



SUNWAY[®]
REIT

**TRANSCENDING
 TOMORROW**

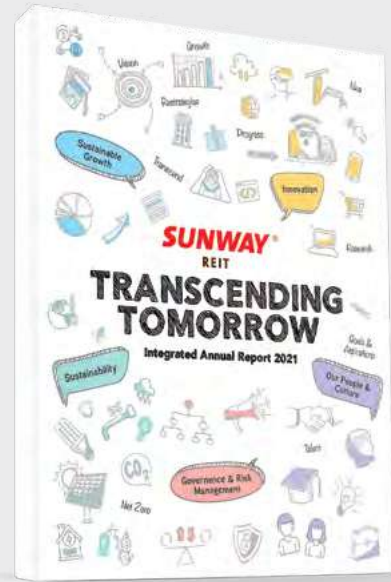
Integrated Annual Report 2021

Sustainability

Our People & Culture

Governance & Risk Management





TRANSCENDING TOMORROW

Following the unprecedented events of the past two years, Sunway REIT has taken the bold step to renew our growth plans for the future. We have taken a step back to reconsider our position and to recalibrate our strategies to ensure that we continue to deliver long-term value to unitholders, even as we navigate through the uncertainties brought about by the pandemic going forward. We have refreshed our TRANSCEND 2025 strategy to capture the opportunities present now as we transcend forward with our business partners and communities to accomplish our goals through the TRANSCEND 2027 strategy.



This report is available online at
www.sunwayreit.com/investor-relations

Please email irsunreit@sunway.com.my to request for a printed copy of this Integrated Annual Report. For environmental preservation, we encourage the use of softcopy.

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9th

Annual General Meeting (AGM) Sunway REIT

Fully virtual meeting through livestreaming and online remote voting from the broadcast venue:

Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

Date:
7 April 2022
Thursday

Time:
3:30 p.m.



ABOUT THIS REPORT

GRI 2-2, 2-3

THIS IS SUNWAY REIT'S INTEGRATED ANNUAL REPORT 2021. AS AN IMPORTANT COMMUNICATION TOOL, THIS REPORT DESCRIBES OUR PROGRESS AGAINST OUR STRATEGIC OBJECTIVES AND HIGHLIGHTS OUR EFFORTS TO CREATE VALUE FOR ALL OUR STAKEHOLDERS.

It demonstrates how Sunway REIT's business model has embedded value creation, leveraging on inputs from our six capitals to produce long-term sustainable outcomes that go beyond financial performance. We have adopted the integrated reporting approach as we endeavour to provide a more in-depth, balanced and comprehensive overview of our business operations and strategies to our stakeholders. As part of the integrated reporting process, the report also communicates our approach to sustainability, risk management and the identification of potential opportunities in order to optimise the value creation process.

SCOPE AND BOUNDARIES




This report presents information on our financial and non-financial performance from 1 July 2020 to 31 December 2021 (FP2021) unless stated otherwise, for Sunway REIT's properties and operations, which include operations where we have full control, as well as our subsidiaries. The longer duration is due to the change of our financial year end from 30 June to 31 December.

SUSTAINABILITY

This report discloses Sunway REIT's sustainability practices that have been embedded in our value creation journey. It details how Sunway REIT navigates and integrates environmental, social and governance risks and opportunities. The report covers the sustainability performance of assets that are owned and managed by Sunway REIT. We have initiated data collection for Sunway REIT's assets that are not managed by Business Unit Management Team, except for SunCity Ipoh Hypermarket and Sunway REIT Industrial - Shah Alam 1. We endeavour to improve our disclosures for the assets not managed by Business Unit Management Team in the next reporting period. Information reported about employees are referred to as the employees of the Manager. Our most recent sustainability statement was published on 28 August 2020.

Sunway REIT is a constituent of the FTSE4GOOD Bursa Malaysia Index since 2016 and remains as a constituent of the index in the latest evaluation in December 2021.

LIST OF PROPERTIES REPORTED IN SUSTAINABILITY STATEMENT

SEGMENT	PROPERTY
RETAIL 	- Sunway Pyramid Shopping Mall - Sunway Carnival Shopping Mall - Sunway Clio Property (Retail) - Sunway Putra Mall
HOTEL 	- Sunway Resort Hotel - 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 - The Pinnacle Sunway
SERVICES 	- Sunway university & college campus - Sunway Medical Centre (Tower A & B)

ABOUT THIS REPORT



REPORTING FRAMEWORKS

- ▶ Securities Commission Guidelines on Listed Real Estate Investment Trusts
- ▶ Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- ▶ Capital Markets and Services Act 2007
- ▶ Securities Commission Licensing Handbook
- ▶ Malaysian Code on Corporate Governance 2021
- ▶ Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001
- ▶ Malaysian Financial Reporting Standards
- ▶ International Financial Reporting Standards

WE ADOPT AND ARE GUIDED BY BEST PRACTICES


- ▶ International Integrated Reporting Council's (IIRC) International Integrated Reporting <IR> Framework
- ▶ Bursa Malaysia Sustainability Reporting Guide (2nd edition)
- ▶ Bursa Malaysia Corporate Governance Guide (4th edition)
- ▶ Global Reporting Initiative (GRI) Standards: Core Option
- ▶ United Nations Sustainable Development Goals (UN SDGs)
- ▶ Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations
- ▶ AA1000 Stakeholder Engagement Standards 2015
- ▶ World Economic Forum International Business Council (WEF-IBC) Recommendations
- ▶ Sustainability Accounting Standards Board (SASB) Standards
- ▶ United Nations Global Compact (UNGC) Principles

NAVIGATION, LINKS AND LEGENDS

-  Connect to more information within this report
-  Connect to more information online at www.sunwayreit.com

OUR SIX CAPITALS

F Financial capital	I Intellectual capital	S Social and Relationship capital
M Manufactured capital	H Human capital	N Natural capital

 For more information, please refer to Ensuring a Robust Business Model section.

BOARD STATEMENT OF RESPONSIBILITY

The Board of Directors of the Manager of Sunway REIT acknowledges its responsibility to ensure the integrity of the Integrated Annual Report for the financial period ended 31 December 2021 and is of the opinion that it has been prepared in accordance with the IIRC's International <IR> Framework and other disclosure requirements.

FEEDBACK

For further information and feedback, please contact:
Vincent Than Tein Juin
Investor Relations

Sunway REIT Management Sdn Bhd

Level 15, Menara Sunway,
Jalan Lagoon Timur, Bandar Sunway,
47500 Subang Jaya,
Selangor Darul Ehsan,
Malaysia.

