



SUNWAY[®]
REIT

ANNUAL REPORT 2019
(Abridged Version)

**EMBRACING INNOVATION
EXPANDING HORIZON**



RETAIL
61%

SERVICES
11%

HOTEL
21%

INDUSTRIAL & OTHERS
1%

OFFICE
6%



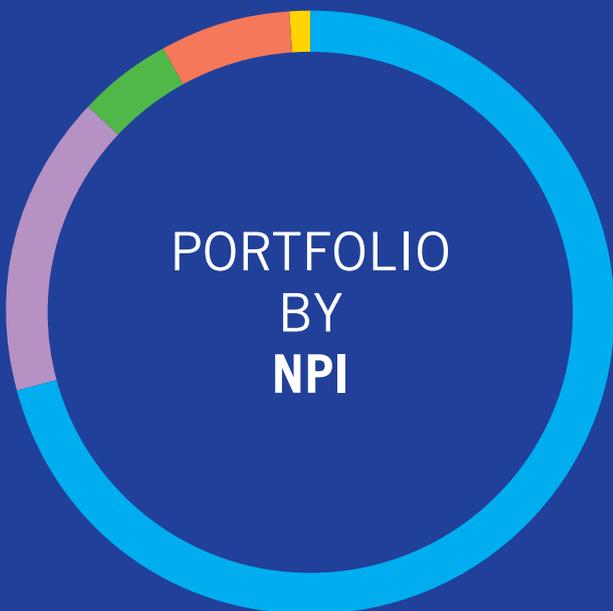
RETAIL
74%

SERVICES
5%

HOTEL
14%

INDUSTRIAL & OTHERS
1%

OFFICE
6%



RETAIL
71%

SERVICES
7%

HOTEL
16%

INDUSTRIAL & OTHERS
1%

OFFICE
5%



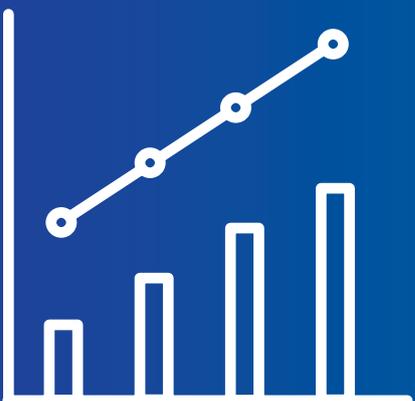
PROPERTY VALUE

RM8.05 billion



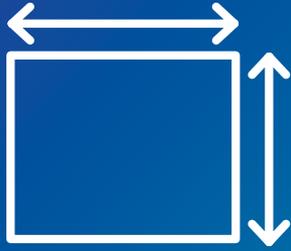
GROSS REVENUE

RM580 million



MARKET
CAPITALISATION

RM5.51 billion



GROSS FLOOR AREA

15.7
million sq.ft.



