-current liabilities			
Borrowings	24	-	299,750
Long term liabilities	26	77,018	77,519
Deferred tax liability	27	14,841	6,896
		91,859	384,165
Current liabilities			
Borrowings	24	3,090,793	2,602,750
Trade payables	28	3,057	2,096
Other payables	29	174,640	181,583
Derivatives	21	1,133	28
		3,269,623	2,786,457
Total liabilities		3,361,482	3,170,622
Total equity and liabilities		8,158,038	7,523,858

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D.)

AS AT 30 JUNE 2019

	NOTE	GROUP	
		2019 RM'000	2018 RM'000
Units in circulation ('000)	22	2,945,078	2,945,078
Net asset value ("NAV") attributable to unitholders:			
Before income distribution		4,456,839	4,353,236
After income distribution		4,389,691	4,289,917
NAV per unit attributable to unitholders (RM):			
Before income distribution ¹		1.5133	1.4781
After income distribution ²		1.4905	1.4566

¹ Before the proposed final income distribution of 2.28 sen per unit (2018: 2.15 sen per unit)

² After the proposed final income distribution of 2.28 sen per unit (2018: 2.15 sen per unit)



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STATEMENTS OF FINANCIAL POSITION (CONT'D.)

AS AT 30 JUNE 2019

	NOTE	FUND	
		2019 RM'000	2018 RM'000
Assets			
Non-current assets			
Investment properties	14	8,047,410	7,280,225
Plant and equipment	15	12,517	13,591
Investments in subsidiaries	16	- ¹	- ¹
		8,059,927	7,293,816
Current assets			
Trade receivables	17	19,380	21,423
Other receivables	18	11,473	10,669
Derivatives	21	-	10,766
Short term investment	19	-	129,625
Cash and bank balances	20	67,196	57,529
		98,049	230,012
Total assets		8,157,976	7,523,828
Equity and liabilities			
Equity			
Unitholders' capital	22	2,727,829	2,727,829
Undistributed income		1,729,013	1,625,410
Total Unitholders' funds		4,456,842	4,353,239
Non-current liabilities			
Amount due to a subsidiary	25	339,509	299,750
Long term liabilities	26	77,018	77,519
Deferred tax liability	27	14,841	6,896
		431,368	384,165
Current liabilities			
Borrowings	24	1,891,284	1,602,750
Trade payables	28	3,057	2,096
Other payables	29	162,311	173,533
Amounts due to subsidiaries	25	1,211,981	1,008,017
Derivatives	21	1,133	28
		3,269,766	2,786,424
Total liabilities		3,701,134	3,170,589
Total equity and liabilities		8,157,976	7,523,828

¹ Value less than RM1,000

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D.)

AS AT 30 JUNE 2019

	NOTE	FUND	
		2019 RM'000	2018 RM'000
Units in circulation ('000)	22	2,945,078	2,945,078
Net asset value ("NAV") attributable to unitholders:			
Before income distribution		4,456,842	4,353,239
After income distribution		4,389,694	4,289,920
NAV per unit attributable to unitholders (RM):			
Before income distribution ¹		1.5133	1.4781
After income distribution ²		1.4905	1.4566

¹ Before the proposed final income distribution of 2.28 sen per unit (2018: 2.15 sen per unit)

² After the proposed final income distribution of 2.28 sen per unit (2018: 2.15 sen per unit)



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STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

GROUP	UNITHOLDERS' CAPITAL	< UNDISTRIBUTED INCOME >	UNITHOLDERS' FUNDS	PERPETUAL NOTE HOLDERS' FUND	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2018 (as previously reported)	2,727,829	(3,743)	4,353,236	-	4,353,236
Effects of adoption of MFRS 9	-	-	-	-	-
At 1 July 2018 (restated)	2,727,829	(3,743)	4,353,236	-	4,353,236
Total comprehensive income					
Profit for the financial year	-	286,477	386,373	-	386,373
Other comprehensive income:					
- Cash flow hedge - fair value loss on derivative	-	-	(6,513)	-	(6,513)
- Cash flow hedge reserve recycled to profit or loss	-	-	6,488	-	6,488
Total comprehensive income, representing the increase in net assets resulting from operations	2,727,829	282,734	1,729,021	4,739,584	4,739,584
Unitholders' transactions					
Distribution to unitholders:					
- Income distribution declared and paid in current year (Note 13)	-	(215,285)	(215,285)	-	(215,285)
- Income distribution proposed in prior year but paid in current year	-	(63,319)	(63,319)	-	(63,319)
Decrease in net assets resulting from unitholders' transactions	-	(278,604)	(278,604)	-	(278,604)
Perpetual Note Holders' transactions					
Issuance of perpetual note (net of transaction costs)	-	-	-	339,717	339,717
Amount reserved for distribution to perpetual note holders	-	(4,141)	(4,141)	-	(4,141)
Increase in net assets resulting from perpetual note holders' transactions	-	(4,141)	(4,141)	339,717	335,576
At 30 June 2019	2,727,829	(11)	1,729,021	339,717	4,796,556

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

GROUP (CONT'D.)

	UNITHOLDERS' CAPITAL RM'000	< UNDISTRIBUTED INCOME > REALISED UNREALISED RM'000	TOTAL UNITHOLDERS' FUNDS RM'000
At 1 July 2017	2,727,829	(312)	4,211,720
Total comprehensive income			
Profit for the financial year	-	281,947	427,691
Other comprehensive income:			
- Cash flow hedge - fair value loss on derivative	-	-	(29,497)
- Cash flow hedge reserve recycled to profit or loss	-	28,700	28,700
Total comprehensive income, representing the increase in net assets resulting from operations	2,727,829	281,635	4,638,614
Unitholders' transactions			
Distribution to unitholders:			
- Income distribution declared and paid in current year (Note 13)	-	(218,525)	(218,525)
- Income distribution proposed in prior year but paid in current year	-	(66,853)	(66,853)
Decrease in net assets resulting from unitholders' transactions	-	(285,378)	(285,378)
At 30 June 2018	2,727,829	(3,743)	4,353,236

The accompanying notes form an integral part of the financial statements.



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STATEMENTS OF CHANGES IN NET ASSET VALUE (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

FUND	UNITHOLDERS' CAPITAL RM'000	< UNDISTRIBUTED INCOME > UNREALISED RM'000	UNITHOLDERS' FUNDS RM'000	TOTAL UNITHOLDERS' FUNDS RM'000
At 1 July 2018 (as previously reported)	2,727,829	(3,740)	1,629,150	4,353,239
Effects of adoption of MFRS 9	-	-	-	-
At 1 July 2018 (restated)	2,727,829	(3,740)	1,629,150	4,353,239
Total comprehensive income				
Profit for the financial year	-	282,336	99,896	382,232
Other comprehensive income:				
- Cash flow hedge - fair value loss on derivative	-	-	(6,513)	(6,513)
- Cash flow hedge reserve recycled to profit or loss	-	-	6,488	6,488
Total comprehensive income, representing the increase in net assets resulting from operations	2,727,829	278,596	1,729,021	4,735,446
Unitholders' transactions				
Distribution to unitholders:				
- Income distribution declared and paid in current year (Note 13)	-	(215,285)	-	(215,285)
- Income distribution proposed in prior year but paid in current year	-	(63,319)	-	(63,319)
Decrease in net assets resulting from unitholders' transactions	-	(278,604)	-	(278,604)
At 30 June 2019	2,727,829	(8)	1,729,021	4,456,842

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

FUND (CONT'D.)	UNITHOLDERS' CAPITAL RM'000	< UNDISTRIBUTED INCOME > UNREALISED RM'000	UNITHOLDERS' FUNDS RM'000
At 1 July 2017	2,727,829	1,484,203	4,211,723
Total comprehensive income			
Profit for the financial year	-	145,744	427,691
Other comprehensive income:			
- Cash flow hedge - fair value loss on derivative	-	(29,497)	(29,497)
- Cash flow hedge reserve recycled to profit or loss	-	28,700	28,700
Total comprehensive income, representing the increase in net assets resulting from operations	2,727,829	1,629,150	4,638,617
Unitholders' transactions			
Distribution to unitholders:			
- Income distribution declared and paid in current year (Note 13)	-	(218,525)	(218,525)
- Income distribution proposed in prior year but paid in current year	-	(66,853)	(66,853)
Decrease in net assets resulting from unitholders' transactions	-	(285,378)	(285,378)
At 30 June 2018	2,727,829	1,629,150	4,353,239

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTE	GROUP		FUND	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from operating activities					
Cash receipts from customers		623,639	617,849	623,639	617,849
Refundable security deposits from customers		11,335	2,284	11,335	2,284
Cash paid for operating expenses		(235,537)	(240,243)	(235,537)	(240,243)
Net cash from operating activities		399,437	379,890	399,437	379,890
Cash flows from investing activities					
Acquisition of plant and equipment	Note a	(3,126)	(6,336)	(3,126)	(6,336)
Acquisition of investment properties	14	(550,000)	(422,350)	(550,000)	(422,350)
Incidental costs on acquisition of investment properties	14	(5,885)	(4,639)	(5,885)	(4,639)
Subsequent expenditure of investment properties	Note b	(111,687)	(30,439)	(111,687)	(30,439)
Investment in short term money market instrument		(455,000)	(821,000)	(455,000)	(821,000)
Redemption of short term money market instrument		585,000	691,000	585,000	691,000
Net cash flows from licensed financial institutions with maturity of over 3 months		(20,000)	-	(20,000)	-
Interest received		4,503	6,857	4,503	6,857
Net cash used in investing activities		(556,195)	(586,907)	(556,195)	(586,907)
Cash flows from financing activities					
Proceeds from issuance of commercial papers		1,801,000	284,600	-	-
Proceeds from issuance of unrated medium term notes		1,200,000	300,000	-	-
Drawdown of revolving loan - USD		1,207,910	392,900	1,207,910	392,900
Drawdown of revolving loan		14,398,000	14,137,200	12,899,500	14,137,200
Repayment of unrated medium term notes		(1,300,000)	-	-	-
Repayment of commercial papers		(1,801,000)	(318,600)	-	-
Repayment of revolving loan - USD		(1,208,500)	-	(1,208,500)	-
Repayment of revolving loan		(14,097,000)	(13,818,600)	(12,597,000)	(13,818,600)
Repayment of term loan		-	(422,000)	-	(422,000)
Interest paid		(115,066)	(106,090)	(115,066)	(106,090)
Net change in inter-company balances		-	-	(101,532)	266,000
Distribution paid		(278,604)	(285,378)	(278,604)	(285,378)
Net proceed from issuance of perpetual note		339,717	-	339,717	-
Net cash from financing activities		146,457	164,032	146,425	164,032

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTE	GROUP		FUND	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net decrease in cash and cash equivalents		(10,301)	(42,985)	(10,333)	(42,985)
Cash and cash equivalents at beginning of financial year		57,559	100,544	57,529	100,514
Cash and cash equivalents at end of financial year (Note 20(b))		47,258	57,559	47,196	57,529
Note a:					
Additions of plant and equipment	15	3,583	6,439	3,583	6,439
Additions via deferred payment		(508)	(139)	(508)	(139)
Payment of plant and equipment purchased via deferred payment in prior years		51	36	51	36
Cash outflow for acquisition of plant and equipment		3,126	6,336	3,126	6,336
Note b:					
Subsequent expenditure of investment properties	14	101,199	10,185	101,199	10,185
Over accrued subsequent expenditure in prior years		-	10,748	-	10,748
Interest capitalised		(1,256)	(193)	(1,256)	(193)
Additions via deferred payment		(4,260)	(6,288)	(4,260)	(6,288)
Payment of subsequent expenditure of investment properties incurred via deferred payment in prior years		16,004	15,987	16,004	15,987
Cash outflow for subsequent expenditure of investment properties		111,687	30,439	111,687	30,439

The accompanying notes form an integral part of the financial statements.



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STATEMENTS OF CASH FLOWS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note c: Reconciliation of liabilities arising from financing activities

	COMMERCIAL PAPERS (NOTE 24)		UNRATED MEDIUM TERM NOTES (NOTE 24)		REVOLVING LOAN - USD (NOTE 24)		REVOLVING LOAN (NOTE 24)	
	GROUP RM'000	FUND RM'000	GROUP RM'000	FUND RM'000	GROUP RM'000	FUND RM'000	GROUP RM'000	FUND RM'000
At 1 July 2018	-	-	1,299,750	-	403,750	403,750	1,199,000	1,199,000
Cash flows	-	-	(100,000)	-	(590)	(590)	301,000	301,000
Non-cash flows:								
- Effect of foreign exchange	-	-	-	-	(11,876)	(11,876)	-	-
- Unamortised transaction costs	(491)	-	250	-	-	-	-	-
At 30 June 2019	(491)	-	1,200,000	-	391,284	391,284	1,500,000	1,500,000

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note c: Reconciliation of liabilities arising from financing activities (cont'd.)

	COMMERCIAL PAPERS (NOTE 24)		UNRATED MEDIUM TERM NOTES (NOTE 24)		TERM LOAN (NOTE 24)		REVOLVING LOAN - USD (NOTE 24)		REVOLVING LOAN (NOTE 24)	
	GROUP RM'000	FUND RM'000	GROUP RM'000	FUND RM'000	GROUP RM'000	FUND RM'000	GROUP RM'000	FUND RM'000	GROUP RM'000	FUND RM'000
At 1 July 2017	33,959	-	1,000,000	-	429,400	429,400	-	-	880,400	880,400
Cash flows	(34,000)	-	300,000	-	(422,000)	(422,000)	392,900	392,900	318,600	318,600
Non-cash flows:										
- Effect of foreign exchange	-	-	-	-	(7,400)	(7,400)	10,850	10,850	-	-
- Discount on commercial papers	41	-	-	-	-	-	-	-	-	-
- Unamortised transaction costs	-	-	(250)	-	-	-	-	-	-	-
At 30 June 2018	-	-	1,299,750	-	-	-	403,750	403,750	1,199,000	1,199,000

The accompanying notes form an integral part of the financial statements.