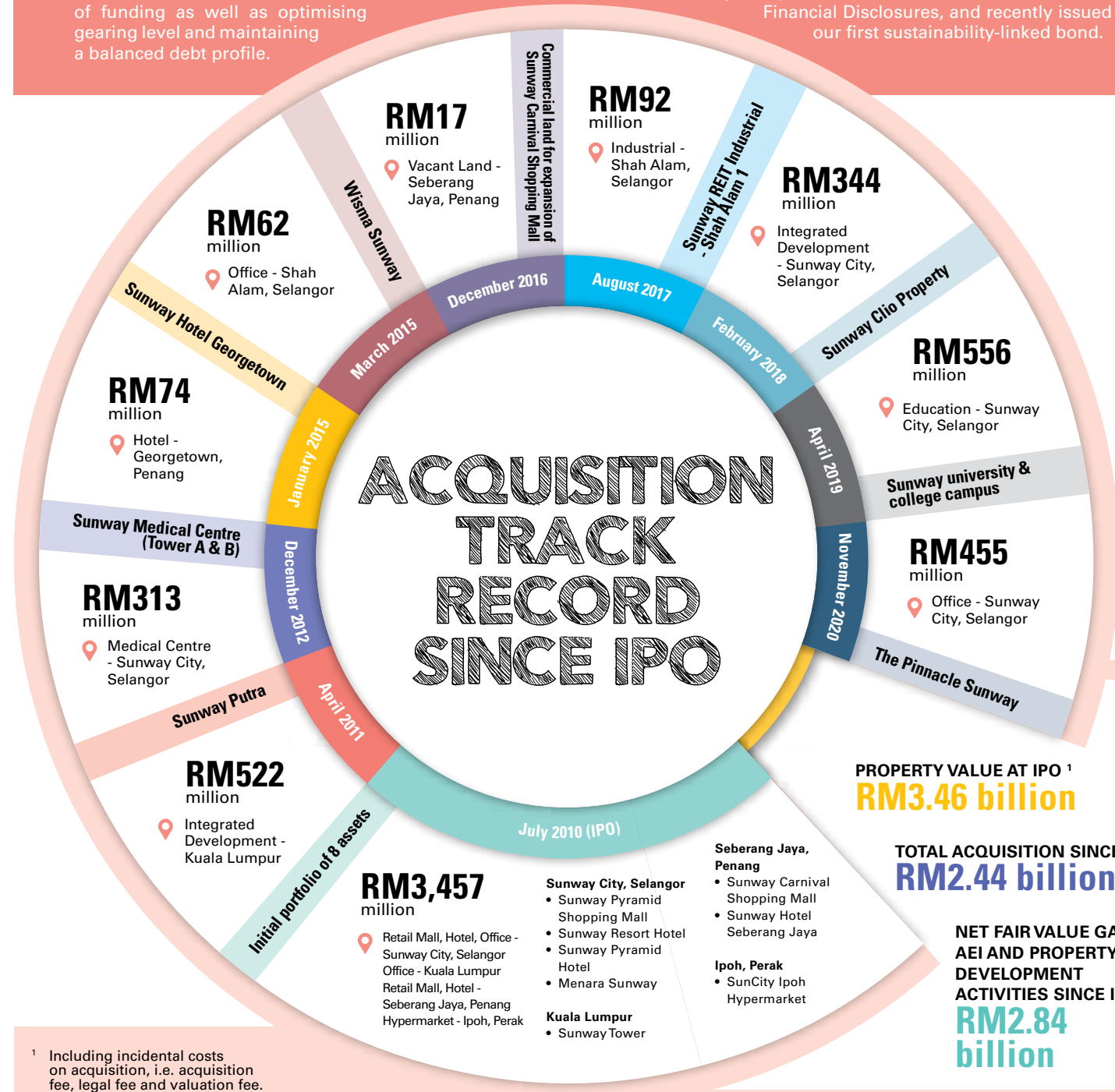
Tel No: +603 5639 9841

Fax No: +603 5639 8001

OUR INVESTMENT CASE

GRI 2-6, 201-1

- 01** We are one of the leading REITs in Malaysia, with an attractive and diversified portfolio.
- 02** Our assets are strategically located in master-planned townships with strong pipeline of assets from our Sponsor, Sunway Berhad, to support our continued growth.
- 03** We advocate proactive capital management strategy to strike a balance between various cost of funding as well as optimising gearing level and maintaining a balanced debt profile.
- 04** We are backed by a team of strong, experienced and active managers focused on obtaining optimal returns for unitholders – TRANSCEND 2027 Roadmap for sustainable long-term growth.
- 05** We uphold the highest standards of corporate governance and have been repeatedly recognised for our efforts.
- 06** We are strong advocates of sustainability initiatives, being a signatory of the Task Force on Climate-Related Financial Disclosures, and recently issued our first sustainability-linked bond.



¹ Including incidental costs on acquisition, i.e. acquisition fee, legal fee and valuation fee.