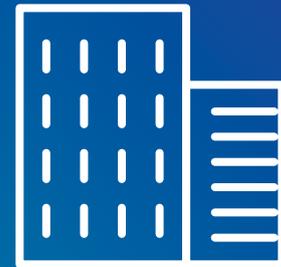
NET PROPERTY INCOME

RM440
million



TOTAL RETURN

10.7%



NO. OF ASSETS

17



DISTRIBUTION YIELD

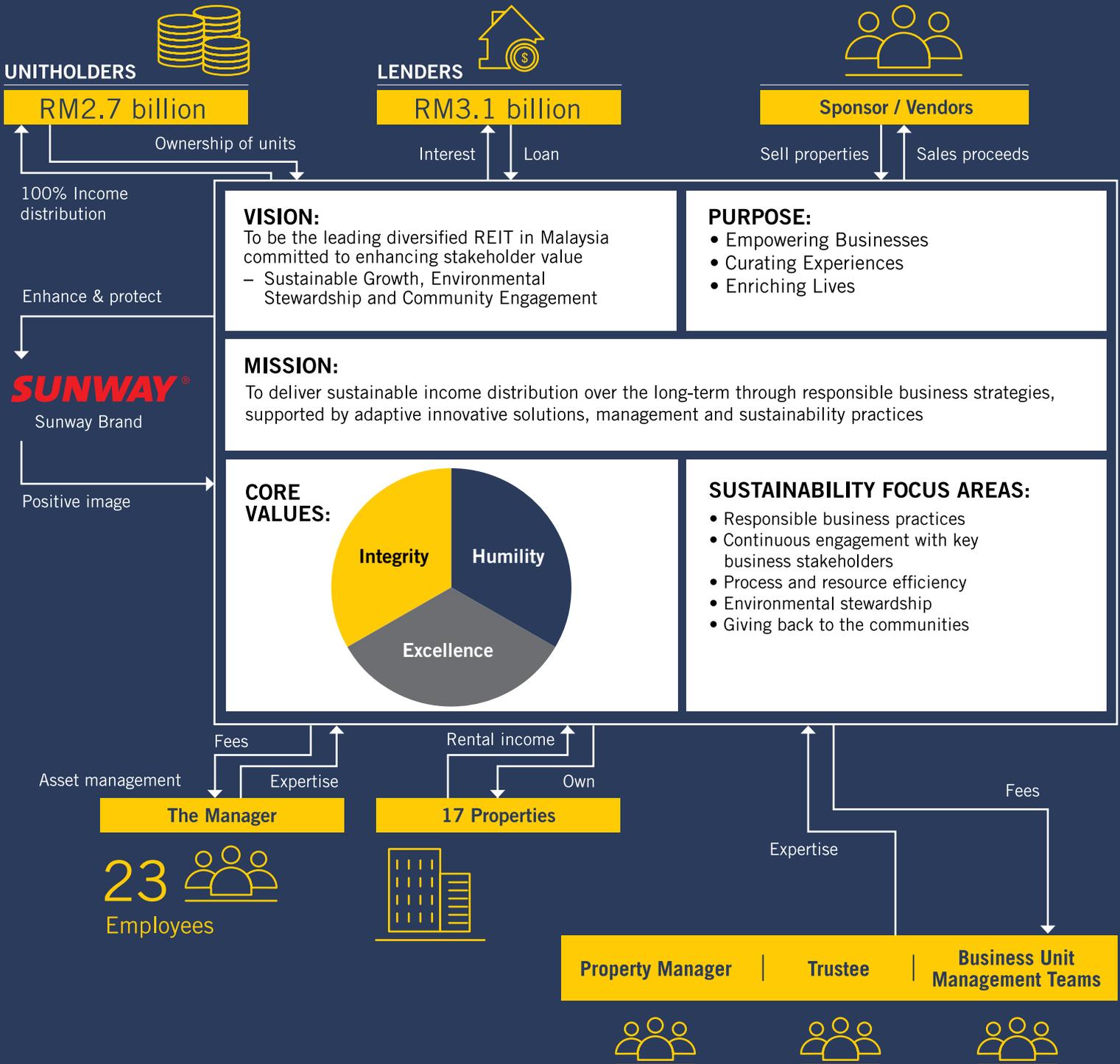
5.1%



DPU

9.59 sen

WHAT WE DO



WHERE WE OPERATE

7%

PENANG

- Sunway Carnival Shopping Mall
- Sunway Hotel Seberang Jaya
- Sunway Hotel Georgetown