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

1. FUND INFORMATION

Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund") is a Malaysia-domiciled real estate investment trust constituted pursuant to a deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (collectively referred to as the "Deed") between Sunway REIT Management Sdn. Bhd. (the "Manager") and RHB Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010.

The registered office of the Manager is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal place of business is located at Level 15, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

Sunway REIT is an income and growth fund with the key investment objective to provide unitholders with exposure to a diverse portfolio of authorised investments (pursuant to provisions of the Deed) that will provide stable cash distributions with the potential for sustainable growth in net asset value ("NAV") per unit. The principal investment policy of Sunway REIT is to invest in retail, hospitality, office and other real estate assets, subject to the Securities Commission's Guidelines on Listed Real Estate Investment Trusts ("Listed REIT Guidelines"). The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

There has been no significant change in the nature of the principal activity during the financial year.

The consolidated financial statements comprise the Fund and its subsidiaries (the "Group").

The financial statements for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution by the Board of Directors of the Manager on 8 August 2019.

Sunway REIT has entered into several service agreements in relation to the management of the Fund and its property operations. The fee structures of these services are as follows:

1.1 Manager's fees

Pursuant to the Deed, the Manager of Sunway REIT is entitled to receive the following fees from Sunway REIT:

- (a) Base fee of 0.3% per annum of the total asset value;
- (b) Performance fee of 3% per annum of net property income, but before deduction of fees payable to the Property Manager;
- (c) Acquisition fee of 1% of the acquisition price of any Asset of Sunway REIT being Real Estate or a Special Purpose Vehicle acquired by the Trustee for Sunway REIT (pro rated if applicable to the proportion of the interest in Real Estate or Special Purpose Vehicle purchased by the Trustee for Sunway REIT); and
- (d) Divestment fee of 0.5% of the sale price of any Asset of Sunway REIT being Real Estate or a Special Purpose Vehicle sold or divested by the Trustee (pro rated if applicable to the proportion of the interest of Sunway REIT in the Asset of Sunway REIT sold).

The Manager's fee shall be net of all applicable taxes, duties and levies imposed by the relevant authorities in Malaysia. The Manager shall be paid the base fee and performance fee which may be in the form of cash, new units or a combination thereof, with the initial applicable proportion to be 50% in the form of cash and 50% in the form of new units, such proportion which may be varied at the discretion of the Manager. The Manager's fees are payable monthly in arrears.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

1. FUND INFORMATION (CONT'D.)

1.2 Property management fees

The Property Manager, AREM (Malaysia) Sdn. Bhd. ("AREM"), is entitled to receive a fixed fee for managing the retail and office properties owned by Sunway REIT. AREM and/or its service providers shall be reimbursed in full for the property expenses which include the employment and remuneration costs of the centralised team of employees of AREM and/or its service providers as provided in the Property Management Agreement dated 11 August 2016. The property management fees and reimbursements are payable monthly in arrears.

Upon expiration of AREM services on 30 June 2019, RHB Trustees Berhad, the Trustee for Sunway REIT, has on 1 July 2019 appointed Zerin Properties Urus Harta as the new Property Manager, in replacement of AREM (Malaysia) Sdn. Bhd..

1.3 Trustee's fees

Pursuant to the Deed, the Trustee of Sunway REIT is entitled to receive a fee of up to 0.03% per annum of the net asset value of Sunway REIT, net of all applicable taxes, duties and levies imposed by the relevant authorities in Malaysia, calculated on a monthly accrual basis, based on a year of 12 months and is payable monthly in arrears.

For calendar year 2018 and onwards, the fee has been revised from 0.03% to 0.015% per annum of net asset value of Sunway REIT and the fee is subject to a maximum of RM700,000 per annum.

The trustee of SUNREIT Capital Berhad, PB Trustee Services Berhad, is entitled to receive a predetermined annual fixed fee.

The trustee of SUNREIT Unrated Bond Berhad, AmanahRaya Trustees Berhad, is entitled to receive a predetermined annual fixed fee.

The trustee of SUNREIT Perpetual Bond Berhad, Pacific Trustees Berhad, is entitled to receive a predetermined annual fixed fee.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Fund have been prepared in accordance with the provisions of the Deed, the Listed REIT Guidelines in Malaysia, Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

The financial statements of the Group and of the Fund have been prepared under the historical cost convention, except as otherwise stated in the financial statements and on a going concern basis.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") unless when otherwise stated.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 36(a) to the financial statements.

The Group and the Fund applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 July 2018 and consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year. Upon assessment on the estimated impact, no adjustment were made as at 1 July 2018 as it is not material.



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3. BASIS OF ACCOUNTING

The Group and the Fund have net current liabilities (excluding derivatives at fair value) of RM3,170,379,000 and RM3,170,584,000 respectively as at 30 June 2019.

The following matters have been considered by the Manager in determining the appropriateness of the going concern basis in the preparation of the financial statements of the Group and of the Fund:

- (a) RM50,722,000 relates to accrual for subsequent expenditure of investment properties of which will be funded by the existing debt facilities of the Group and of the Fund. The Group (held through its subsidiaries) has sufficient debt facilities limit available to be utilised within the gearing allowed under the Listed REIT Guidelines for the next twelve months;
- (b) RM3,090,793,000 relates to borrowings of the Group, of which RM1,591,284,000 are secured by the investment properties as mentioned in Note 14 to the financial statements and borrowings as at 30 June 2019 (included secured and non-secured) are likely to be refinanced with the existing debt programme underpinned by the strength of the underlying assets and adequate liquidity in the debt market; and
- (c) the Group and the Fund generated net operating cash inflows of RM399,437,000 for the financial year ended 30 June 2019. The Manager projects continued profitability and operating cash inflows for the Group and the Fund in the next twelve months.

4. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the product and services produced. Secondary information is reported geographically. The investment properties are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises the following main business segments:

- (i) Retail - renting of retail premises to tenants
- (ii) Hotel - leasing of hotel premises to hotel operators
- (iii) Office - renting of office premises to tenants
- (iv) Services - leasing of services related premises on long term leases
- (v) Industrial & Others - leasing of industrial and other types of premises on long term leases

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. The Group's five main business segments operate in four main geographical areas:

- (i) Selangor - the operations in this area are principally renting of retail and office premises, leasing of hotel premises to a hotel operator, leasing of a medical premises to a hospital operator, leasing of an industrial premises to a lessee and leasing of a purpose-built campus to lessees.
- (ii) Kuala Lumpur - the operations in this area are principally renting of retail and office premises and leasing of a hotel premises to a hotel operator.
- (iii) Penang - the operations in this area are principally renting of a retail premises and leasing of hotel premises to hotel operators.
- (iv) Perak - the operation in this area is principally renting of a retail premises.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

Business segments

	2019					
	RETAIL RM'000	HOTEL RM'000	OFFICE RM'000	SERVICES RM'000	INDUSTRIAL & OTHERS RM'000	TOTAL RM'000
Revenue						
Rental income	388,718	4,825	37,203	-	-	430,746
Master lease income	-	60,502	-	30,664	5,878	97,044
Car park rental income	23,837	4,294	1,223	-	-	29,354
Other operating income	14,166	8,988	1	-	-	23,155
Gross revenue	426,721	78,609	38,427	30,664	5,878	580,299
Segment net property income	310,453	71,316	21,384	30,664	5,878	439,695
Interest income						5,165
Other income						135
Changes in fair value of investment properties	178,251	(77,049)	5,413	(1,885)	3,000	107,730
Total expenses (excluding finance costs)						(40,743)
Finance costs						(117,664)
Profit before tax						394,318
Income tax expense						(7,945)
Profit for the financial year						386,373



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4. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments: (cont'd.)

Business segments (cont'd.)

	2019						
	RETAIL RM'000	HOTEL RM'000	OFFICE RM'000	SERVICES RM'000	INDUSTRIAL & OTHERS RM'000	TOTAL RM'000	NOTE
Assets							
Segment assets	4,927,477	1,698,471	487,652	895,987	95,000	8,104,587	
Unallocated assets						53,451	
Total assets						8,158,038	
Liabilities							
Segment liabilities	190,107	25,389	11,604	-	-	227,100	
Unallocated liabilities						3,134,382	
Total liabilities						3,361,482	
Other segment information							
Capital expenditure	6,959	95,235	2,588	-	-	104,782	A
Depreciation	2,218	8	53	-	-	2,279	
Other significant non-cash income/(expenses)	173,288	(80,269)	4,376	(1,885)	3,000	98,510	
Unallocated						111	
						98,621	B

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments: (cont'd.)

Business segments (cont'd.)

	2018					
	RETAIL RM'000	HOTEL RM'000	OFFICE RM'000	SERVICES RM'000	INDUSTRIAL & OTHERS RM'000	TOTAL RM'000
Revenue						
Rental income	382,363	3,316	32,338	-	-	418,017
Master lease income	-	76,404	-	22,650	5,127	104,181
Car park rental income	22,057	2,909	1,130	-	-	26,096
Other operating income	12,101	8	3	-	-	12,112
Gross revenue	416,521	82,637	33,471	22,650	5,127	560,406
Segment net property income	296,943	77,719	17,491	22,650	5,127	419,930
Interest income						6,231
Other income						2,070
Changes in fair value of investment properties	122,982	18,241	(23)	4,000	(499)	144,701
Total expenses (excluding finance costs)						(38,595)
Finance costs						(105,646)
Profit before tax						428,691
Income tax expense						(1,000)
Profit for the financial year						427,691



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4. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments: (cont'd.)

Business segments (cont'd.)

	2018						
	RETAIL RM'000	HOTEL RM'000	OFFICE RM'000	SERVICES RM'000	INDUSTRIAL & OTHERS RM'000	TOTAL RM'000	NOTE
Assets							
Segment assets	4,699,399	1,719,715	476,318	341,920	92,000	7,329,352	
Unallocated assets						194,506	
Total assets						7,523,858	
Liabilities							
Segment liabilities	202,721	26,135	10,730	-	-	239,586	
Unallocated liabilities						2,931,036	
Total liabilities						3,170,622	
Other segment information							
Capital expenditure	23,455	(8,872)*	2,041	-	-	16,624	A
Depreciation	1,846	8	54	-	-	1,908	
Other significant non-cash income/(expenses)	122,982	18,241	(23)	4,000	(499)	144,701	
Unallocated						143	
						144,844	B

*Over accrued subsequent expenditure in prior years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, net property income, capital expenditure and assets by geographical segments: (cont'd.)

Geographical segments

	2019				
	SELANGOR RM'000	KUALA LUMPUR RM'000	PENANG RM'000	PERAK RM'000	TOTAL RM'000
Gross revenue	448,035	72,724	55,140	4,400	580,299
Segment net property income	361,974	38,374	35,463	3,884	439,695
Capital expenditure	64,263	951	39,568	-	104,782
Segment assets	6,246,784	1,181,929	614,823	61,051	8,104,587
Unallocated assets					53,451
					8,158,038

	2018				
	SELANGOR RM'000	KUALA LUMPUR RM'000	PENANG RM'000	PERAK RM'000	TOTAL RM'000
Gross revenue	423,311	77,084	55,625	4,386	560,406
Segment net property income	335,131	43,217	37,508	4,074	419,930
Capital expenditure	11,177	(6,970)*	12,417	-	16,624
Segment assets	5,502,839	1,196,301	569,161	61,051	7,329,352
Unallocated assets					194,506
					7,523,858

*Over accrued subsequent expenditure in prior years.



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4. SEGMENT INFORMATION (CONT'D.)

Note: Nature of eliminations to arrive at amounts reported in the consolidated financial statements.

A Capital expenditures consist of:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Investment properties (Note 14)	62,514	160
Investment property under construction (Note 14)	38,685	10,025
Plant and equipment (Note 15)	3,583	6,439
	104,782	16,624

B Other significant non-cash income/(expenses) consist of the following items as presented in the respective notes:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Fair value gain on investment properties (Note 14)	107,730	144,701
Deferred tax expense on fair value gain on investment properties (Note 27)	(7,945)	(1,000)
Net changes in fair value of derivative financial instrument (Note 21)	28	1,978
Unrealised foreign exchange gain (hedged item)	6,488	28,700
Cash flow hedge reserve recycled to profit or loss	(6,488)	(28,700)
Allowance of impairment on trade receivables (Note 7)	(1,275)	(900)
Other income	83	65
	98,621	144,844

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Manager's capital management is to optimise capital structure and cost of capital of the Group and to adopt active interest rate management strategy to manage the risks associated with changes in interest rates. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2019.

The Manager monitors capital using a gearing ratio, which is total gross borrowings divided by total asset value of the Group pursuant to Securities Commission's Guidelines on Listed Real Estate Investment Trusts. The Group's policy is to keep the gearing ratio below 50%.

Sunway REIT's capital is represented by its unitholders' fund in the Statements of Financial Position.

	GROUP	
	2019 RM'000	2018 RM'000
Non-current assets	8,059,927	7,293,816
Current assets	98,111	230,042
Total asset value	8,158,038	7,523,858
Total gross borrowings (Note 24)	3,091,284	2,902,750
Gearing ratio	37.9%	38.6%

The Group is not subject to any other externally imposed capital requirement.