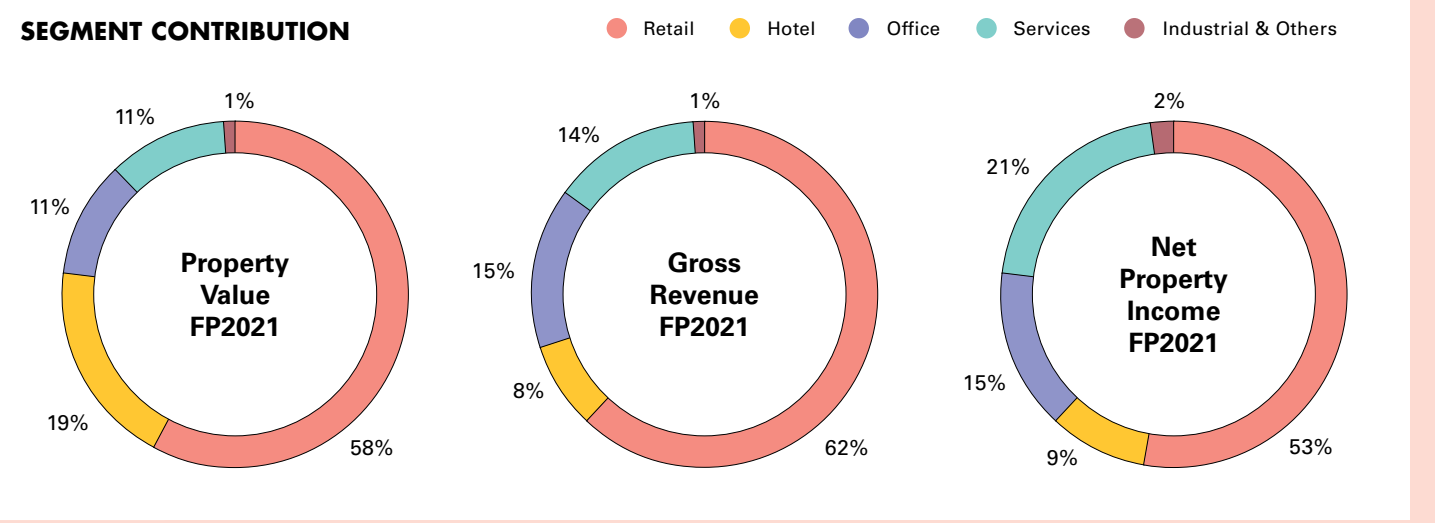
OUR INVESTMENT CASE

- ### CAPITAL MANAGEMENT HIGHLIGHTS
- 01** Strategies focused on **optimising gearing** level and maintaining a **balanced fixed-to-floating** ratio, with periodic financial rate reviews
 - 02** Substantial **interest savings** arising from lower average cost of debt
 - 03** Managing refinancing risk through **diversification** of sources of debt funding
 - 04** Integration of **sustainable** considerations into capital management strategy

FP2021 KEY HIGHLIGHTS

PROPERTY VALUE RM8.74 billion	DPU 6.10 sen
GROSS FLOOR AREA 16.9 million sq.ft.	MARKET CAPITALISATION RM4.8 billion
GROSS REVENUE RM676 million	NO. OF ASSETS 18
NET PROPERTY INCOME RM457 million	DISTRIBUTION YIELD 2.9%

	FP2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012	FP2011
Total borrowings (RM billion)	3.4	3.4	3.1	2.9	2.3	2.2	2.1	1.7	1.6	1.6	1.6
Average cost of debt (%)	2.79	3.66	4.02	3.98	3.95	3.93	3.93	3.85	3.77	4.45	4.54
Fixed : Floating ratio	38 : 62	43 : 57	45 : 55	40 : 60	89 : 11	94 : 6	88 : 12	76 : 24	81 : 19	20 : 80	33 : 67
Average maturity period (years)	2.3	0.4	0.4	0.6	0.4	1.0	1.7	2.2	3.1	0.6	3.0
Interest service cover ratio (times)	2.8	3.1	3.4	3.7	4.1	4.9	3.7	5.0	5.0	3.8	3.7
Gearing ratio (%)	37.2	40.7	37.9	38.6	34.3	33.3	33.3	31.1	31.0	33.5	35.3



CASE STUDY - CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

GRI 2-6

CASE STUDY - CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

Sunway REIT delivers long-term sustainable value to its stakeholders by incorporating strategic enablers and optimising the use of its capitals to drive organic and inorganic growth. The underlying principles as we explore organic and inorganic growth is to implement enablers to scale towards achieving sustainable growth.

Our efforts are aligned to our Transcend 2027 strategies, seeks to unlock the maximum value from its existing assets in the portfolio through active asset enhancement initiatives and property development activities as well as from yield-accretive acquisitions.



CORPORATE PROFILE

GRI 2-1

CORPORATE PROFILE

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

PURPOSE

Empowering Businesses
Curating Experiences
Enriching Lives

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 the 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

Sunway Real Estate Investment Trust (Sunway REIT or Trust) is one of the largest diversified real estate investment trusts (REITs) in Malaysia with a diverse portfolio strategically located across award-winning integrated townships in key locations in Greater Kuala Lumpur, Penang and Perak.

Sunway REIT was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) on 8 July 2010. The market capitalisation of Sunway REIT stood at RM4.8 billion as at 31 December 2021.

Sunway REIT is a component of FTSE Bursa Malaysia Mid 70 Index, FTSE Bursa Malaysia Top 100 Index, FTSE Bursa Malaysia Emas Index, FTSE ASEAN All-Share Index, FTSE ASEAN All-Share ex Developed Index, FTSE ASEAN Malaysia Index, FTSE4Good Bursa Malaysia Index, Bursa Malaysia REIT 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 and MSCI Malaysia Small Cap Index.

Sunway REIT owns a portfolio of 18 assets comprising 4 retail malls, 6 hotels, 5 offices, a medical centre, an industrial property and an education asset with a combined property value of RM8.7 billion as at 31 December 2021.

Sunway REIT's assets are primarily located in Sunway City Kuala Lumpur (Sunway City) where its flagship asset, Sunway Pyramid Shopping Mall, is located. Other assets in Sunway City include Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Clio Property (comprising Sunway Clio Hotel and Sunway Clio Retail), Menara Sunway, The Pinnacle Sunway, Sunway Medical Centre (Tower A & B) and Sunway university & college campus.

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

Sunway REIT also owns two properties in Shah Alam, namely, Wisma Sunway and Sunway REIT Industrial – Shah Alam 1.

In the northern region, Sunway REIT owns SunCity Ipoh Hypermarket in Perak, as well as Sunway Hotel Seberang Jaya, Sunway Hotel Georgetown and Sunway Carnival Shopping Mall in Penang.