1%

PERAK

- SunCity Ipoh Hypermarket

14%

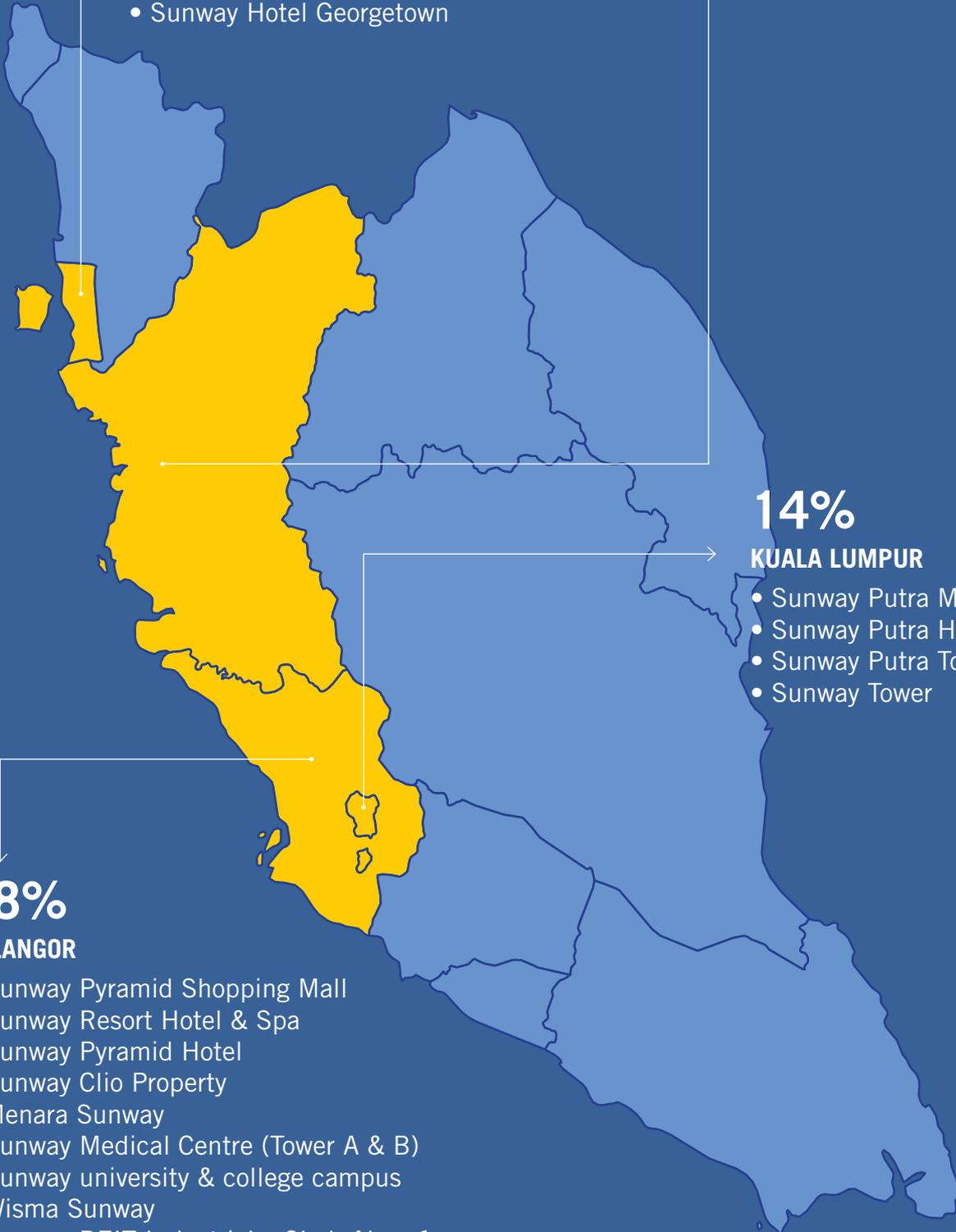
KUALA LUMPUR

- Sunway Putra Mall
- Sunway Putra Hotel
- Sunway Putra Tower
- Sunway Tower

78%

SELANGOR

- Sunway Pyramid Shopping Mall
- Sunway Resort Hotel & Spa
- Sunway Pyramid Hotel
- Sunway Clio Property
- Menara Sunway
- Sunway Medical Centre (Tower A & B)
- Sunway university & college campus
- Wisma Sunway
- Sunway REIT Industrial – Shah Alam 1



PORTFOLIO ALLOCATION



HOW WE WILL GET THERE

Diversify

Invest in emerging growth sub-sectors

Acquire, redevelop, turnaround, divest

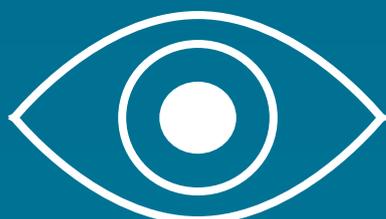
Property development / Built-to-suit opportunities