(b) Financial risk management objectives and policies

The Manager proactively reviews the capital management of the Group and of the Fund to ensure that adequate financial resources are available for the working capital requirements, growing the Group's and the Fund's businesses and for income distributions whilst managing its interest rate risks (both fair value and cash flow), liquidity risk, foreign currency risk and credit risk. The Manager reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Fund's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Fund's interest rate risk arises primarily from borrowings at floating rates. All of the Group's and the Fund's borrowings at floating rates are contractually re-priced monthly and quarterly.

The Manager manages the Group's and the Fund's interest rate exposure by monitoring a mix of fixed and floating rate borrowings. In the previous financial year, the Group and the Fund has entered into interest rate swap contracts to hedge the floating rate interest payable on certain borrowings. At the reporting date, approximately 45% (2018: 40%) of the Group's and 21% (2018: 9%) of the Fund's borrowings are at fixed rates of interest.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 19, 20 and 24 to the financial statements.



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5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Financial risk management objectives and policies (cont'd.)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rate.

The Group and the Fund are not significantly exposed to foreign currency risk as the majority of the Group's and of the Fund's transactions, assets and liabilities are denominated in Ringgit Malaysia ("RM") except for the USD100 million Loan Facility as disclosed in Note 24(c) to the financial statements.

The USD100 million Loan Facility drawn in AUD is hedged with cross currency swap contract. As such, fluctuation in AUD is not expected to have any material effects to the financial performance and position of the Group and of the Fund.

Liquidity risk

The Manager manages the Group's and the Fund's debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Fund maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. In addition, the Manager strives to ensure that the Group and the Fund maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Fund raise committed funding from both capital markets and financial institutions and balances their portfolio with some short term funding so as to achieve overall cost effectiveness.

At the reporting date, RM3,091,284,000 (2018: RM2,602,750,000) of the Group's borrowings will be maturing in the next twelve months based on the carrying amount reflected in the financial statements. There will be no repayment risk for the maturing borrowings as the borrowings could be refinanced with the existing facilities given that the CP Programme of RM3.0 billion may be partly or fully underwritten on the drawn amount by a financial institution for the entire duration of the programme and a commitment has been received from a financial institution for refinancing of RM1.0 billion in nominal value of the unrated medium term notes for 5 years with maturity date of any subscription no later than April 2023.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 24, 25, 26, 28 and 29 to the financial statements.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Fund's exposure to credit risk arises primarily from trade receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Fund minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Fund's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Fund trade only with recognised and creditworthy third parties. It is the Group's and the Fund's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Fund's exposure to bad debts is not significant.

The credit risk concentration profiles have been disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

6. REVENUE

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Rental income	430,746	418,017
Master lease income	97,044	104,181
Car park rental income	29,354	26,096
Other operating income	23,155	12,112
	580,299	560,406

(a) Rental income

Rental income is derived from renting of retail and office properties to tenants and includes base rent, turnover rent and service and promotion charges from tenants. Base rent and service and promotion charges are recognised in profit or loss on a straight-line basis over the term of lease. Contingent rent such as turnover rent is recognised as income in the profit or loss on an accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(b) Hotel master lease income

Hotel master lease income is derived from leasing of hotel properties to hotel operators for a 10-year lease term and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis. The hotel master lease income is derived based on the following total rent formula:

Total rent = The higher of variable rent or guaranteed rent

Variable rent = Base rent plus 70% of (hotel's gross operating profit less master lease expenses)

- (i) Base rent: 20% of the hotel's gross operating revenue.
- (ii) Gross operating profit: Hotel's gross operating revenue less operating expenses.
- (iii) Master lease expenses: Base rent, reserve for furniture, fittings and equipment and hotel management fees.

(c) Hospital master lease income

Hospital master lease income is derived from leasing of a medical premises to a hospital operator for a 10-year lease term at a predetermined annual rental with a 3.5% annual rental increase and is recognised on a straight-line basis over the term of lease unless recoverability is in doubt, in which case, it is recognised on receipt basis.

The hospital master lease is based on a triple-net basis whereby all the property operating expenses, quit rent, assessment and insurance will be borne by the hospital operator.

(d) Industrial master lease income

Industrial master lease income is derived from leasing of an industrial premises to a lessee with initial term of approximately 17 years expiring on 31 December 2034 and is recognised on a straight-line basis over the term of lease unless recoverability is in doubt, in which case, it is recognised on receipt basis.

The industrial master lease is based on a triple-net basis whereby all the property operating expenses, quit rent, assessment and insurance will be borne by the lessee.

(e) Education master lease income

Education master lease income is derived from leasing of an education premises to lessees with initial term of 30 years expiring on 30 November 2048 at a predetermined annual rental with a 2.3% annual rental increase and is recognised on a straight-line basis over the term of lease unless recoverability is in doubt, in which case, it is recognised on receipt basis.



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6. REVENUE (CONT'D.)

(f) Car park rental income

Car park rental income is derived from renting of the investment properties' car park space to car park operators and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis. The car park rental income is derived based on the following variable rent formula:

Variable rent = Base rent plus 95% of car park's gross operating profit

- (i) Base rent: 20% of the car park's gross operating revenue.
- (ii) Gross operating profit: Car park's gross operating revenue less base rent and operating expenses.

(g) Other operating income

Other operating income mainly comprises rental from common area of the retail properties for promotional events and is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

7. PROPERTY OPERATING EXPENSES

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Quit rent, assessment and insurance	13,774	13,892
Property management fees and reimbursements	43,673	39,875
Utilities	27,759	24,465
Service contracts and maintenance	28,180	26,620
Advertising and promotion	15,454	18,601
Allowance of impairment on trade receivables (Note 17)	1,275	900
Depreciation of plant and equipment (Note 15)	2,279	1,908
Administrative and other operating expenses	8,210	14,215
	140,604	140,476

8. INTEREST INCOME

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Interest income from deposits with licensed financial institutions	3,309	3,948
Interest income from short term investment	1,856	2,283
	5,165	6,231

Interest income is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

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9. MANAGER'S FEES

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Base fee	23,064	21,859
Performance fee	13,196	12,604
	36,260	34,463



10. FINANCE COSTS

	GROUP		FUND	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest paid/payable:				
- subsidiaries	-	-	53,369	46,413
- term loan	-	8,546	-	8,546
- revolving loans and interest rate swap	65,953	48,233	65,953	48,233
- commercial papers	5,438	931	-	-
- unrated medium term notes	43,790	45,482	-	-
Amortisation of transaction costs	3,694	2,605	3,426	2,555
Others	45	42	45	42
	118,920	105,839	122,793	105,789
Less: Interest expense capitalised in investment properties (Note 14)	(1,256)	(193)	(1,256)	(193)
	117,664	105,646	121,537	105,596



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11. INCOME TAX EXPENSE

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Deferred tax (Note 27):		
Relating to origination of temporary differences	7,945	1,000

Taxation of the Real Estate Investment Trust ("REIT")

The tax transparency system under Section 61A of the Malaysian Income Tax Act 1967, exempts the REIT from income tax in a year of assessment if the REIT distributes at least 90% of its total taxable income in the same year of assessment.

Sunway REIT will not incur any tax expense during the financial year as it will distribute approximately 100% of its realised income available for distribution for the financial year ended 30 June 2019 which translates to more than 90% of its total taxable income.

Reconciliation of the tax expense is as follows:

	GROUP		FUND	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	394,318	428,691	390,177	428,691
Income tax at Malaysian statutory tax rate of 24% (2018: 24%)	94,636	102,886	93,642	102,886
Fair value gain on investment properties not subject to tax	(25,855)	(33,728)	(25,855)	(33,728)
Income not subject to tax	(62,515)	(71,261)	(61,521)	(71,261)
Expenses not deductible for tax purposes	1,679	3,103	1,679	3,103
Income tax expense	7,945	1,000	7,945	1,000

Taxation of the Unitholders

Pursuant to Section 109D(2) of the Malaysian Income Tax Act 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders	Tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	24%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

12. BASIC EARNINGS PER UNIT ATTRIBUTABLE TO UNITHOLDERS

Basic earnings per unit amounts are calculated by dividing realised/unrealised total profit for the year attributable to unitholders of the Fund by the weighted average number of units in issue during the financial year.

	FUND	
	2019 UNIT'000	2018 UNIT'000
Weighted average number of units in issue	2,945,078	2,945,078

	GROUP / FUND	
	2019 RM'000	2018 RM'000

Realised

Total realised profit for the year attributable to unitholders

of the Fund 282,336 281,947

Realised basic earnings per unit (sen) 9.59 9.57

Unrealised

Total unrealised profit for the year attributable to unitholders

of the Fund 99,896 145,744

Unrealised basic earnings per unit (sen) 3.39 4.95

Diluted earnings per unit equals basic earnings per unit as there where no potential dilutive unit in issue as at 30 June 2019 and 30 June 2018.



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13. DISTRIBUTION PER UNIT

Distribution to unitholders is from the following sources:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Net property income	439,695	419,930
Interest income	5,165	6,231
Other income	135	2,070
Changes in fair value of investment properties (Note 14)	107,730	144,701
Net investment income	552,725	572,932
Less: Expenses	(158,407)	(144,241)
Less: Income tax expense	(7,945)	(1,000)
Profit for the financial year	386,373	427,691
Less: Unrealised income	(99,896)	(145,744)
Less: Amount reserved for distribution to perpetual note holders	(4,141)	-
Add: Brought forward undistributed income available for distribution	550	447
Total income available for distribution	282,886	282,394
Less: Income distributed	(215,285)	(218,525)
Less: Proposed final income distribution (Note 30)	(67,148)	(63,319)
Balance undistributed arising from rounding difference	453	550
Distribution per unit (sen)	9.59	9.57

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14. INVESTMENT PROPERTIES

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Investment properties	7,981,500	7,253,000
Investment property under construction	65,910	27,225
	8,047,410	7,280,225

	GROUP / FUND	
	2019 RM'000	2018 RM'000
At valuation		
At beginning of financial year	7,253,000	6,689,200
Additions from acquisition	550,000	431,500
Incidental costs on acquisition	5,885	4,639
Additions from subsequent expenditure (Note 4)	62,514	160
Reclassification from plant and equipment (Note 15)	2,371	-
Changes in fair value (Note 4)	107,730	144,701
	7,981,500	7,270,200
Transfer to investment property under construction	-	(17,200)
At end of financial year	7,981,500	7,253,000

During the financial year, Sunway REIT acquired an investment property namely Sunway university & college campus for a purchase consideration of RM550,000,000, which was financed through proceeds from drawdown of borrowings and issuance of perpetual note.

In the previous financial year Sunway REIT acquired two investment properties namely Sunway REIT Industrial - Shah Alam 1 and Sunway Clio Property for purchase consideration of RM91,500,000 and RM340,000,000 respectively, which was fully financed through proceeds from drawdown of borrowings.

Investment properties of the Group and of the Fund amounting to RM7,349,000,000 (2018: RM6,746,000,000) are pledged as securities for borrowings as disclosed in Note 24 to the financial statements.



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14. INVESTMENT PROPERTIES (CONT'D.)

Details of the investment properties are as follows:

DESCRIPTION OF PROPERTY	LOCATION	DATE OF ACQUISITION	TENURE OF LAND	TERM OF LEASE	REMAINING TERM OF LEASE	FAIR VALUE AS AT		PERCENTAGE OF NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS AS AT	
						30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 %	30.6.2018 %
Sunway Pyramid Shopping Mall	Selangor	8 July 2010	Leasehold	99 years	78/83/86 years	3,774,000 *	3,580,000 ^	84.7	82.2
Sunway Carnival Shopping Mall	Penang	8 July 2010	Leasehold	99 years	73 years	400,000 **	398,000 ¹ ^	9.0	9.1
SunCity Ipoh Hypermarket	Perak	8 July 2010	Leasehold	99 years	81 years	61,000 **	61,000 ^	1.4	1.4
Sunway Putra Mall	Kuala Lumpur	19 April 2011	Freehold	-	-	583,000 *	595,000 #	13.1	13.7
Total Retail						4,818,000	4,634,000	108.2	106.4
Sunway Resort Hotel & Spa	Selangor	8 July 2010	Leasehold	99 years	78 years	525,000 *	530,000 ^	11.8	12.2
Sunway Pyramid Hotel	Selangor	8 July 2010	Leasehold	99 years	83 years	350,000 *	360,000 ^	7.9	8.3
Sunway Hotel Seberang Jaya	Penang	8 July 2010	Leasehold	99 years	73 years	60,000 **	63,000 ^	1.3	1.4
Sunway Putra Hotel	Kuala Lumpur	19 April 2011	Freehold	-	-	335,000 *	345,000 #	7.5	7.9
Sunway Hotel Georgetown	Penang	28 January 2015	Freehold	-	-	82,500 **	75,000 ^	1.9	1.7
Sunway Clio Property	Selangor	9 February 2018	Leasehold	99 years	89 years	340,000 *	340,000 #	7.6	7.8
Total Hotel						1,692,500	1,713,000	38.0	39.3
Menara Sunway	Selangor	8 July 2010	Leasehold	99 years	78 years	172,000 *	169,000 ^	3.9	3.9
Sunway Tower	Kuala Lumpur	8 July 2010	Freehold	-	-	120,000 *	123,000 ^	2.7	2.8
Sunway Putra Tower	Kuala Lumpur	19 April 2011	Freehold	-	-	130,000 *	123,000 #	2.9	2.8
Wisma Sunway	Selangor	23 March 2015	Leasehold	99 years	75 years	60,000 *	59,000 ^	1.3	1.4
Total Office						482,000	474,000	10.8	10.9
Sunway Medical Centre	Selangor	31 December 2012	Leasehold	99 years	78 years	344,000 *	340,000 #	7.7	7.8
Sunway university & college campus	Selangor	15 April 2019	Leasehold	99 years	78 years	550,000 ~	-	12.3	-
Total Services						894,000	340,000	20.0	7.8
Sunway REIT Industrial - Shah Alam 1	Selangor	1 August 2017	Leasehold	99 years	79 years	95,000 ***	92,000 ^	2.1	2.1
Total Industrial & Others						95,000	92,000	2.1	2.1
Total Investment Properties						7,981,500	7,253,000	179.1	166.5

* Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd. on 30 June 2019

** Based on valuation carried out by an independent professional valuer, Savills Malaysia Sdn. Bhd. on 30 June 2019

*** Based on valuation carried out by an independent professional valuer, C H Williams Talhar & Wong Sdn. Bhd. on 30 June 2019

~ Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd. on 5 December 2018

^ Based on valuation carried out by an independent professional valuer, C H Williams Talhar & Wong Sdn. Bhd. on 30 June 2018

Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd. on 30 June 2018

1 An unencumbered vacant land, Lot 5493, acquired on 27 December 2016 has been transferred to investment property under construction in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14. INVESTMENT PROPERTIES (CONT'D.)