CORPORATE INFORMATION

GRI 2-1

<p>MANAGER Sunway REIT Management Sdn Bhd (Registration No. 200801005046 (806330-X))</p>
<p>PRINCIPAL PLACE OF BUSINESS OF THE MANAGER Level 15, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan Tel No: +603 5639 8889 Fax No: +603 5639 8001</p>
<p>REGISTERED OFFICE OF THE MANAGER Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan Tel No: +603 5639 8889 Fax No: +603 5639 9507</p>
<p>TRUSTEE RHB Trustees Berhad (Registration No. 200201005356 (573019-U)) Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur Tel No: +603 9280 5933 Email: rhbt.reits@rhbgroup.com</p>
<p>PROPERTY MANAGER Zerin Properties Urus Harta Sdn Bhd (Registration No. 202001007312 (1363632-D)) Level 1, Block B, Damansara Office Complex, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur</p>
<p>AUDITOR Messrs BDO PLT (LLP0018825-LCA & AF 0206) Level 8, BDO @ Menara CenTARa, 360 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur Tel No: +603 2616 2888 Fax No: +603 2616 3190/3191</p>

BOARD OF DIRECTORS OF THE MANAGER

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

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

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

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

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

AUDIT COMMITTEE

Elvin A/L Bertly Luke Fernandez (Chairman)
Tengku Nurul Azian Binti Tengku Shahrman
Yeo Kar Peng

NOMINATION AND REMUNERATION COMMITTEE

Tengku Nurul Azian Binti Tengku Shahrman (Chairperson)
Elvin A/L Bertly Luke Fernandez
Yeo Kar Peng

RISK MANAGEMENT COMMITTEE

Ng Sing Hwa (Chairman)
Elvin A/L Bertly Luke Fernandez
Tengku Nurul Azian Binti Tengku Shahrman
Yeo Kar Peng

SUSTAINABILITY COMMITTEE

(Established in May 2021)

Yeo Kar Peng (Chairperson)
Dato' Jeffrey Ng Tiong Lip
Sarena Cheah Yean Tih, *s.m.s.*

SUSTAINABILITY WORKING GROUP

Dato' Jeffrey Ng Tiong Lip (Chairman)
Irene Sin May Lin
Cheng Jew Keng
Chan Hoi Choy
Alex Castaldi
Crystal Teh Lay Ling
Jacqueline Wong Yin Teng
Ng Poh Li (Sustainability Officer)

RISK MANAGEMENT WORKING GROUP

Dato' Jeffrey Ng Tiong Lip (Chairman)
Sarena Cheah Yean Tih, *s.m.s.*
(Alternate: Janet Lim Lee San)
Irene Sin May Lin
Lim Sze-Yin
Chan Hoi Choy
(Alternate: Wong Kong San)
Alex Castaldi
Cheng Jew Keng
Cheng Shiau Ling (Risk Officer)

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

COMPANY SECRETARIES OF THE MANAGER

Tan Kim Aun (MAICSA 7002988)
(SSM PC No. 202008001249)
Lee Chun Shian (MAICSA 7064123)
(SSM PC No. 202108000401)

COMPLIANCE OFFICER OF THE MANAGER

Lim Sze-Yin

STOCK EXCHANGE LISTING

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

INVESTOR RELATIONS

Vincent Than Tein Juin
Tel No: +603 5639 9841
Email: irsunreit@sunway.com.my

REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel No: +603 2783 9299
Fax No: +603 2783 9222