Embrace ESG

STRATEGIC OBJECTIVES

TARGETS FY2025

CURRENT ACHIEVEMENT



Measured by property value or market capitalisation

Top 3 M-REITs

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

Property Value

RM13 - RM15 billion

RM8.05 billion

5-year Average Total Return

8% to 12%

10.8%

5-year DPU CAGR

3% to 5%

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

MESSAGE FROM THE CHAIRMAN

“

Dear Valued Stakeholders,

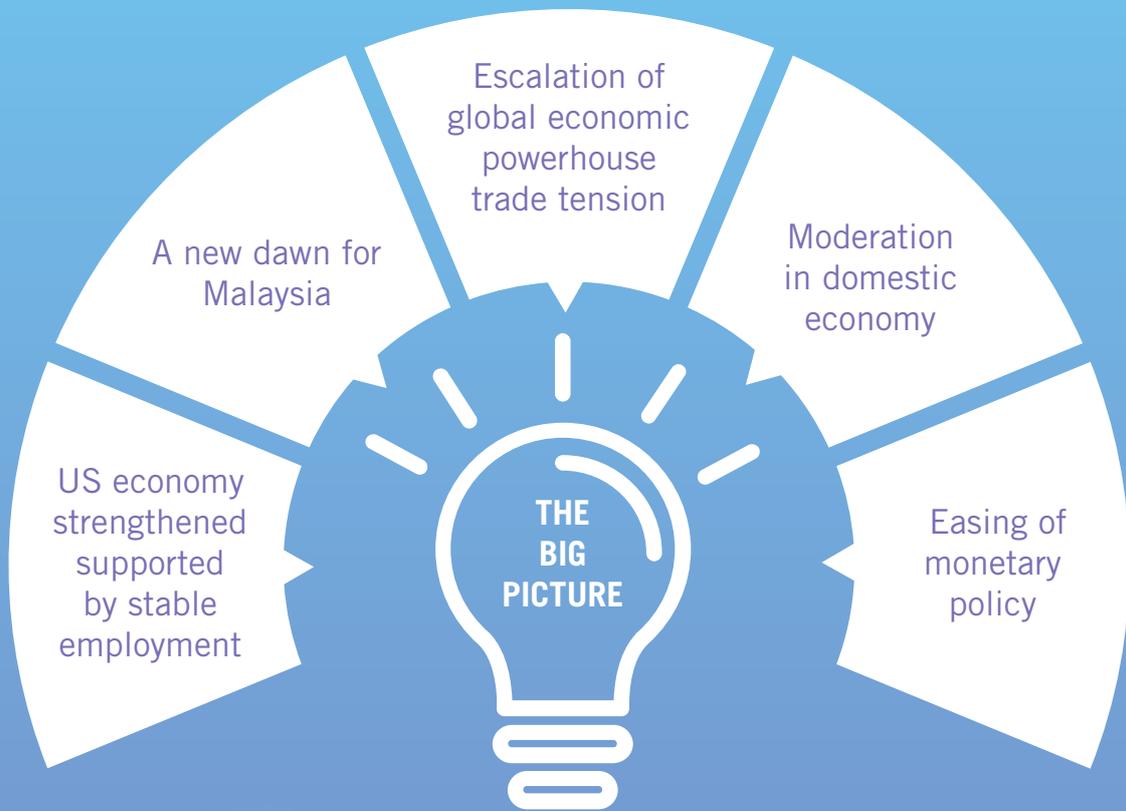
It's an honour for me to serve the Board of Directors since the inception of Sunway REIT. I am blessed to be part of the Sunway REIT's growth story which has emerged to be more resilient through its diversity. As the first decade of Sunway REIT's journey approaches its final year, we initiated TRANSCEND25 (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

“



”



[READ MORE](#)

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, 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.

”



**CLICK TO
WATCH THE VIDEO**

A CONVERSATION WITH THE CEO



ORIGINATION OF TC25 PROCESS



STRATEGIC PILLARS



[READ MORE](#)