The following are recognised in profit or loss in respect of investment properties:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Revenue (Note 6)	580,299	560,406
Property operating expenses (Note 7)	(140,604)	(140,476)
Net property income	439,695	419,930

Investment property under construction

	GROUP / FUND	
	2019 RM'000	2018 RM'000
At cost		
At beginning of financial year	27,225	-
Additions from subsequent expenditure (Note 4)	38,685	10,025
Transfer from investment properties	-	17,200
At end of financial year	65,910	27,225

The investment property under construction consists of the following:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Long term leasehold land	17,200	17,200
Building	48,710	10,025
	65,910	27,225

Included in the subsequent expenditure of investment property under construction is the borrowing costs capitalised for certain capital work-in-progress which satisfied the recognition criteria of MFRS 123: *Borrowing Costs* amounting to RM1,256,000 (2018: RM193,000) as disclosed in Note 10 to the financial statements.



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14. INVESTMENT PROPERTIES (CONT'D.)

- (a) Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

If the Group and the Fund determine that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group and the Fund shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group and the Fund are able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group and the Fund shall measure that property at its fair value.

- (b) Fair value is determined in accordance with the Deed, the Listed REIT Guidelines and the Guidelines on Asset Valuation issued by the Securities Commission which require the investment properties to be valued by independent qualified valuers, having appropriate recognised professional qualifications and recent experience in the location and category of investment properties being valued, on annual basis. In determining the fair value, the valuers used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates reflect the current market conditions.
- (c) The Group and the Fund measure fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair values of investment properties of the Group and of the Fund are categorised as Level 3. Level 3 fair value is estimated using unobservable inputs for the investment properties. Changes in Level 3 fair value are assessed by the Manager annually after obtaining the valuation reports from the independent professional valuers. There is no transfer between levels in the fair value hierarchy during the financial year.

The following table shows a reconciliation of Level 3 fair value:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
At beginning of financial year	7,253,000	6,689,200
Additions	618,399	436,299
Reclassification from plant and equipment	2,371	-
Changes in fair value	107,730	144,701
Transfer to investment property under construction	-	(17,200)
At end of financial year	7,981,500	7,253,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14. INVESTMENT PROPERTIES (CONT'D.)

- (d) The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	INTER-RELATIONSHIP BETWEEN SIGNIFICANT UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT
Income approach by Investment Method (refer below)	- Allowance for void of 3.00% to 10.00% (2018: 5.00% to 15.00%)	Higher allowance for void, lower fair value
	- Term yield rates ranging from 5.75% to 7.25% (2018: 5.50% to 7.00%)	Higher term yield rates, lower fair value
	- Reversionary yield rates ranging from 6.50% to 7.00% (2018: 6.50% to 7.00%)	Higher reversionary yield rates, lower fair value
Income approach by Discounted Cash Flow (DCF) (refer below)	- Average room rates during holding period ranging from RM170 per room to RM560 per room (2018: RM175 per room to RM594 per room)	Higher average room rates, higher fair value
	- Average occupancy rates during holding period ranging from 62.00% to 100.00% (2018: from 72.50% to 85.00%)	Higher average occupancy rates, higher fair value
	- Capitalisation rate ranging from 6.75% to 7.50% (2018: 6.75% to 7.00%)	Higher capitalisation rate, lower fair value
	- Discount rate of 8.50% to 9.00% over 10 years holding period (2018: 9.00%)	Higher discount rate, lower fair value

- (e) Methods of valuation

The income approach by investment method involves capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

The income approach by DCF method incorporates the estimation of future annual cash flows over an investment horizon (5 to 10 years) from the valuation date by reference to expected revenue growth rates, operating expenses and terminal value. The present value of future cash flow is then determined by the application of an appropriate discount rate to derive a net present value of the property as at the valuation date. It is assumed that the property is sold at the commencement of the terminal year of the cash flow at the expected rate of return of similar asset classes.

In undertaking the analysis, the valuers have used a wide range of assumptions for the properties including the growth of average room rates (for hotels)/gross rental revenue (for mall) and other potential revenues during the holding period, projected occupancy, expense ratios/expected property expenses and other related expenses.

As the investment properties are commercial and income generating properties, the valuers have adopted the market value as derived from the income approach as a more appropriate method supported by the market value as derived from the comparison approach.



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15. PLANT AND EQUIPMENT

At 30 June 2019

GROUP/ FUND	OFFICE/ COMPUTER EQUIPMENT RM'000	FURNITURE AND FITTINGS RM'000	TOTAL RM'000
Cost			
At beginning of financial year	11,375	8,363	19,738
Additions (Note 4)	1,825	1,758	3,583
Reclassification to investment properties (Note 14)	-	(2,371)	(2,371)
Disposal	(10)	-	(10)
At end of financial year	13,190	7,750	20,940
Accumulated depreciation			
At beginning of financial year	4,928	1,219	6,147
Depreciation charge for the year (Note 7)	1,526	753	2,279
Disposal	(3)	-	(3)
At end of financial year	6,451	1,972	8,423
Net carrying amount	6,739	5,778	12,517

At 30 June 2018

GROUP/ FUND	OFFICE/ COMPUTER EQUIPMENT RM'000	FURNITURE AND FITTINGS RM'000	TOTAL RM'000
Cost			
At beginning of financial year	10,364	2,940	13,304
Additions (Note 4)	1,013	5,426	6,439
Disposal	(2)	(3)	(5)
At end of financial year	11,375	8,363	19,738
Accumulated depreciation			
At beginning of financial year	3,548	693	4,241
Depreciation charge for the year (Note 7)	1,381	527	1,908
Disposal	(1)	(1)	(2)
At end of financial year	4,928	1,219	6,147
Net carrying amount	6,447	7,144	13,591

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15. PLANT AND EQUIPMENT (CONT'D.)

- (a) All items of plant and equipment are initially recorded at cost.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group and the Fund recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Office/computer equipment	10% - 20%
Furniture and fittings	10%

The useful lives and residual values of plant and equipment are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

16. INVESTMENTS IN SUBSIDIARIES

	FUND	
	2019 RM	2018 RM
At cost		
Unquoted ordinary shares	6	4

Details of the subsidiaries are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	2019 %	2018 %
SUNREIT Capital Berhad	Malaysia	To undertake the issuance of commercial papers pursuant to the commercial papers programme ("CP Programme") and/or medium term notes programme ("MTN Programme") (collectively referred to as "CP/MTN Programme") and all matters relating to the CP/MTN Programme	100	100
SUNREIT Unrated Bond Berhad	Malaysia	To undertake the issuance of unrated medium term notes ("Unrated MTNs") under a medium term note programme ("MTN Programme") and all matters relating to the Unrated MTNs under/and/or the MTN Programme	100	100
SUNREIT Perpetual Bond Berhad	Malaysia	To undertake the issuance of unrated perpetual bond under an unrated perpetual programme and all matters pertaining to the unrated perpetual bond under the unrated perpetual programme.	100	-

The subsidiaries are intended as Special Purpose Vehicle ("SPV") to undertake the issuance of the commercial papers, unrated medium term notes and unrated perpetual bond for Sunway REIT.



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17. TRADE RECEIVABLES

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Current		
Third parties	15,232	15,785
Amounts due from parties related to the Manager	6,840	7,909
	22,072	23,694
Less: Allowance for impairment	(2,692)	(2,271)
Total trade receivables	19,380	21,423

(a) Total trade receivables are classified as financial assets measured at amortised cost.

(b) Included in trade receivables is the following amounts due from parties related to the Manager:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Sunway Berhad Group	6,840	7,909

The amounts due from parties related to the Manager are unsecured and bear fixed interest rates ranging from 8% to 18% per annum (2018: 8% to 18% per annum) and the credit period is generally for a period of 7 days to 30 days (2018: 7 days to 30 days). The relationship with the parties related to the Manager is as disclosed in Note 33 to the financial statements.

(c) The Group's and the Fund's primary exposure to credit risk arises through its trade receivables. The Group's and the Fund's trading terms with its customers are mainly on credit. The credit period is generally for a period of 7 days to 30 days (2018: 7 days to 30 days). The Group and the Fund seek to maintain strict control over its outstanding receivables and have a credit control department to minimise credit risk. Overdue balances are reviewed regularly by the Manager. In view of the aforementioned and the fact that the Group's and the Fund's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables that exceed credit terms will bear fixed interest rates ranging from 8% to 18% per annum (2018: 8% to 18% per annum).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

17. TRADE RECEIVABLES (CONT'D.)

- (d) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses.

The Group and the Fund consider credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group and of the Fund as identified in Note 4 to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss and other comprehensive income. On confirmation that the probability of collections is adversely affected, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

The reconciliation of movements in allowance for impairment accounts in trade receivables is as follows:

	GROUP/FUND CREDIT IMPAIRED RM'000
At 1 July 2018 (as previously reported)	2,271
Effects of adoption of MFRS 9	-
At beginning of financial year (restated)	2,271
Charge for the year (Note 7)	1,275
Written off	(854)
At 30 June 2019	2,692
	GROUP/FUND RM'000
At 1 July 2017	1,485
Charge for the year (Note 7)	900
Written off	(114)
At 30 June 2018	2,271

Trade receivables that are individually determined to be credit impaired at the financial year end relate to trade receivables who are in significant financial difficulties and have defaulted on payments.

As at the end of each reporting period, the credit risks exposures relating to trade receivables of the Group and of the Fund are RM19,380,000 (2018: RM21,423,000) and they are collateralised with cash deposits received from tenants amounting to RM43,031,000 (2018: RM42,925,000). Hence, there is no exposure to credit risk.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

17. TRADE RECEIVABLES (CONT'D.)

(e) Ageing analysis of the trade receivables is as follows:

	GROUP / FUND		
	2019		
	GROSS RM'000	IMPAIRED RM'000	TOTAL RM'000
Current	8,032	25	8,007
1 to 30 days	5,763	199	5,564
31 to 60 days	2,637	136	2,501
61 to 90 days	1,405	82	1,323
91 to 120 days	258	31	227
More than 120 days	3,977	2,219	1,758
	14,040	2,667	11,373
	22,072	2,692	19,380

	GROUP / FUND		
	2018		
	GROSS RM'000	IMPAIRED RM'000	TOTAL RM'000
Current	6,625	-	6,625
1 to 30 days	5,773	74	5,699
31 to 60 days	3,800	146	3,654
61 to 90 days	1,767	99	1,668
91 to 120 days	153	8	145
More than 120 days	5,576	1,944	3,632
	17,069	2,271	14,798
	23,694	2,271	21,423

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

17. TRADE RECEIVABLES (CONT'D.)

- (f) The Manager determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Fund's trade receivables by segment at the reporting date are as follows:

By segment:

	GROUP / FUND			
	2019		2018	
	RM'000	%	RM'000	%
Retail	11,956	61.7	13,421	62.6
Hotel	4,901	25.3	4,270	19.9
Office	536	2.8	1,812	8.5
Services	1,987	10.2	1,920	9.0
Industrial & Others	-	0.0	-	0.0
	19,380	100.0	21,423	100.0

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's and the Fund's varied customers. These customers are dispersed, engaged in a wide spectrum of activities and sell in a variety of end markets. The Manager's experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, the Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and the Fund's trade receivables.

- (g) At the end of the reporting period, the interest rate profile of the interest-bearing trade receivables was:

	GROUP / FUND	
	2019	2018
	RM'000	RM'000
Fixed rate	14,040	17,069

Sensitivity analysis for fixed rate trade receivables at the end of the reporting period is not presented as it is not affected by changes in interest rates.

18. OTHER RECEIVABLES

	GROUP / FUND	
	2019	2018
	RM'000	RM'000
Deposits	505	487
Prepayments	7,023	5,057
Sundry receivables	3,945	5,125
Total other receivables	11,473	10,669



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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

18. OTHER RECEIVABLES (CONT'D.)

- (a) Included in other receivables is the following amounts due from parties related to the Manager:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Sunway Berhad Group	724	2,377

The amounts due from parties related to the Manager are unsecured, non-interest bearing and are repayable on demand. The relationship with the parties related to the Manager is as disclosed in Note 33 to the financial statements.