WEBSITE

www.sunwayreit.com

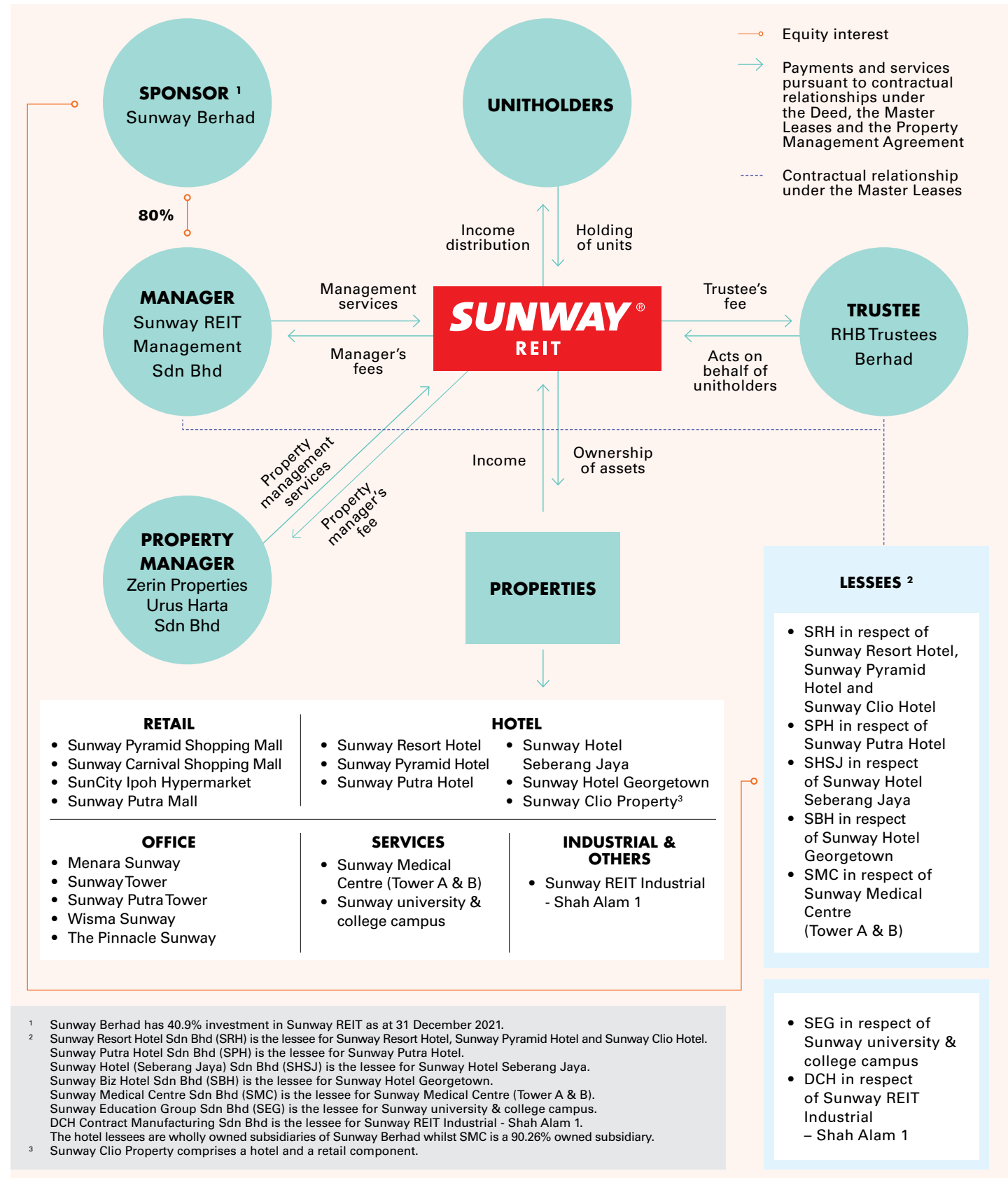
SALIENT FEATURES

GRI 2-1

Name of Fund	Sunway REIT
Type of Fund	Income and Growth
Category of Fund	Real Estate Investment Trust
Duration of Fund/ Termination Date	The earlier of: <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; 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"> ▶ Diversified asset classes ▶ High growth cities and townships in Malaysia ▶ Compatibility and synergistic to asset portfolio
Distribution Policy	<ul style="list-style-type: none"> ▶ 100% distributable income from FP2011 to FY2019 and at least 90% for each subsequent financial year ▶ Semi-annual distribution
Revaluation Policy	At least once a financial year by independent registered valuer
Gearing Policy	Not exceed 50% of the Fund's total asset value
Performance Benchmark	<ul style="list-style-type: none"> ▶ FTSE Bursa Malaysia Top 100 Index ▶ FTSE Bursa Malaysia Mid 70 Index ▶ FTSE Bursa Malaysia Emas Index ▶ FTSE ASEAN Malaysia Index ▶ FTSE ASEAN All-Share ex Developed Index ▶ FTSE ASEAN All-Share 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	<ul style="list-style-type: none"> ▶ 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	31 December
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	<ul style="list-style-type: none"> ▶ RM0.88 – retail ▶ RM0.90 – institutional

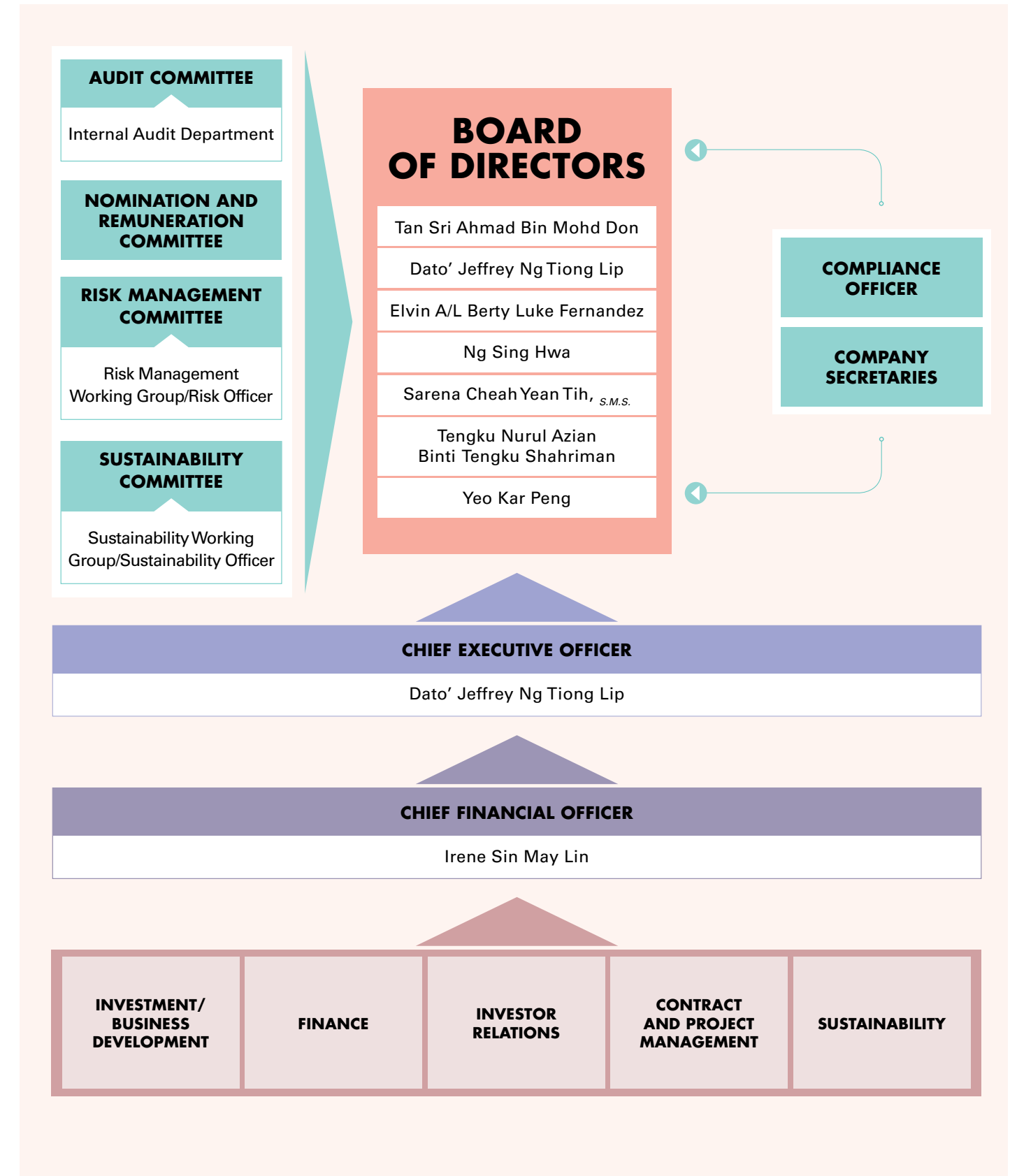
TRUST STRUCTURE

GRI 2-1



ORGANISATION STRUCTURE

GRI 2-1



PROPERTY DETAILS

GRI 2-6

● Retail ● Hotel ● Office ● Services ● Industrial & Others



Location
Selangor

Date of Acquisition
8 July 2010

Acquisition price (RM'million)
2,132

Title, Expiry Date, Years Remaining
i. **PN 17414 Lot 62059, 21 February 2102, 81**
ii. **PN 9495 Lot 32, 1 April 2097, 76**
iii. **H.S(D) 259957 PT 1312, 1 April 2097, 76**
iv. **PN 9500 Lot 51175, 1 April 2097, 76**
v. **H.S(D) 233143 Lot PT 891, 14 August 2105, 84**

All in Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
99 years

Encumbrance
Charged to Public Investment Bank Berhad

Year of Completion
Phase 1: 1997
Phase 2: 2007

Appraised value (RM'million)
3,830

Date of latest valuation
December 2021

Valued by
Knight Frank Malaysia Sdn Bhd

Age of Building
Phase 1: 24 years
Phase 2: 14 years

Level CP6, Blue Atrium, Sunway Pyramid, No 3 Jalan PJS 11/15, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia	T: +603 7494 3000	E: pyramidcares@sunway.com.my
	F: +603 7492 6333	W: www.sunwaypyramid.com

YOUR UNIQUE LIFESTYLE ADVENTURE

Since opening its doors in 1997, Sunway Pyramid Shopping Mall, Malaysia's first themed shopping and lifestyle destination, has undergone a magnificent transformation to herald a new shopping empire that boasts more than four million sq.ft. in gross floor area.