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% ↑

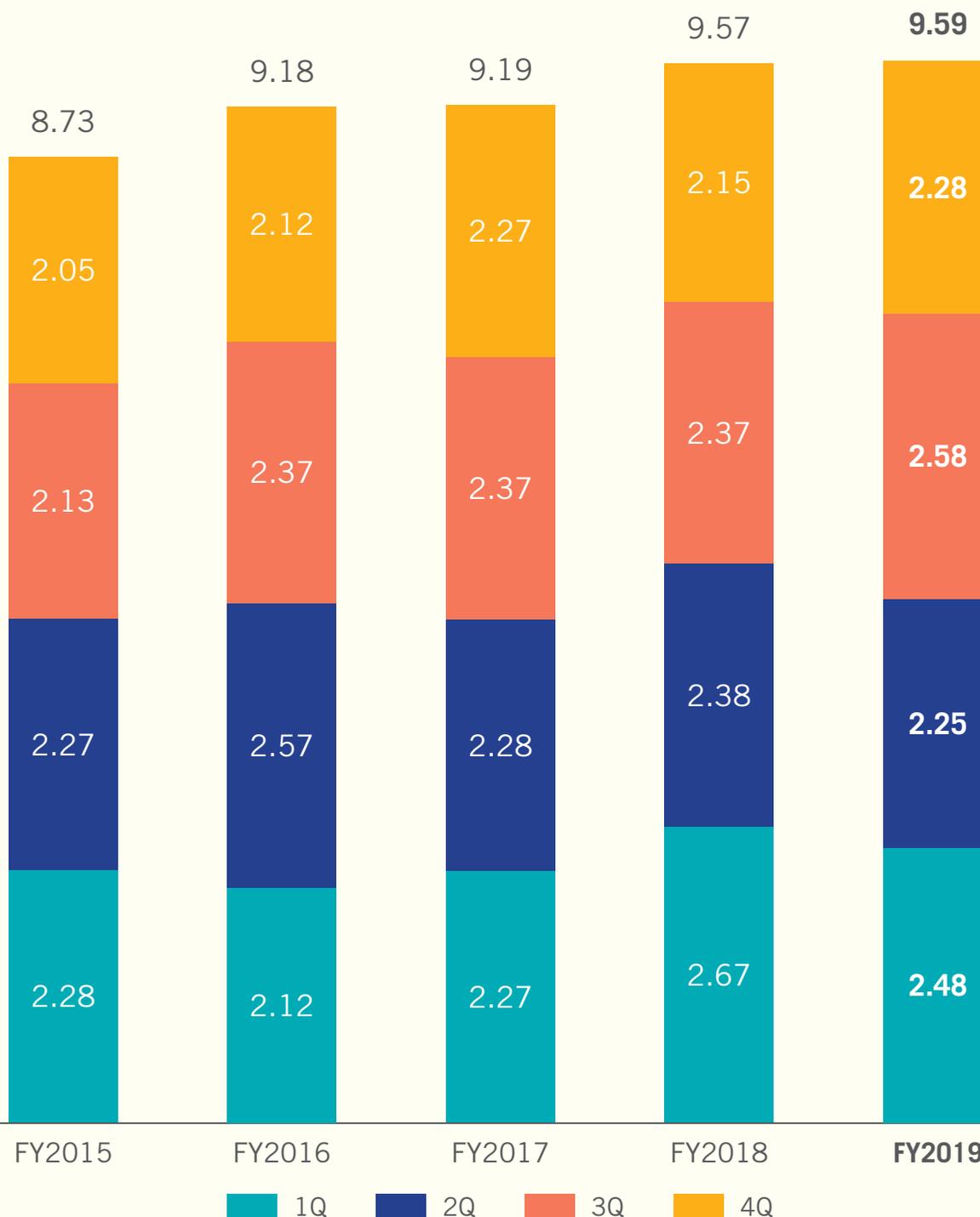


-
- MAINTAIN 100% DISTRIBUTION PAYOUT SINCE IPO
 - ONE OF THE LOWEST AVERAGE COST OF DEBT AT 4.02% AGAINST OTHER M-REITs
-

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

[READ MORE](#)

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

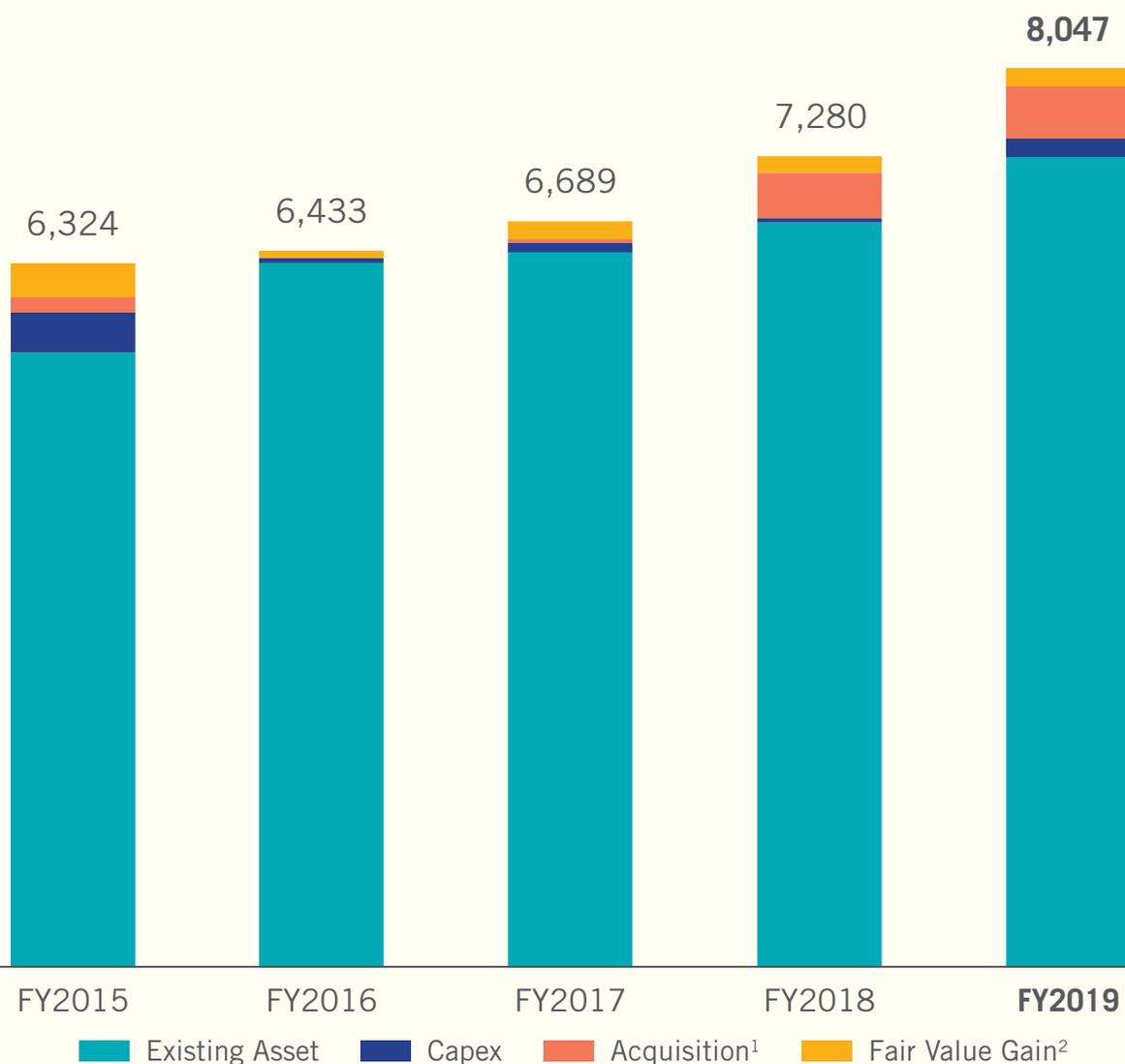
4.1%

0.2%²

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.