- (b) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.
- (c) The Group and the Fund have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.
- (d) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Fund assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment other receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward looking information and significant increase in credit risk.

Upon assessment on the estimated impact, no expected credit loss from other receivables is recognised during the year as it is not material.

19. SHORT TERM INVESTMENT

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Commercial paper	-	130,000
Less: Discount on commercial paper	-	(375)
	-	129,625

During the previous financial year, Sunway REIT had invested in a 1-month commercial paper issued by Sunway Berhad, a substantial unitholder of Sunway REIT. The investment earned fixed interest rate ranging from 3.80% to 3.90% per annum.

Short term investment with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity is classified as financial assets measured at amortised cost.

Sensitivity analysis for fixed rate short term investment at the end of the reporting date is not presented as change in interest rates would not have impact to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

20. CASH AND BANK BALANCES

	GROUP		FUND	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash on hand and at banks	25,258	20,259	25,196	20,229
Deposits with licensed financial institutions	42,000	37,300	42,000	37,300
	67,258	57,559	67,196	57,529

- (a) Cash at banks earn interest rates ranging from 2.80% to 3.25% per annum (2018: 3.10% to 3.50% per annum).

The weighted average interest rate and range of maturities of deposits with licensed financial institutions of the Group and of the Fund in current financial year are 3.68% per annum (2018: 3.99% per annum) and between 76 to 123 days (2018: 46 to 111 days) respectively.

- (b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	GROUP		FUND	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	67,258	57,559	67,196	57,529
Deposits with licensed financial institutions with maturity of over 3 months	(20,000)	-	(20,000)	-
Total cash and cash equivalents	47,258	57,559	47,196	57,529

- (c) At the reporting date, the interest rate profile of the cash and bank balances was:

	GROUP		FUND	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate	42,000	37,300	42,000	37,300
Variable rate	25,219	20,220	25,156	20,190

Sensitivity analysis for fixed and variable rate cash and bank balances at the end of the reporting date is not presented as change in interest rates would not have material impact to the profit or loss.

- (d) Cash and bank balances are classified as financial assets measured at amortised cost.
- (e) No expected credit losses were recognised arising from cash at banks and deposits with licensed financial institutions because the probability of default by these financial institutions is unlikely.



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

21. DERIVATIVES

	NOTE	GROUP/FUND		
		CONTRACT/ NOTIONAL AMOUNT RM'000	ASSET RM'000	LIABILITY RM'000
At 30 June 2019				
Current				
Cross currency swap	(b)(ii)	392,310	-	(1,133)
		392,310	-	(1,133)
At 30 June 2018				
Current				
Interest rate swap	(b)(i)	150,000	-	(28)
Cross currency swap	(b)(ii)	392,900	10,766	-
		542,900	10,766	(28)

(a) Derivatives are classified as at fair value through profit or loss and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss except for derivatives that are designated as effective hedging instruments.

(b) The Group has derivative contracts as follows:

(i) Interest rate swap

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. In the previous financial years, Sunway REIT had entered into interest rate swap contracts to exchange floating interest rates for fixed interest rates in order to minimise the exposure from fluctuation of interest rate. The interest rate swap contracts receive floating interest rates equal to Kuala Lumpur Interbank Offered Rate ("KLIBOR") per annum, pay fixed rates of interest ranging from 3.61% to 3.85% per annum.

The fair value of the interest rate swap contracts is determined by using the mark to market values at the end of reporting period and changes in the fair value is recognised in the profit or loss. Accordingly, the Group and the Fund recognised an unrealised net gain of RM28,000 (2018: RM1,978,000) arising from changes in fair value of interest rate swap.

There are no ongoing interest rate swap contracts as at the end of the financial year.

(ii) Cross currency swap

During the financial year, Sunway REIT has entered into cross currency swap contract to manage its exposure to foreign currency risk arising from foreign currency borrowings, which was entered into to minimise the interest cost. The Group and the Fund use cash flow hedge to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in other comprehensive income in the cash flow hedge reserve until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss. The application of hedge accounting will create some volatility in equity reserve balances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

21. DERIVATIVES (CONT'D.)

(b) The Group has derivative contracts as follows: (cont'd.)

(ii) Cross currency swap (cont'd.)

Where a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or losses existing in equity at that time remain in equity and are recognised when the forecast transaction is ultimately recognised in the profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the profit or loss.

The fair value of the cross currency swap contract is determined by using the mark to market values at the end of the reporting period and changes in the fair value is recognised in equity due to the application of hedge accounting.

(c) Interest rate swap and cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counter parties and interest rate curves.

(d) The fair value of the derivatives are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

22. UNITHOLDERS' CAPITAL

	GROUP/FUND			
	2019 UNIT'000	2018 UNIT'000	2019 RM'000	2018 RM'000
Issued and fully paid				
At beginning of financial year	2,945,078	2,945,078	2,795,372	2,795,372
Manager's fees paid in units	-	-	-	-
Total issued and fully paid	2,945,078	2,945,078	2,795,372	2,795,372
Less: Unit issuance expenses	-	-	(67,543)	(67,543)
At end of financial year	2,945,078	2,945,078	2,727,829	2,727,829

As at 30 June 2019, the Manager did not hold any units in Sunway REIT. However, the parties related to the Manager held units in Sunway REIT as follows:

	GROUP/FUND			
	NUMBER OF UNITS		MARKET VALUE	
	2019 UNIT'000	2018 UNIT'000	2019 RM'000	2018 RM'000
Direct unitholdings of parties related to the Manager:				
Sunway REIT Holdings Sdn. Bhd.	1,204,078	1,204,078	2,251,626	2,131,218
Indirect unitholdings of parties related to the Manager:				
Sunway Berhad ^	1,204,078	1,204,078	2,251,626	2,131,218

^ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway REIT Holdings Sdn. Bhd.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

23. PERPETUAL NOTE HOLDERS' FUNDS

SUNREIT Perpetual Bond Berhad, a wholly-owned subsidiary of Sunway REIT had, on 21 March 2019, established a Perpetual Note Programme of RM10.0 billion in nominal value.

During the financial year, SUNREIT Perpetual Bond Berhad made its first issuance of RM340,000,000 perpetual note pursuant to the RM10.0 billion Perpetual Note Programme ("Perpetual Note").

The sums raised from the Perpetual Note, which are moneys raised from the subscribers are used as advances given to the Fund in the course of the Fund's business for the purpose of financing investment activities.

This Perpetual Note is a financial instrument which has the following features:

- (i) A perpetual non-call 5 years at a fixed coupon rate of 5.85% per annum, payable semi-annually and are redeemable at the option of SUNREIT Perpetual Bond Berhad subject to the terms of the Perpetual Note;
- (ii) Direct, unsecured and subordinated obligations of SUNREIT Perpetual Bond Berhad and shall rank pari passu without any preference amongst themselves and the Perpetual Note will be issued with a perpetual tenure that does not have a fixed maturity date;
- (iii) The Perpetual Note is unrated and shall be transferable and tradable; and
- (iv) Deferred coupon payments, if any, are non-cumulative and SUNREIT Perpetual Bond Berhad is not under any obligation to pay that or any other distributions that have been paid in whole or in part.

Solely to be in compliance with Paragraph 16 of MFRS 132 *Financial instruments: Presentation*, the Perpetual Note is classified as equity because the payment of any distribution or redemption is at the discretion of SUNREIT Perpetual Bond Berhad.

24. BORROWINGS

	NOTE	GROUP		FUND	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short term borrowings					
Secured:					
Commercial papers	(a)	-	-	-	-
Revolving loan - USD	(c)	391,284	403,750	391,284	403,750
Unrated medium term notes	(d)	1,200,000	1,000,000	-	-
		1,591,284	1,403,750	391,284	403,750
Unsecured:					
Revolving loan	(b)	1,500,000	1,199,000	1,500,000	1,199,000
		3,091,284	2,602,750	1,891,284	1,602,750
Less: Unamortised transaction costs	(a)	(491)	-	-	-
		3,090,793	2,602,750	1,891,284	1,602,750
Long term borrowing					
Secured:					
Unrated medium term note	(d)	-	300,000	-	-
Less: Unamortised transaction costs		-	(250)	-	-
		-	299,750	-	-
Total borrowings		3,090,793	2,902,500	1,891,284	1,602,750

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

24. BORROWINGS (CONT'D.)

(a) Commercial papers

The existing 7-year commercial paper programme of up to RM1.6 billion in nominal value expired on 25 April 2019. SUNREIT Capital Berhad ("SUNREIT Capital" or the "Issuer"), a wholly-owned subsidiary of Sunway REIT had, on 1 April 2019, issued its first commercial papers ("CPs") amounting to RM1.5 billion in nominal value at a discount to face value under a new 7-year commercial paper programme of up to RM3.0 billion in nominal value ("CP Programme"). The CP Programme has been accorded a rating of P1(s) by RAM Rating Services Berhad and may be partly or fully underwritten by underwriter(s) (the "Underwriter").

The CPs issued are for various tenures ranging from 1, 2, 3, 6, 9 or 12 months, and any amount that has been issued may be rolled over during the tenure of the programme at the option of the holder or reissued, to the same or new lenders. In view that the CPs issued carry tenures that are less than 12 months, the Group will classify the outstanding balance of the CPs as current liabilities despite there will be no roll over risk to the Group throughout the duration of the programme as the CP Programme maybe partly or fully underwritten by the Underwriter for the entire duration of the CP Programme.

As at the reporting date, the CPs have been refinanced by the revolving loan facility. The unamortised transaction costs in relation to the establishment of the CP Programme of RM491,000 will be amortised throughout the duration of the CP Programme.

(i) Details of the CP Programme

The aggregate outstanding nominal value of the CPs issued under the CP Programme shall not exceed the applicable programme limit at any one time. The CPs may be issued via competitive tender, direct or private placement, bought deal basis or book running basis, all without prospectus at the option of the Issuer.

Any increase or decrease in the total commitment by the Underwriter ("Prevailing Underwriting Commitment") is subject to the terms of the relevant agreement between the Issuer and the relevant Underwriter. At all times, the amount underwritten shall not exceed the programme limit of the CP Programme. The Underwriter reserves the right to sell down all or part of its underwriting commitment.

(ii) Utilisation of the proceeds

The proceeds raised from the CP Programme shall be utilised by the Issuer for the purpose of advancing to Sunway REIT, where the Trustee shall utilise such proceeds to repay the existing borrowings granted by the Underwriter, as working capital requirements of Sunway REIT and to defray expenses incurred in relation to the CP Programme, for financing including repayment of cash utilised by Sunway REIT to part finance the investment activities (including capital expenditure and the related acquisition and financing expenses) of Sunway REIT and/or refinancing of existing/future borrowings undertaken by Sunway REIT for its investment activities (including capital expenditure and the related acquisition and financing expenses). The proceeds shall also be utilised to refinance maturing CPs on their respective maturity dates subsequent to the first issuance of the CPs and to refinance debt and/or hybrid securities that has been issued or may be issued by any other special purpose vehicle established by Sunway REIT.

(b) Revolving loan

Sunway REIT had, on 26 April 2019, obtained a revolving loan facility of RM1.5 billion ("RL Facility") from a financial institution. The purpose of the RL Facility is to partly or fully repay the outstanding CPs by SUNREIT Capital under the CP Programme during the tenure of the RL Facility. The limit of the RL Facility ("RL Limit") shall correspond with the underwriting commitment availed by the financial institution to SUNREIT Capital. The aggregate of the principal outstanding under the RL Facility and the nominal value of the CPs underwritten and/or subscribed by the financial institution shall not exceed the RL Limit.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

24. BORROWINGS (CONT'D.)

(c) Revolving loan - USD

Sunway REIT had, in December 2018, renewed a 1-year revolving financing-i facility of USD100 million ("USD100 million Loan Facility") from a financial institution with the option for drawdown in multicurrency. The USD100 million revolving loan was drawn in AUD (approximates AUD135 million and equivalent to RM411.1 million) and was hedged with a 6-months cross currency swap ("CCS") contract to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the loan tenure. Upon expiry of the previous CCS in June 2019, the CCS was re-hedged at a rate equivalent to RM392.31 million for a period of 1 year. The USD100 million Loan Facility can be renewed for up to another twelve (12) months, subject to annual review of the financial institution. The USD100 million Loan Facility is to be repaid by way of bullet repayment at maturity.

(d) Unrated medium term notes

SUNREIT Unrated Bond Berhad, a wholly-owned subsidiary of Sunway REIT had, on 30 June 2017, extended and upsized the existing 15-year RM1.0 billion Medium Term Note Programme to a 35-year RM10.0 billion Medium Term Note Programme.

(e) The secured borrowings of the Group and of the Fund are secured by legal charges on investment properties of the Group and of the Fund amounting to RM7,349,000,000 (2018: RM6,746,000,000) as disclosed in Note 14 to the financial statements.

(f) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting period were as follows:

	GROUP		FUND	
	2019 %	2018 %	2019 %	2018 %
Revolving loans	3.84	4.08	3.84	4.08
Unrated medium term notes	4.00	4.03	-	-

(g) In the previous financial year, Sunway REIT has entered into interest rate swap contracts to hedge the floating rate interest payable on CPs and RL Facility. The contracts entitle the Fund to pay interest at fixed rates on notional principal amounts and oblige it to receive interest at floating rates on the same amounts. Under the swaps, Sunway REIT agrees with the other parties to exchange, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

(h) At the reporting date, the interest rate profile of the gross borrowings was:

	GROUP		FUND	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate	1,391,284	1,000,000	391,284	-
Variable rate	1,700,000	1,902,750	1,500,000	1,602,750

Sensitivity analysis for fixed rate borrowings at the end of the reporting date is not presented as changes in interest rates would not affect profit or loss.