Inspired by the legends of Ancient Egypt, the iconic Sphinx stands guard at the entrance, flanked by two landmark Grand Domes – the Blue Atrium, vibrant and flowing like the Great River Nile, and the Orange Atrium, radiant and warm as the Sun God 'Ra'. Hieroglyphs and monumental art embellish the facade and interior of the complex, adding to its curated ambience.

Integrated with attractions and amenities, Sunway Pyramid Shopping Mall is a crown jewel that serves all, providing a unique shopping adventure for visitors from around the world with 360° immersive retail experience complete with approximately 700 specialty outlets offering a diverse selection of fashion, accessories, shoes, jewellery, timepieces, music, gifts, souvenirs, leathers, books, pharmacies, electrical appliances, home furnishing, wellness and IT products.

Land Area (sq.ft.) 820,070	No. of Parking Bays > 4,000	Value per sq.ft. (RM) 2,157
GFA (sq.ft.) Retail and Convention Centre - 2,454,795 Car park - 1,873,470	No. of Tenancies 671	Capitalisation/Discount Rate (%) 6.25/8.25
NLA (sq.ft.) Retail - 1,632,339 Convention Centre - 143,467		

PROPERTY DETAILS



3068, Jalan Todak, Pusat Bandar Seberang Jaya, 13700 Seberang Jaya, Pulau Pinang, Malaysia	T: +604 397 9888	W: www.sunwaycarnival.com
	F: +604 397 9883	F: www.facebook.com/SunwayCarnivalMall

THE MAINLAND'S TREASURED MALL

Sunway Carnival Shopping Mall is a stylish four-storey shopping mall strategically located at the heart of Seberang Jaya, Penang – a well-integrated township initiated by the government to boost the administrative, residential, commercial and industrial sector of Malaysia's northern region.

The mall opened in June 2007 and is one of Mainland Penang's largest and most popular retail havens, welcoming eight million visitors annually. With approximately 200 specialty stores including regional and international retailers, shoppers can truly indulge in a wholesome range of offerings from fashion boutiques and restaurants to a cineplex and a fitness centre.

In response to growing long-term demand, Sunway Carnival Shopping Mall is currently undergoing expansion, which will double its gross floor area (GFA) and add an additional 350,000 sq.ft. of new net lettable area (NLA) upon completion in 2022. This will be followed by the refurbishment of the first phase of the mall, which is expected to further reinforce Sunway Carnival Shopping Mall's position as the leading lifestyle destination in Mainland Penang.

Land Area (sq.ft.)¹ 348,428	No. of Parking Bays¹ > 1,000	Value per sq.ft. (RM)¹ 805
GFA (sq.ft.)¹ Retail and Convention Centre - 769,546 Car park - 213,554	No. of Tenancies¹ 180	Capitalisation Rate - Current/Reversionary(%)¹ 6.50/7.00
NLA (sq.ft.)¹ Retail - 455,830 Convention Centre - 32,292		

¹ Excluding the expansion phase
² Land for expansion of Sunway Carnival Shopping Mall

Location
Penang

Date of Acquisition
i. **8 July 2010**
ii. **27 December 2016²**

Acquisition price (RM'million)
i. **232**
ii. **17²**

Title, Expiry Date, Years Remaining
i. **PN 1816 Lot 5497, 21 October 2092, 71**
ii. **PN 1817 Lot 5498, 21 October 2092, 71**
iii. **PN 1818 Lot 5499, 21 October 2092, 71**
iv. **PN 1814 Lot 5493², 21 October 2092, 71**

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

Tenure
99 years

Encumbrance
Charged to Affin Hwang Investment Bank Berhad

Year of Completion
i. **2007**
ii. **N/A²**

Appraised value (RM'million)
393

Date of latest valuation
December 2021

Valued by
Savills (Malaysia) Sdn Bhd

Age of Building
14 years

Expansion of Sunway Carnival Shopping Mall (Land and Property Development Cost as at 31 December 2021)
RM252 million

● Retail ● Hotel ● Office ● Services ● Industrial & Others



SUNCITY IPOH HYPERMARKET

No. 2, Jalan SCI 2/2, Sunway City Ipoh,
31150 Ipoh, Perak Darul Ridzuan, Malaysia

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THE SHOPPER'S HYPERMARKET

SunCity Ipoh Hypermarket opened in 2005 as a single-storey hypermarket master-planned and developed by the Sponsor in collaboration with the Perak State Government. Located strategically in Sunway City Ipoh, a pioneering township in the area with 25 years of rich history, the hypermarket is currently tenanted to TF Value-Mart, an established retail chain operating 39 outlets nationwide.

Conveniently linked to the North-South Expressway between Kuala Lumpur and Penang, SunCity Ipoh Hypermarket is expected to be further boosted by a substantial increase in planned residential properties, an upcoming medical centre and mall in Sunway City Ipoh over the next four years, following in the footsteps of the successful flagship Sunway City with diverse and synergistic offerings such as the Lost World of Tambun theme park, the 174-room Lost World hotel and the luxurious Banjaran Hotsprings Retreat.

Land Area (sq.ft.) 354,994	No. of Parking Bays > 400	Value per sq.ft. (RM) 289
GFA (sq.ft.) 193,408	No. of Tenancies 1	Capitalisation Rate - Current/Reversionary (%) 6.25/6.75
NLA (sq.ft.) 183,327		

Location
Perak

Date of Acquisition
8 July 2010

Acquisition price (RM'million)
46

Title, Expiry Date, Years Remaining
PN 258216 Lot 331232, 22 February 2100, 79

Mukim Hulu Kinta, Daerah Kinta, Negeri Perak

Tenure
99 years

Encumbrance
Charged to Public Investment Bank Berhad

Year of Completion
2005

Appraised value (RM'million)
53

Date of latest valuation
December 2021

Valued by
Savills (Malaysia) Sdn Bhd

Age of Building
16 years



SUNWAY PUTRA MALL

6-2, Sunway Putra Mall
No. 100, Jalan Putra,
50350 Kuala Lumpur, Malaysia

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YOUR SUNSATIONAL SHOPPING EXPERIENCE

Sunway Putra Mall, a self-sustained integrated development at the heart of the Diamond Triangle, is one of the most vibrant business hubs and residential districts in downtown Kuala Lumpur. An iconic landmark with more than three decades of history, the complex was extensively refurbished and reopened in 2015 with a completely new modern architectural design and a revamped interior layout.