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	FY 2019
Existing Asset	5,520	6,324	6,433	6,689	7,280
Capex	361	46	87	10	103
Acquisition¹	136	-	17	436	556
Fair Value Gain²	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

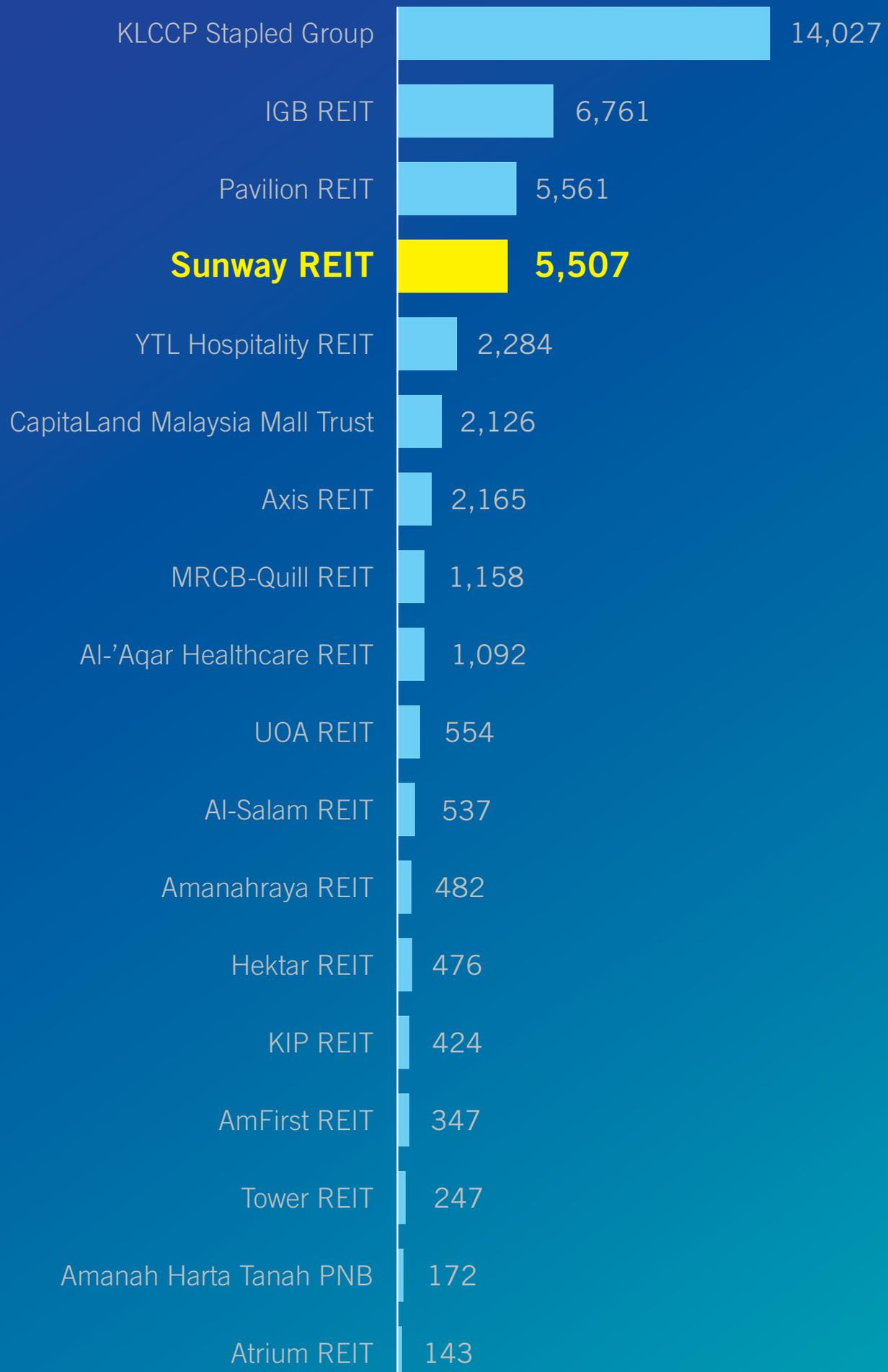
² Fair Value Gain - net of capex incurred