In the current financial year, an increase/(decrease) of 25 basis points in interest rates for the unhedged variable rate instruments, assuming all other variables remained constant, at the reporting date would result in the profit for the financial year of the Group and of the Fund to be higher/(lower) by RM4,250,000 and RM3,750,000 respectively.

In previous financial year, excluding hedged variable rate instruments of RM150,000,000, an increase/(decrease) of 25 basis points in interest rates for the unhedged variable rate instruments, assuming all other variables remained constant, at the reporting date would result in the profit for the financial year of the Group and of the Fund to be higher/(lower) by RM4,382,000 and RM3,632,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

24. BORROWINGS (CONT'D.)

- (i) Maturity of the gross borrowings is as follows:

	GROUP		FUND	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Not later than 1 year	3,091,284	2,602,750	1,891,284	1,602,750
Later than 1 year and not later than 2 years	-	-	-	-
Later than 2 years and not later than 3 years	-	300,000	-	-
Later than 3 years and not later than 4 years	-	-	-	-
Later than 4 years and not later than 5 years	-	-	-	-
	3,091,284	2,902,750	1,891,284	1,602,750

- (j) The maturity profile of the Group's and the Fund's borrowings at the reporting date based on contractual undiscounted repayment obligations is summarised in the table below:

	ON DEMAND OR WITHIN ONE YEAR RM'000	ONE TO FIVE YEARS RM'000	OVER FIVE YEARS RM'000	TOTAL RM'000
GROUP				
As at 30 June 2019	3,137,508	-	-	3,137,508
As at 30 June 2018	2,638,617	331,127	-	2,969,744
FUND				
As at 30 June 2019	1,908,979	-	-	1,908,979
As at 30 June 2018	1,616,303	-	-	1,616,303

- (k) The carrying amounts of the borrowings of the Group and of the Fund as at reporting date were as follows:

	GROUP		FUND	
	CARRYING AMOUNT RM'000	FAIR VALUE AT LEVEL 3 RM'000	CARRYING AMOUNT RM'000	FAIR VALUE AT LEVEL 3 RM'000
Borrowings				
At 30 June 2019	3,091,284	3,092,468	1,891,284	1,891,321
At 30 June 2018	2,902,750	2,902,405	1,602,750	1,603,294

- (l) There is no transfer between levels in the hierarchy during the financial year.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

25. AMOUNTS DUE TO SUBSIDIARIES

- (a) The amount due to a subsidiary (non-current) is unsecured, bears interest rate of 5.85% (2018: 4.18%) per annum and has no fixed term of repayment (2018: one to five years).
- (b) The amounts due to subsidiaries (current) are unsecured, non-interest bearing and are repayable on demand, except for an amount of RM1,200,000,000 (2018: RM1,000,000,000) which is unsecured, bears an average interest rate of 4.00% (2018: 3.99%) per annum and is repayable within 1 year.

26. LONG TERM LIABILITIES

- (a) Long term liabilities are in respect of refundable deposits received from tenants for tenancy contracts with tenure of two to three years. The long term liabilities are unsecured and non-interest bearing.
- (b) The carrying amounts of the long term liabilities of the Group and of the Fund as at reporting date were as follows:

	GROUP / FUND	
	CARRYING AMOUNT RM'000	FAIR VALUE AT LEVEL 3 RM'000
Long term liabilities		
At 30 June 2019	77,018	66,036
At 30 June 2018	77,519	72,284

There is no transfer between levels in the hierarchy during the financial year.

- (c) The maturity profile of the Group's and Fund's long term liabilities at the reporting date based on contractual undiscounted repayment obligations is repayable in one to five years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

27. DEFERRED TAX LIABILITY

	GROUP / FUND	
	2019 RM'000	2018 RM'000
At beginning of financial year	6,896	5,896
Recognised in profit or loss (Note 11)	7,945	1,000
At end of financial year	14,841	6,896

The deferred tax liability relates to fair value gain of freehold land component within the investment properties which is expected to be recovered through sale.

Where investment properties are carried at fair value as disclosed in Note 14 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

28. TRADE PAYABLES

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Total trade payables	3,057	2,096

(a) Included in trade payables is the following amounts due to parties related to the Manager:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Sunway Berhad Group	571	1,015

The amounts due to parties related to the Manager are unsecured, non-interest bearing and are repayable on demand. The relationship with the parties related to the Manager is as disclosed in Note 33 to the financial statements.

- (b) The normal trade credit terms granted to the Group and the Fund range from 1 day to 90 days (2018: 1 day to 90 days).
- (c) The maturity profile of the Group's and of the Fund's trade payables at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (d) Trade payables are classified as financial liabilities measured at amortised cost.



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29. OTHER PAYABLES

	GROUP		FUND	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sundry payables	10,468	7,782	10,468	7,782
Accruals	109,628	132,681	97,299	124,631
Deferred income	1,330	1,749	1,330	1,749
Refundable deposits	53,214	39,371	53,214	39,371
	174,640	181,583	162,311	173,533

(a) Included in other payables is the following amounts due to parties related to the Manager:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Sunway Berhad Group	15,261	23,479

The amounts due to parties related to the Manager are unsecured, non-interest bearing and are repayable on demand. The relationship with the parties related to the Manager is as disclosed in Note 33 to the financial statements.

- (b) The maturity profile of the Group's and of the Fund's other payables (excluding deferred income) at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) Other payables are classified as financial liabilities measured at amortised cost.

30. MANAGEMENT EXPENSE RATIO

	GROUP	
	2019 RM'000	2018 RM'000
Total trust expenses	40,743	38,356
Net asset value at end of financial year	4,796,556	4,353,236
Less: Proposed final income distribution (Note 13)	(67,148)	(63,319)
Net asset value at end of financial year, after proposed final income distribution	4,729,408	4,289,917
Management Expense Ratio ("MER")	0.86%	0.89%

The calculation of MER is based on the total fees and expenses incurred by the Group in the financial year, including Manager's fees, Trustee's fees, auditors' remuneration, tax agent's fee, valuation fees and other trust expenses to the net asset value (after proposed final income distribution) at end of financial year.

Since the basis of calculating MER can vary among real estate investment trusts, comparison of the Group's MER with other real estate investment trusts which use a different basis of calculation may not be an accurate comparison.

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31. OPERATING LEASE AGREEMENTS

The Group and the Fund as lessor

The Group and the Fund lease out their investment properties. Non-cancellable operating lease rentals receivable are as follows:

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Not later than 1 year	435,833	432,969
Later than 1 year and not later than 5 years	444,636	467,145
Later than 5 years	210,536	126,382
	1,091,005	1,026,496

32. CAPITAL COMMITMENTS

	GROUP / FUND	
	2019 RM'000	2018 RM'000
Capital expenditure		
Subsequent expenditure of investment properties:		
Approved and contracted for	297,408	348,437
Approved but not contracted for	202,730	183,490
	500,138	531,927



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33. SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER

During the financial year, other than those disclosed elsewhere in the financial statements, the Group and the Fund transacted with certain parties related to the Manager as follows:

NAME OF COMPANIES RELATED TO THE MANAGER	NATURE OF TRANSACTIONS	GROUP / FUND	
		2019 RM'000	2018 RM'000
(a) Sunway Berhad Group *	Rental income and utilities charges	143,909	150,234
	Interest income from investment in money market instrument	1,857	2,283
	Property management and related services	(41,760)	(38,778)
	Construction and related services	(91,816)	(14,540)
	Acquisition of investment properties	(550,000)	(340,000)
	Subscription of commercial paper	-	(130,000)
	Others	(8,294)	(10,754)
	(b) Sunway Technology Sdn. Bhd. Group ("STSB Group")#	Rental income and utilities charges	554
	Others	(2,652)	(2,556)

The above transactions have been entered into in the normal course of business and have been established based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

The above parties are deemed related to the Manager as follows:

- * Sunway Berhad Group are deemed parties related to the Manager by virtue of Sarena Cheah Yean Tih's interests in Sunway Berhad Group and the Group. Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling and Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the parents of Sarena Cheah Yean Tih, have interests in Sunway Berhad Group and the Group. Sarena Cheah Yean Tih, is a Director of Sunway Berhad, the Manager and the Group as well as Director and alternate Director in several subsidiaries of Sunway Berhad. Evan Cheah Yean Shin, the child of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, is a Director in several subsidiaries of Sunway Berhad Group and STSB Group. Adrian Cheah Yean Sun, the child of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, is a Director in several subsidiaries of Sunway Berhad Group. Evan Cheah Yean Shin and Adrian Cheah Yean Sun have interests in Sunway Berhad and the Group.
- # STSB Group are deemed parties related to the Manager by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's interests in STSB Group and the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, also has deemed interests in STSB Group and the Group. Sarena Cheah Yean Tih, Evan Cheah Yean Shin and Adrian Cheah Yean Sun, being the children of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, have deemed interests in STSB Group and the Group. Evan Cheah Yean Shin is a Director of STSB Group.

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from transactions with parties related to the Manager as at 30 June 2019 are disclosed in Notes 17, 18, 28 and 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisition of a purpose-built campus

On 24 December 2018, RHB Investment Bank Berhad announced on behalf of the Board of Directors of Sunway REIT Management Sdn. Bhd., the Manager for Sunway REIT, that RHB Trustees Berhad, as the trustee of Sunway REIT ("Trustee"), entered into a conditional sale and purchase agreement ("SPA") with Sunway Destiny Sdn. Bhd. ("Vendor"), a wholly-owned subsidiary of Sunway City Sdn. Bhd., which is in turn a wholly-owned subsidiary of Sunway Berhad, for the proposed acquisition of Sunway university & college campus (as defined below) for a total purchase consideration of RM550 million to be entirely satisfied in cash ("Proposed Acquisition").

The Proposed Acquisition entails the acquisition of 3 parcels of leasehold land held under H.S.(D) 118326 Lot No. PT 1905, H.S.(D) 118325 Lot No. PT 1904 and H.S.(D) 118332 Lot No. PT 28, all in the Town of Sunway, District of Petaling, State of Selangor ("Lands") together with buildings (including all fixtures and fittings, services infrastructure and systems located or used in the buildings) which comprise a 5-storey academic block along with a lower ground level ("South Building"), a 6-storey academic block along with a lower ground level ("North Building"), a 13-storey academic block together with a 2-storey basement car park ("New University Block"), 4 blocks of 5-storey walk up hostel apartment ("Hostel") (collectively known as "Buildings"), and sports facilities which comprise a football field, basketball court, netball court and tennis court. The Lands, Buildings and sports facilities are collectively known as "Sunway university & college campus".

The SPA and the completion of the Proposed Acquisition are conditional upon the following conditions precedent being fulfilled or obtained within 6 months after the date of the SPA, or such other extended date as the Trustee and the Vendor may mutually agree upon in writing, unless the condition(s) precedent are being waived by the Trustee:

- (i) the approval of the unitholders of Sunway REIT at a unitholders' meeting to be convened for the Proposed Acquisition ("Unitholders' Meeting");
- (ii) the confirmation from the Vendor that the relevant documents relating to the discharge of the encumbrance have been obtained from its chargee ("Discharge Documents") and the Discharge Documents are deposited with the Trustee's solicitors;
- (iii) the approval of the State Authority has been obtained by the Vendor for the transfer of the subject Lands and Buildings; and
- (iv) any other approvals of any authorities as may be deemed necessary by the Trustee and the Vendor

On 15 April 2019, the Proposed Acquisition was completed upon full payment of the balance purchase consideration of RM495 million, in accordance with the terms and conditions of the SPA. The novation agreements for the respective lease agreements between the Vendor, the Trustee and the respective lessees are effective on the even date.

Establishment of a commercial papers programme of up to RM3.0 billion in nominal value ("CP Programme")

SUNREIT Capital Berhad ("SCB"), a special purpose vehicle whose shares are held by Trustee, had on 28 February 2019, lodged with the Securities Commission Malaysia ("SC") the required information and documents relating to the establishment of the CP Programme.

The CP Programme has a tenure of seven (7) years from the date of the first issuance and the CP Programme has been accorded a short-term rating of P1(s) by RAM Rating Services Berhad.

On 1 April 2019, SCB has made the first commercial paper issuance of RM1.5 billion under the CP Programme. The proceeds raised has been advanced to Sunway REIT where Trustee has utilised such proceeds to repay the amount outstanding under the revolving loan facility.

Further details on the CP Programme are as disclosed in the announcement dated 28 February 2019 and Note 24(a) to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D.)

Establishment of a perpetual note programme of RM10.0 billion in nominal value ("Perpetual Note Programme")

SUNREIT Perpetual Bond Berhad ("SPBB"), a special purpose vehicle whose shares are held by Trustee, had on 21 March 2019, lodged with SC the required information and documents relating to the establishment of the Perpetual Note Programme.

The perpetual securities constitute direct, unsecured and subordinated obligations of SPBB and shall rank pari passu without any preference amongst themselves and will be issued with a perpetual tenure that does not have a fixed maturity date.

The perpetual securities to be issued under the Perpetual Note Programme may be rated or unrated which shall be determined prior to each issuance and shall be transferable and tradable.

On 15 April 2019, SPBB has made the first perpetual securities issuance of RM340 million under the Perpetual Note Programme. The proceeds raised has been advanced to Sunway REIT to partially fund the balance purchase consideration for the Proposed Acquisition.