Connected to nearby LRT and KTM stations via covered pedestrian walkways, the mall enjoys superb access and connectivity, hosting more than 200 local and international brands across nine levels of retail podiums. From stylish fashion to designer apparels, gastronomic feasts to local fare, and cinematic entertainment to relaxing wellness, Sunway Putra Mall provides a diverse range of offerings for surrounding residents and tourists to enjoy.

Land Area (sq.ft.) ¹ 193,621	No. of Parking Bays ¹ > 1,490	Value per sq.ft. (RM) 946
GFA (sq.ft.) Retail - 1,248,612 Car park - 574,771¹	No. of Tenancies 217	Capitalisation Rate - Current/Reversionary (%) 6.25/6.50
NLA (sq.ft.) 554,752		

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

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
i. Charged to Public Investment Bank Berhad
ii. Lienholder's caveat by Public Investment Bank Berhad
iii. 30 years lease to Tenaga Nasional Berhad expiring 4 April 2047

Year of Completion
1988 (Refurbished in 2015)

Appraised value (RM'million)
525

Date of latest valuation
December 2021

Valued by
Savills (Malaysia) Sdn Bhd

Age of Building
33 years

PROPERTY
DETAILS

● Retail ● Hotel ● Office ● Services ● Industrial & Others



Persiaran Lagoon, Bandar Sunway
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SPECTACULAR CHOICES, MEMORABLE EXPERIENCES

Sunway Resort Hotel is the flagship five-star hotel located at the core of Sunway City. One of Klang Valley's most iconic hotels, it is part of a central cluster of three hotels with a combined total of over 1,400 rooms, a large convention centre, a landmark shopping mall, a medical centre and a popular theme park in the 800-acre integrated township, just minutes away from Kuala Lumpur city.

Upon the completion of phased refurbishment works, Sunway Resort Hotel will be reopening in 2022 with 460 guestrooms, suites and pool villas with commanding views of the theme park and the resort city skyline. This comprises 304 Deluxe Rooms, 45 Club Rooms, 39 Terraces and 72 Suites, including an impressive Presidential Suite and Pool Villas tucked away amidst lush tropical gardens.

Well-equipped with modern conveniences and amenities, the hotel is the preferred choice for business, leisure and medical travellers. For meetings, incentives, conventions and exhibitions (MICE), the hotel is integrated with more than 100,000 sq.ft. of world-class event space, over 60 meeting and function rooms, a Grand Ballroom and the massive Sunway Pyramid Convention Centre, elevating Sunway Resort Hotel as one of the most versatile convention and exhibition venues in Malaysia.

Sustainability is emphasised in the hotel's refurbishment, and many of the high-tech upgrades, such as advanced air-conditioning systems, solar panels and motion-sensor LED lighting will further improve its energy efficiency. The hotel will also feature an urban hydroponic farm by Sunway XFarms, which will supply healthy, fresh produce to the hotel's restaurants.

Sunway Resort Hotel proudly hosts Gordon Ramsay Bar & Grill - the world-renowned, multi-Michelin starred chef's first-ever restaurant in Malaysia with an impressive menu featuring premium ingredients and the very best of Gordon Ramsay's signature dishes. Other food and beverage offerings include all-day dining with a choice selection of local and Western cuisine, along with a lounge and bar for evening cocktails, as well as Radiant - a lively poolside restaurant serving wood-fired pizza and international delicacies in an open kitchen concept to reflect a casual beach vibe. These are further complemented by a wide range of dining options within the hotel and over 190 F&B outlets around Sunway City.

Location
Selangor

Date of Acquisition
8 July 2010

Acquisition price
(RM'million)
445

Title, Expiry Date,
Years Remaining
i. **PN 9492 Lot 35,
1 April 2097, 76**
ii. **PN 9498 Lot 51173
1 April 2097, 76**

All in Bandar Sunway,
Daerah Petaling,
Negeri Selangor

Tenure
99 years

Encumbrance
i. **Charged to Public
Investment Bank
Berhad**
ii. **10 years lease to
Sunway Resort Hotel
Sdn Bhd expiring
7 July 2030**

Year of Completion
Sunway Resort Hotel: 1997
(Currently undergoing
refurbishment since July
2020. Expected phased
reopening in 1H FY2022)
Three Villas: 2004

Appraised value
(RM'million)
575

Date of latest valuation
December 2021

Valued by
**Knight Frank Malaysia
Sdn Bhd**

Age of Building
**Sunway Resort Hotel:
24 years**
Three Villas: 17 years

Land Area (sq.ft.) 376,274	No. of Parking Bays > 520	Master Lease Details: Master Lessee Sunway Resort Hotel Sdn Bhd	Total Rent 90% of Gross Operating Profit ("GOP")
GFA (sq.ft.) 1,193,018	Average Value per Room (RM) 1,300,905	Duration 10 years from 8 July 2020 with an option to renew for another 10 years	
No. of Rooms Current: 439 rooms and 3 villas Post-refurbishment: 460 rooms and 3 villas	Capitalisation/ Discount Rate (%) 6.25/8.50		

PROPERTY
DETAILS



Persiaran Lagoon, Bandar Sunway
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CHECK IN AND BE SPOILT FOR CHOICE

Sunway Pyramid Hotel forms part of the cluster of hotels in Sunway City, and is well-connected to surrounding attractions and landmarks such as Sunway Lagoon theme park and Sunway Pyramid Shopping Mall. The four-star hotel offers 564 Deluxe rooms, including Family Rooms and Suites purpose-built to accommodate the increasing number of family and leisure guests.

Guestrooms and suites in Sunway Pyramid Hotel are equipped with technology-enhanced features and amenities such as complimentary Wi-Fi, smart lighting, bedside USB charger outlets, high-pressure walk-in shower and LED Smart TV with satellite news, sports and movie channels.

Additionally, the newly refurbished link bridge (The Link) to Sunway Pyramid Shopping Mall completed in December 2021 offers complementary F&B and cuisine options for hotel guests and the public.