TRADING SUMMARY

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 (RM MILLION)



REVENUE CONTRIBUTION BY SEGMENT

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

RM million
580.3



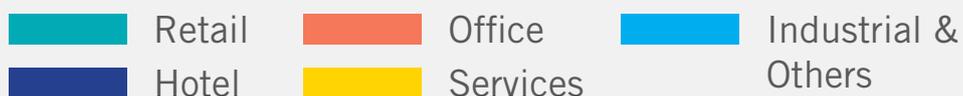
FY2019

RM million
560.4



FY2018

↑
3.5%

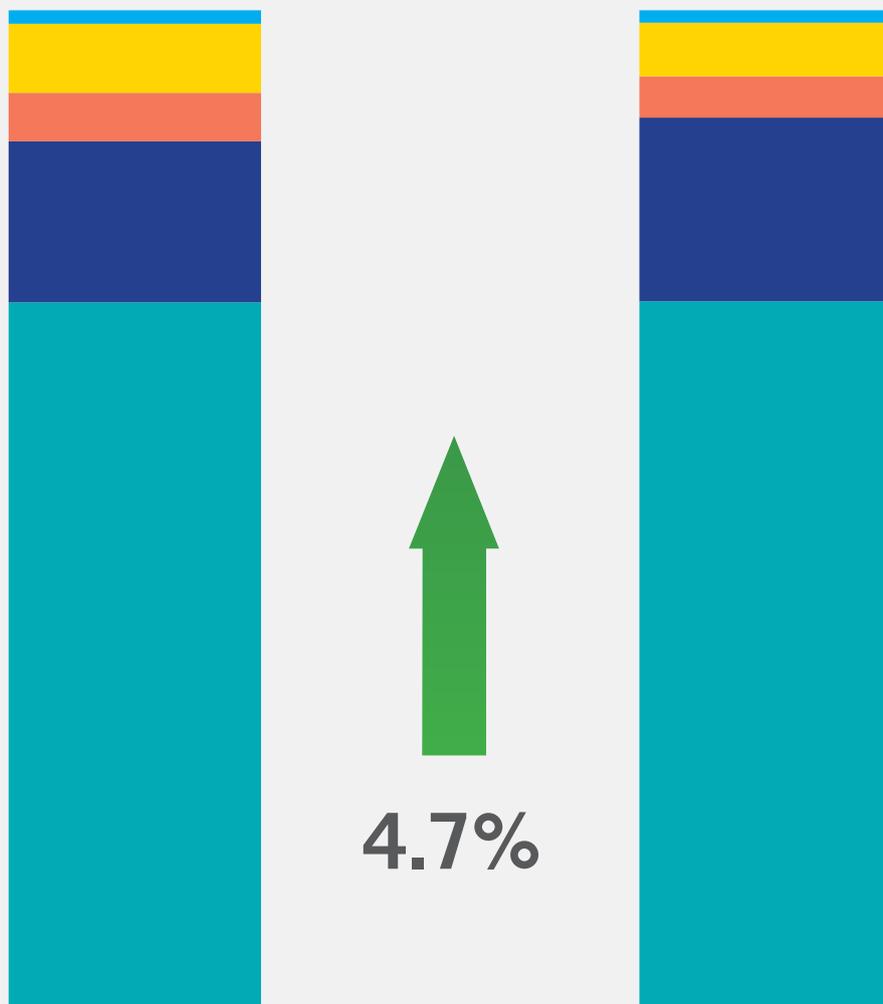


NPI CONTRIBUTION BY SEGMENT

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

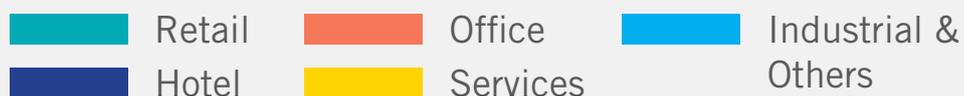
RM million
439.7

RM million
419.9



FY2019

FY2018



DEBT FUNDING POSITION (5-YEAR)

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

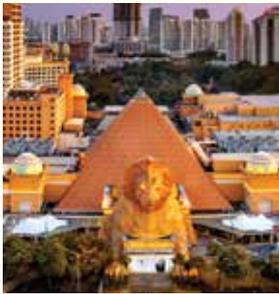
Average maturity period (years) **0.4** 0.6 0.4 1.0 1.7