Further details on the Perpetual Note Programme are as disclosed in the announcement dated 21 March 2019 and Note 23 to the financial statements.

35. MATERIAL LITIGATIONS

(a) Sunway Putra (formerly known as Putra Place) - Claims for chattels and movable items - Assessment of damages (Kuala Lumpur High Court Civil Suit No. 22NCVC-523-09/2015)

Metroplex Holdings Sdn Bhd ("MHSB") had filed writ of summons and a statement of claim dated 28 September 2015 against the Trustee and the Manager, respectively, claiming for various chattels and movable items (e.g. furniture and office equipment, decorations, cutlery, kitchen equipment, bar equipment, concierge and reception tables, blinds and curtains) which were allegedly acquired and owned by MHSB but not removed by MHSB when the Manager took possession of the hotel at Sunway Putra on 27 September 2011. MHSB has in its statement of claim alleged that the various chattels and movable items were worth in excess of RM80 million as at September 2011.

The trial for liability took place on 5 and 6 June 2017. The decision of the High Court of Malaya at Kuala Lumpur was delivered on 3 November 2017, in favour of MHSB and costs of RM20,000 was awarded to MHSB.

The Trustee and Manager had filed a stay application for the trial for assessment of damages which was dismissed by the Court on 21 May 2018 with no order as to costs.

On 30 January 2019, MHSB's solicitors informed the learned Registrar that the Court of Appeal has reversed the High Court decision on 22 January 2019 and that they are awaiting instructions to file an application for leave to appeal to the Federal Court and to stay the Court of Appeal decision. The matter is fixed for further case management on 22 February 2019. On 22 February 2019, Metroplex has withdrawn the assessment with liberty to file afresh and with no order as to cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

35. MATERIAL LITIGATIONS (CONT'D.)

(b) Sunway Putra (formerly known as Putra Place) - Appeal to the Court of Appeal against the decision of 3 November 2017 above

**Mahkamah Rayuan Sivil No. 1 - 02(NCVC)(W)-2284-11/2017
Federal Court Leave to Appeal No. 08-53-02/2019(W)**

The Trustee and the Manager filed an appeal to the Court of Appeal on liability on 6 November 2017. The trial for the appeal was held on 29 June 2018 but was adjourned to 3 September 2018.

On 3 September 2018, both counsels submitted their verbal submissions before the learned Court of Appeal judges. The learned judges requested for further written submissions to be submitted by both parties, and these were submitted on 18 September 2018.

The Court of Appeal had, on 22 January 2019, allowed the appeal by the Trustee and Manager, with costs of RM50,000.00. The High Court's earlier decision allowing Metroplex's claim on liability was set aside. Therefore, Metroplex's claim on the chattels has been dismissed.

Metroplex served the counsel for the Trustee and the Manager with the Notice of Motion for leave to appeal on 21 February 2019. The hearing date for the leave to appeal is fixed on 28 August 2019.

If the eventual outcome of this case is not in the Manager's favour, it would not have any impact on the distribution per unit and immaterial impact on the total asset value of Sunway REIT.

36. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs

(a) New MFRSs adopted during the financial year

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2018, the Group and the Fund adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2018.

TITLE	EFFECTIVE DATE
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfer of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

Adoption of the above standards did not have any material effect on the financial performance or position of the Group and of the Fund

The Group and the Fund applied MFRS 9 prospectively, with an initial application date of 1 July 2018. The Group and the Fund has not restated the comparative information, which continues to be reported under MFRS 139.



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36. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(a) New MFRSs adopted during the financial year (cont'd.)

(i) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Classification of financial assets and financial liabilities

The Group and the Fund classify their financial assets into the following measurement categories depending on the business model of the Group and the Fund for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and Loans and Receivables ("L&R") financial asset categories were removed.
- A new financial asset/liability category measured at Amortised Cost ("AC") was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting/paying contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in fair value is presented in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

36. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(a) New MFRSs adopted during the financial year (cont'd.)

(i) MFRS 9 *Financial Instruments* (cont'd.)

Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group and of the Fund by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Fund expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the assets.

Impairment for trade receivables are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within other expenses in the statements of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Hedge accounting

The Group and the Fund have elected to adopt the new general hedge accounting model in MFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Based on the assessment, there is no change in the hedge accounting model of the Group and of the Fund upon adoption of MFRS 9.



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36. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(a) New MFRSs adopted during the financial year (cont'd.)

(i) MFRS 9 *Financial Instruments* (cont'd.)

Classification

The following table summarises the reclassification of the financial assets and financial liabilities of the Group and of the Fund:

	CLASSIFICATION	
	EXISTING UNDER MFRS 139	NEW UNDER MFRS 9
GROUP		
Financial assets		
Trade receivables	L&R	AC
Other receivables	L&R	AC
Derivatives	FVTOCI	FVTOCI
Short term investment	HTM	AC
Cash and bank balances	L&R	AC
Financial liabilities		
Borrowings	OFL	AC
Trade payables	OFL	AC
Other payables	OFL	AC
Derivatives	FVTOCI	FVTOCI
FUND		
Financial assets		
Trade receivables	L&R	AC
Other receivables	L&R	AC
Derivatives	FVTOCI	FVTOCI
Short term investment	HTM	AC
Cash and bank balances	L&R	AC
Financial liabilities		
Borrowings	OFL	AC
Trade payables	OFL	AC
Other payables	OFL	AC
Amounts due to subsidiaries	OFL	AC
Derivatives	FVTOCI	FVTOCI
L&R	Loans and Receivables	
HTM	Held To Maturity	
AC	Amortised Cost	
FVTOCI	Fair Value Through Other Comprehensive Income	
OFL	Other Financial Liabilities	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

36. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Fund are disclosed below. The Group and the Fund intend to adopt these Standards, if applicable, when they become effective.

TITLE	EFFECTIVE DATE
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Fund are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.



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FORGING AHEAD WITH RESILIENT STRATEGIES

No matter how tough the going gets, we have and always will get it going. Our focus is to counter headwinds with resilience to realise every objective we set forth to achieve.

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ANNOUNCEMENT OF QUARTERLY RESULTS

1 NOV 2018

Announcement of the unaudited results for the first quarter ended 30 September 2018

14 FEB 2019

Announcement of the unaudited results for the second quarter ended 31 December 2018

2 MAY 2019

Announcement of the unaudited results for the third quarter ended 31 March 2019

8 AUG 2019

Announcement of the unaudited results for the fourth quarter ended 30 June 2019



INCOME DISTRIBUTION

For the first quarter ended 30 September 2018

2.48 sen per unit (of which 1.98 sen per unit was taxable and 0.43 sen per unit was non-taxable and 0.07 sen per unit was tax exempt)

- **Announcement of the notice of entitlement and payment:**
1 November 2018
- **Date of entitlement:**
19 November 2018
- **Date of payment:**
4 December 2018

For the second quarter ended 31 December 2018

2.25 sen per unit (of which 1.80 sen per unit was taxable and 0.40 sen per unit was non-taxable and 0.05 sen per unit was tax exempt)

- **Announcement of the notice of entitlement and payment:**
14 February 2019
- **Date of entitlement:**
1 March 2019
- **Date of payment:**
14 March 2019

For the third quarter ended 31 March 2019

2.58 sen per unit (of which 2.08 sen per unit was taxable, 0.47 sen per unit was non-taxable and 0.03 sen per unit was tax exempt)

- **Announcement of the notice of entitlement and payment:**
2 May 2019
- **Date of entitlement:**
17 May 2019
- **Date of payment:**
30 May 2019

For the fourth quarter ended 30 June 2019

2.28 sen per unit (of which 0.86 sen per unit is taxable, 1.40 sen per unit is non-taxable and 0.02 sen per unit is tax exempt)

- **Announcement of the notice of entitlement and payment:**
8 August 2019
- **Date of entitlement:**
26 August 2019
- **Date of payment:**
10 September 2019

ANNUAL REPORT & ANNUAL GENERAL MEETING

30 AUGUST 2019

Date of Notice of 7th Annual General Meeting and date of issuance of Annual Report 2019

2 OCTOBER 2019

Date of 7th Annual General Meeting

ANALYSIS OF UNITHOLDINGS AS AT 22 JULY 2019

Total number of units issued : 2,945,078,000 units

Voting rights : One vote per unit

Number of unit holders : 13,184

DISTRIBUTION OF UNITHOLDINGS

HOLDINGS	NO. OF HOLDERS	%	NO. OF UNITS HELD	%
Less than 100	34	0.26	661	0.01
100 – 1,000	3,523	26.72	2,337,193	0.08
1,001 – 10,000	6,918	52.47	32,582,632	1.11
10,001 – 100,000	2,210	16.76	70,001,242	2.38
100,001 to less than 5% of the total number of units issued	494	3.75	1,417,574,707	48.13
5% and above of the total number of units issued	5	0.04	1,422,581,565	48.30
	13,184	100.00	2,945,078,000	100.00

THIRTY LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS

NO	NAME OF UNITHOLDER	NO. OF UNITS HELD	%
1.	MUFG Bank (Malaysia) Berhad - Pledged Securities Account for Sunway REIT Holdings Sdn Bhd	372,675,000	12.65
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	366,103,000	12.43
3.	Sunway REIT Holdings Sdn Bhd	325,503,565	11.05
4.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sunway REIT Holdings Sdn Bhd (PJCAC)	190,300,000	6.46
5.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - Sumitomo Mitsui Banking Corporation Malaysia Berhad for Sunway REIT Holdings Sdn Bhd	168,000,000	5.70
6.	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	131,221,500	4.46
7.	Kumpulan Wang Persaraan (Diperbadankan)	103,177,400	3.50
8.	Sunway REIT Holdings Sdn Bhd	84,500,000	2.87
9.	Sunway Education Group Sdn Bhd	80,000,000	2.72
10.	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	77,142,400	2.62
11.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for AIA Bhd	60,185,300	2.04
12.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for SMAM Asia REIT Sub Trust	42,850,200	1.46
13.	RHB Nominees (Tempatan) Sdn Bhd - Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd	38,100,000	1.29



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THIRTY LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS

NO	NAME OF UNITHOLDER	NO. OF UNITS HELD	%
14.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	35,265,000	1.20
15.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Asia REIT Master Fund	32,249,800	1.10
16.	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT OD67)	26,126,700	0.89
17.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	25,820,400	0.88
18.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	25,798,200	0.88
19.	HSBC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sunway REIT Holdings Sdn Bhd	25,000,000	0.85
20.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	24,840,214	0.84
21.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Affin-Hwg)	24,795,600	0.84
22.	Amanahraya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	24,511,100	0.83
23.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (CIMB Prin)	24,383,000	0.83
24.	Citigroup Nominees (Tempatan) Sdn Bhd - Valuecap Sdn Bhd	17,000,000	0.58
25.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Amundi)	16,900,000	0.57
26.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	15,963,000	0.54
27.	HSBC Nominees (Asing) Sdn Bhd - TNTC for General Organization for Social Insurance	14,113,000	0.48
28.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (Life Par)	13,619,100	0.46
29.	DB (Malaysia) Nominee (Asing) Sdn Bhd -Exempt An for Deutsche Bank AG London (Prime BRKRG CLT)	12,619,600	0.43
30.	Pertubuhan Keselamatan Sosial	11,533,700	0.39

ANALYSIS OF UNITHOLDINGS AS AT 22 JULY 2019

SUBSTANTIAL UNITHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL UNITHOLDERS

NAME OF UNITHOLDER	DIRECT		INDIRECT	
	No. of Units Held	%	No. of Units Held	%
Sunway REIT Holdings Sdn Bhd	1,204,078,565	40.88	-	-
Employees Provident Fund Board	466,531,300	15.84	-	-
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	-	-	1,204,078,565 ⁽¹⁾	40.88
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	1,204,078,565 ⁽²⁾	40.88
Sarena Cheah Yean Tih, s.m.s.	-	-	1,204,081,565 ⁽³⁾	40.88
Evan Cheah Yean Shin	-	-	1,204,078,565 ⁽¹⁾	40.88
Adrian Cheah Yean Sun	-	-	1,204,078,565 ⁽¹⁾	40.88
Active Equity Sdn Bhd	-	-	1,204,078,565 ⁽⁴⁾	40.88
Sungei Way Corporation Sdn Bhd	-	-	1,204,078,565 ⁽⁵⁾	40.88
Sunway Berhad	-	-	1,204,078,565 ⁽⁶⁾	40.88

Notes:

⁽¹⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway REIT Holdings Sdn Bhd.

⁽²⁾ Deemed interest held through spouse.

⁽³⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway REIT Holdings Sdn Bhd and spouse.

⁽⁴⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway REIT Holdings Sdn Bhd.

⁽⁵⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway Berhad and Sunway REIT Holdings Sdn Bhd.

⁽⁶⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway REIT Holdings Sdn Bhd.

UNITHOLDING OF DIRECTORS

NAME OF UNITHOLDER	DIRECT		INDIRECT	
	No. of Units Held	%	No. of Units Held	%
Elvin A/L Berty Luke Fernandez	90,000	#	-	-
Sarena Cheah Yean Tih, s.m.s.	-	-	1,204,081,565 ^(a)	40.88

Notes:

Negligible

^(a) Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway REIT Holdings Sdn Bhd and spouse.



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NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting (“7th AGM”) of Sunway Real Estate Investment Trust (“Sunway REIT”) will be held at Grand Congress, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 2 October 2019 at 3:00 pm or at any adjournment thereof, for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 of Sunway REIT together with the Reports of Manager, Trustee and Auditors thereon.