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

INVESTMENT REVIEW

RM 3,456 million



Sunway Pyramid Shopping Mall



Sunway Resort Hotel & Spa



Sunway Pyramid Hotel



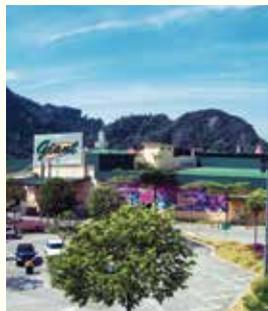
Menara Sunway



Sunway Carnival Shopping Mall



Sunway Hotel Seberang Jaya



SunCity Ipoh Hypermarket



Sunway Tower

IPO

FY2011

FY2012

FY2013

FY2014



Sunway Putra

RM 4,379 million



Sunway Medical Centre
(Tower A & B)

RM 5,184 million

RM 4,630 million

RM 5,520 million

INVESTMENT REVIEW

RM 6,324 million



Wisma Sunway



Sunway Hotel Georgetown

RM 8,047 million



Sunway university & college campus

RM 6,433 million

FY2015

FY2016

FY2017

FY2018

FY2019

RM 6,689 million



Sunway Clio Property



Sunway REIT Industrial - Shah Alam 1

RM 7,280 million

RETAIL



Segment contribution
by revenue

74%

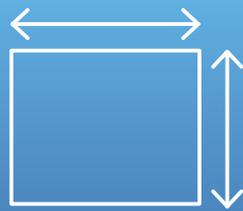
(FY2018 : 74%)



Segment contribution
by property value

61%

(FY2018 : 64%)



Total NLA (sq. ft.)

Approx. **3 million sq.ft.**

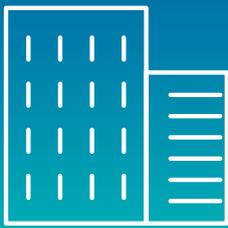
(FY2018 : Approx. 3 million)



Occupancy as at 30 June

95.5%

(FY2018 : 97.2%)



No. of assets

4

(FY2018 : 4)



Segment contribution
by NPI

71%

(FY2018 : 71%)

HOTEL



Segment contribution
by revenue

14%

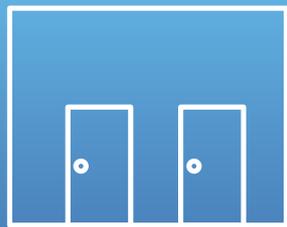
(FY2018 : 15%)



Segment contribution
by property value

21%

(FY2018 : 24%)



Total Rooms Inventory

2,509

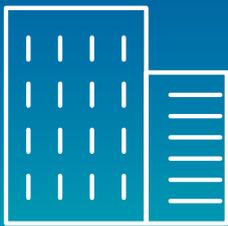
(FY2018 : 2,509)



Occupancy as at 30 June

69.3%

(FY2018 : 74.2%)



No. of assets

6

(FY2018 : 6)



Segment contribution
by NPI

16%

(FY2018 : 19%)

OFFICE



Segment contribution
by revenue

6%

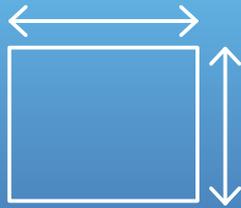
(FY2018 : 6%)



Segment contribution
by property value

6%

(FY2018 : 7%)



Total NLA (sq. ft.)

Approx. **1 million sq.ft.**

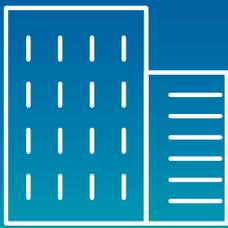
(FY2018 : Approx. 1 million)



Occupancy as at 30 June

74.5%

(FY2018 : 68.2%)



No. of assets

4

(FY2018 : 4)



Segment contribution
by NPI

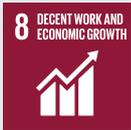
5%

(FY2018 : 4%)

HIGHLIGHTS FROM SUSTAINABILITY STATEMENT

ECONOMIC

ECONOMIC VALUE GENERATION



Sunway REIT generates economic value through its financial performance, 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 individual sustainability KPI's, 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.

HIGHLIGHTS FROM SUSTAINABILITY STATEMENT

ENVIRONMENTAL

CLEAN WATER AND SANITATION



Implementation of rain water harvesting system in Sunway Pyramid Shopping Mall and Menara Sunway.

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.

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.

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.



HIGHLIGHTS FROM SUSTAINABILITY STATEMENT

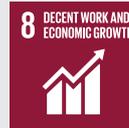
SOCIAL

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 Soapfull 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.

GENDER EQUALITY



83% of Sunway REIT staff are female in FY2019. Sunway REIT aims to ensure equal opportunities are provided regardless of background.

REDUCED INEQUALITIES



Sunway Putra Mall's recent initiative to raise awareness and increase inclusivity of the autistic society saw a successful start with 600 Autsome members signing up within the first 5 months.



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.



CLICK TO WATCH THE VIDEO
SUNWAY REIT SUSTAINABILITY JOURNEY



FINANCIAL CALENDAR

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

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