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following as Ordinary Resolutions:

2. **Proposed Authority to Issue and Allot New Units of up to 20% of the Total Number of Issued Units of Sunway REIT (Resolution 1)**

“**THAT** subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deed dated 20 May 2010, the Supplemental Deed dated 10 June 2010 and the Amended and Restated Deed dated 18 September 2018 entered into between Sunway REIT Management Sdn Bhd (the “**Manager**”) and RHB Trustees Berhad (the “**Trustee**”) constituting Sunway REIT, and the approvals of the relevant regulatory authorities being obtained, authority be and is hereby given to the Directors of the Manager, to issue and allot units in Sunway REIT (“**New Units**”), at any time at such price to any such persons and upon such terms and conditions as the Directors of the Manager may in their absolute discretion, deem fit and expedient in the best interest of Sunway REIT, provided that the aggregate number of New Units to be issued, when aggregated with the total number of units issued during the preceding 12 months, does not exceed 20% of the total number of issued units of Sunway REIT for the time being comprising 2,945,078,000 units (“**Proposed Authority**”);

THAT such authority shall continue to be in force until:

- (i) the conclusion of the next AGM of Sunway REIT at which time this Proposed Authority will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
 - (ii) the expiration of the period within which the next AGM of the unitholders is required by law to be held; or
 - (iii) the Proposed Authority is revoked or varied by a resolution passed by the unitholders in a general meeting of Sunway REIT,
- whichever is earlier;

THAT such New Units to be issued pursuant to the Proposed Authority shall, upon issue and allotment, rank pari passu in all respects with the existing units of Sunway REIT, except that the New Units will not be entitled to any income distributions, rights, benefits, entitlements and/or any other distributions that may be declared prior to the date of issue and allotment of such New Units;

THAT authority be and is hereby given to the Directors of the Manager and the Trustee, acting for and on behalf of Sunway REIT, to give effect to the Proposed Authority including but not limited to the creation of the requisite New Units and with full powers to assent to any conditions, modifications, variations, arrangements and/or amendments as they may deem fit in the best interest of Sunway REIT and/or as may be imposed by the relevant authorities;

AND THAT the Directors of the Manager and the Trustee, acting for and on behalf of Sunway REIT, be and are hereby authorised to implement, finalise, complete and do all acts, deeds and things (including executing such documents as may be required) in relation to the Proposed Authority.”

3. **Proposed Renewal of Unitholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 2)**

“**THAT** approval be and is hereby given for Sunway REIT to enter into recurrent related party transactions of a revenue or trading nature with the related parties (“**Recurrent Related Party Transactions**”) as set out in Section 2.3 of the Circular to Unitholders dated 30 August 2019, subject to the following (“**Proposed Mandate**”):

- (a) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for day-to-day operations and are on Sunway REIT’s normal commercial terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on an arm’s length basis which are not detrimental to the minority unitholders of Sunway REIT; and

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- (b) the unitholders' mandate is subject to annual renewal and this unitholders' mandate shall only continue to be in force until:
- (i) the conclusion of the next AGM of Sunway REIT at which time this Proposed Mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
 - (ii) the expiration of the period within which the next AGM of Sunway REIT is required by law to be held; or
 - (iii) the Proposed Mandate is revoked or varied by a resolution passed by the unitholders in a general meeting of Sunway REIT, whichever is earlier;

AND THAT the Directors of the Manager and the Trustee be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of Sunway REIT with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Recurrent Related Party Transactions contemplated and/or authorised by this ordinary resolution."

**By Order of the Board of
SUNWAY REIT MANAGEMENT SDN BHD**
(Manager for Sunway REIT)

TAN KIM AUN (MAICSA 7002988)
ONG WEI LENG (MAICSA 7053539)
Company Secretaries

Bandar Sunway
30 August 2019

Notes:

- (1) A unitholder who is entitled to attend and vote at the meeting may appoint a proxy or proxies (not more than 2 proxies) to attend and vote on his/her behalf. A proxy may but need not be a unitholder of Sunway REIT.
- (2) Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than 2 proxies in respect of each securities account it holds with units standing to the credit of the said securities account.
- (3) Where a member is an exempt authorised nominee as defined under the SICDA, who holds units in Sunway REIT for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds with units standing to the credit of the said Omnibus Account.
- (4) Where a unitholder or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointments shall be invalid unless he or it specifies the proportions of his or its holdings to be represented by each proxy.
- (5) If a unitholder has appointed a proxy or proxies (not more than 2 proxies) to attend the 7th AGM and subsequently he attends the meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the 7th AGM.
- (6) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
- (7) The instrument for the appointment of a proxy must be completed and deposited at the registered office of the Manager, Sunway REIT Management Sdn Bhd at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, not less than 24 hours before the time appointed for holding the 7th AGM or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507, and in default, the instrument of proxy shall not be treated as valid. In the case where the unitholder is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the registered office of the Manager, either by hand or post not less than 24 hours before the time appointed for holding the 7th AGM or any adjournment thereof.
- (8) If no name is inserted in the space for the name of your proxy, the Chairman of the meeting will act as your proxy.
- (9) Only a depositor whose name appears in the Record of Depositors of Sunway REIT as at 23 September 2019 shall be regarded as a unitholder and entitled to attend, speak and vote at the 7th AGM or appoint proxies to attend and/or vote on his or its behalf.



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Audited Financial Statements for the financial year ended 30 June 2019 of Sunway REIT together with the Reports of Manager, Trustee and Auditors thereon

- (10) The audited financial statements under Agenda 1 are laid before the unitholders for discussion only as under the paragraph 13.18(b) of the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia, the audited financial statements do not require a formal approval of the unitholders and hence, the matter is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESSES

(11) Ordinary Resolution 1 - Proposed Authority

The proposed ordinary resolution, if passed, will give a mandate to the Directors of the Manager to issue and allot units in Sunway REIT from time to time provided that the aggregate number of the New Units to be issued, when aggregated with the total number of units issued during the preceding 12 months, does not exceed 20% of the total number of issued units of Sunway REIT for the time being. The Proposed Authority, unless revoked or varied by a resolution passed by the unitholders in a general meeting of Sunway REIT, will expire at the conclusion of the next AGM of Sunway REIT.

As at the date of this notice, Sunway REIT has not issued any units under the mandate which was approved at the 6th AGM held on 26 September 2018 and which will lapse at the conclusion of the 7th AGM.

With this Proposed Authority, Sunway REIT will have the flexibility to issue and allot New Units to raise funds to finance future investments, acquisitions and capital expenditure project(s) to enhance the value of Sunway REIT and/or to refinance existing debt as well as for working capital purposes without convening a general meeting, which may delay the capital raising initiatives and incur relevant costs in organising the required general meeting.

(12) Ordinary Resolution 2 - Proposed Mandate

The details on the proposed renewal of unitholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Unitholders dated 30 August 2019.

ABSTENTION FROM VOTING

- (13) The interested Director of the Manager who is a unitholder of Sunway REIT will abstain from voting on Ordinary Resolution 2 concerning the Proposed Mandate. In addition, the interested Director will ensure that person connected with her will abstain from voting on Ordinary Resolution 2 concerning the Proposed Mandate.

PERSONAL DATA PRIVACY

- (14) By lodging of a completed Proxy Form to Sunway REIT for appointing a proxy(ies) and/or representative(s) to attend and vote in person at the 7th AGM and any adjournment thereof, a unitholder of Sunway REIT is hereby:
- (i) consenting to the collection, use and disclosure of the member's personal data by Sunway REIT (or its agents) for the purpose of the processing and administration by Sunway REIT (or its agents) of proxies and representatives appointed for the 7th AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 7th AGM (including any adjournment thereof), and in order for Sunway REIT (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
 - (ii) warranting that where the member discloses the personal data of the unitholder's proxy(ies) and/or representative(s) to Sunway REIT (or its agents), the unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by Sunway REIT (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes ("**Warranty**"); and
 - (iii) agreeing that the member will indemnify Sunway REIT in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the unitholder's breach of the Warranty.

For the purposes of this paragraph, "personal data" shall have the same meaning given in section 4 of the Personal Data Protection Act 2010.

SUNWAY® REIT

(Established in Malaysia under a deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 entered into between Sunway REIT Management Sdn Bhd and RHB Trustees Berhad, both companies incorporated in Malaysia)

PROXY FORM 7TH ANNUAL GENERAL MEETING

SUNWAY REIT MANAGEMENT SDN BHD (Company No. 806330-X)
Manager for Sunway Real Estate Investment Trust

Registered Office:
Level 16, Menara Sunway, Jalan Lagoon Timur
Bandar Sunway, 47500 Subang Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) 5639 8889 / 8841
Fax: (603) 5639 9507

Number of Units Held	
CDS Account No.	

*I/We (Full Name) *NRIC No./Passport No./Company No.....
Tel./Mobile No.....of.....
being a unitholder of SUNWAY REAL ESTATE INVESTMENT TRUST (“Sunway REIT”) and entitled to vote hereby appoint:-

1ST PROXY ‘A’

Full Name	Tel./Mobile No.	Proportion of unitholdings represented	
Address	NRIC No./Passport No.	No. of Units	%

and/or failing *him/her,

2ND PROXY ‘B’

Full Name	Tel./Mobile No.	Proportion of unitholdings represented	
Address	NRIC No./Passport No.	No. of Units	%

100%

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the 7th Annual General Meeting of Sunway REIT to be held at Grand Congress, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 2 October 2019 at 3:00 pm or at any adjournment thereof.

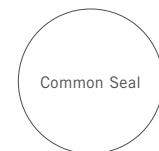
* Strike out whichever not applicable

My/our proxy/proxies shall vote as follows:-

Please indicate with an “X” in the space below to show how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolution at his/her/their discretion.

NO.	ORDINARY RESOLUTIONS	1 ST PROXY ‘A’		2 ND PROXY ‘B’	
		FOR	AGAINST	FOR	AGAINST
1.	Proposed Authority to Issue and Allot New Units of up to 20% of the Total Number of Issued Units of Sunway REIT				
2.	Proposed Renewal of Unitholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature				

Dated this.....day of.....2019



Signature of Unitholder.....

Notes:

- (1) A unitholder who is entitled to attend and vote at the meeting may appoint a proxy or proxies (not more than 2 proxies) to attend and vote on his/her behalf. A proxy may but need not be a unitholder of Sunway REIT.
- (2) Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”), it may appoint not more than 2 proxies in respect of each securities account it holds with units standing to the credit of the said securities account.
- (3) Where a member is an exempt authorised nominee as defined under the SICDA, who holds units in Sunway REIT for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds with units standing to the credit of the said Omnibus Account.
- (4) Where a unitholder or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointments shall be invalid unless he or it specifies the proportions of his or its holdings to be represented by each proxy.
- (5) If a unitholder has appointed a proxy or proxies (not more than 2 proxies) to attend the 7th AGM and subsequently he attends the meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the 7th AGM.
- (6) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
- (7) The instrument for the appointment of a proxy must be completed and deposited at the registered office of the Manager, Sunway REIT Management Sdn Bhd at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, not less than 24 hours before the time appointed for holding the 7th AGM or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507, and in default, the instrument of proxy shall not be treated as valid. In the case where the unitholder is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the registered office of the Manager, either by hand or post not less than 24 hours before the time appointed for holding the 7th AGM or any adjournment thereof.
- (8) If no name is inserted in the space for the name of your proxy, the Chairman of the meeting will act as your proxy.
- (9) Only a depositor whose name appears in the Record of Depositors of Sunway REIT as at 23 September 2019 shall be regarded as a unitholder and entitled to attend, speak and vote at the 7th AGM or appoint proxies to attend and/or vote on his or its behalf.
- (10) By lodging of a completed Proxy Form to Sunway REIT for appointing a proxy(ies) and/or representative(s) to attend and vote in person at the 7th AGM and any adjournment thereof, the unitholder accepts and agrees to the personal data privacy terms as set out in the Notice of 7th AGM dated 30 August 2019.

PLEASE FOLD HERE

STAMP

SUNWAY REAL ESTATE INVESTMENT TRUST
LEVEL 16, MENARA SUNWAY
JALAN LAGOON TIMUR
BANDAR SUNWAY
47500 SUBANG JAYA
SELANGOR DARUL EHSAN
MALAYSIA

PLEASE FOLD HERE

GLOSSARY

AEI	Asset enhancement initiatives
AGM	Annual General Meeting
bps	Basis point
CAGR	Compounded annual growth rate
CP	Commercial paper
CY	Calendar year
Capex	Capital Expenditure
Deed	The deed dated 20 May 2010, the supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 entered into between the Trustee and the Manager constituting Sunway REIT
DPU	Distribution per unit
EPU	Earnings per unit
FP	Financial period
FY	Financial year ended or ending
GFA	Gross floor area
GDP	Gross domestic product
IPO	Initial public offering
MER	Management expense ratio – ratio of expenses incurred in operating Sunway REIT to its NAV
MICE	Meetings, incentives, conferences and exhibitions
MTN	Medium Term Note
NAV	Net asset value
NBV	Net book value
NPI	Net property income
NLA	Net lettable area
REIT	Real estate investment trust
ROI	Return on investment
Sq.ft.	Square feet
TAV	Total asset value
US	United States
USD	United States Dollar
WALE	Weighted average lease expiry



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SUNWAY REIT MANAGEMENT SDN BHD (Company No. 806330-X)

Manager for Sunway REIT

Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway,
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia.

Tel : (603) 5639 8889
Fax : (603) 5639 9507
Website : <http://www.sunwayreit.com>
E-mail : irsunreit@sunway.com.my