Location
Selangor

Date of Acquisition
8 July 2010

Acquisition price
(RM'million)
250

Title, Expiry Date,
Years Remaining
**PN 17415/M1/1/1 Lot
62060, 21 February 2102, 81**

Bandar Sunway,
Daerah Petaling,
Negeri Selangor

Tenure
99 years

Encumbrance
i. **Charged to Public
Investment Bank
Berhad**
ii. **10 years lease to
Sunway Resort Hotel
Sdn Bhd expiring 7
July 2030 (pending
lease registration)**

Year of Completion
2004 (Refurbished in 2016)

Appraised value
(RM'million)
344

Date of latest valuation
December 2021

Valued by
**Knight Frank Malaysia
Sdn Bhd**

Age of Building
17 years

Land Area (sq.ft.) ¹ -	No. of Parking Bays > 530	Master Lease Details: Master Lessee Sunway Resort Hotel Sdn Bhd	Total Rent 90% of GOP
GFA (sq.ft.) 356,888	Average Value per Room (RM) 609,929	Duration 10 years from 8 July 2020 with an option to renew for another 10 years	
No. of Rooms 564	Capitalisation/ Discount Rate (%) 6.50/8.50		

¹ The hotel is on strata title

● Retail ● Hotel ● Office ● Services ● Industrial & Others



SUNWAY CLIO PROPERTY

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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 Shopping Mall, the four-star hotel features 401 guestrooms equipped with technology-enhanced amenities such as complimentary Wi-Fi and wired broadband internet access, USB charger outlets, LED Smart TV with satellite news, sports and movie channels, flexible workspaces, high-pressure walk-in rain shower and in-room electronic safe box.

Sunway Clio Hotel provides the right balance between work and play. The hotel has five fully-equipped function rooms with seating capacities 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 podium, where hotel guests can enjoy an extended range of food and beverage options.

Land Area (sq.ft.)
77,403

No. of Parking Bays
> 740

GFA (sq.ft.)
798,762

Average Value per Room (RM)
765,586

No. of Rooms
401

Capitalisation/Discount Rate (%)
6.75/8.50

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 GOP less master lease expenses. Guaranteed rent in respect of Sunway Clio Hotel consists of RM10.9 million for Year 1 and Year 2 and RM8.2 million each year for the remaining 10-year term.

Location
Selangor

Date of Acquisition
9 February 2018

Acquisition price (RM'million)
340

Title, Expiry Date, Years Remaining
**HSD 259881
Lot No. PT 1333,
16 November 2108, 87**

Bandar Sunway,
Daerah Petaling,
Negeri Selangor

Tenure
99 years

Encumbrance
i. **Charged to Public Investment Bank Berhad**
ii. **10 years lease to Sunway Resort Hotel Sdn Bhd expiring 9 February 2028**

Year of Completion
2016

Appraised value (RM'million)
307

Date of latest valuation
December 2021

Valued by
Savills (Malaysia) Sdn Bhd

Age of Building
5 years



SUNWAY HOTEL SEBERANG JAYA

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W: www.sunwayhotels.com

STAY WITH US AND FEEL THE DIFFERENCE

Strategically located in the Seberang Jaya town centre at the intersection between the North-South Expressway and the East-West Highway, Sunway Hotel Seberang Jaya is conveniently accessible via a 40-minute drive from the iconic Penang Bridge and Penang International Airport.

Placed amidst a vibrant hub of entertainment, leisure and an upcoming medical centre along with shopping options at the enlarged Sunway Carnival Shopping Mall, it is perfect for holidaymakers, corporate travellers and medical tourists seeking easy access to Mainland Penang's bustling commercial and industrial zones.

Land Area (sq.ft.)
46,220

No. of Parking Bays
> 80

GFA (sq.ft.)
175,000

Average Value per Room (RM)
297,030

No. of Rooms
202

Capitalisation/Discount Rate (%)
7.50/8.50

Master Lease Details:
Master Lessee
Sunway Hotel (Seberang Jaya) Sdn Bhd

Duration
10 years from 8 July 2020 with an option to renew for another 10 years

Total Rent
90% of GOP

Location
Penang

Date of Acquisition
8 July 2010

Acquisition price (RM'million)
52

Title, Expiry Date, Years Remaining
**PN 2602 Lot 5785,
21 October 2092, 71**

Mukim 1, Daerah Seberang Perai Tengah,
Negeri Pulau Pinang

Tenure
99 years

Encumbrance
i. **Charged to Affin Hwang Investment Bank Berhad**
ii. **10 years lease to Sunway Hotel (Seberang Jaya) Sdn Bhd expiring 7 July 2030 (pending lease registration)**
iii. **30 years lease to Tenaga Nasional Berhad expiring 15 March 2028**

Year of Completion
1998 (Refurbished in 2013)

Appraised value (RM'million)
60

Date of latest valuation
December 2021

Valued by
Savills (Malaysia) Sdn Bhd

Age of Building
23 years

● Retail ● Hotel ● Office ● Services ● Industrial & Others



SUNWAY PUTRA HOTEL

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A PREFERRED CITY HOTEL

Sunway Putra Hotel is integrated with Sunway Putra Mall and Sunway Putra Tower in a mixed-use development opposite World Trade Centre Kuala Lumpur within the city's main commercial district. The hotel is connected via covered pedestrian walkways to nearby LRT and KTM stations, easily accessible and convenient for corporate and leisure travellers.

The five-star hotel features six room types - Superior, Deluxe, Classic Suites, Family Suite, Executive Suite and Premier Suite - all tastefully designed with contemporary furnishings and complemented by amenities such as complimentary Wi-Fi, LED SmartTV, electronic safe, mini fridge, and coffee and tea making facilities.

For meetings, incentives, conventions and exhibitions (MICE), Sunway Putra Hotel offers 15 state-of-the-art column-free function rooms, including event venues on level 34 and level 35, the uppermost floors of the hotel, boasting the most panoramic views of the capital city. The hotel's Grand Ballroom accommodates up to 1,200 persons in a theatre-style setting and 600 persons in banquet-style seating, ideal for prestigious celebrations and events.

The hotel's food and beverage offerings include the Coffee House, an all-day dining restaurant which serves local and international à la carte and buffet, as well as the Atrium Lounge which serves signature Afternoon Tea with a wide selection of coffee, cakes and pastries.

Land Area (sq.ft.) ¹ 193,621	No. of Parking Bays ¹ > 1,490
GFA (sq.ft.) 833,847	Average Value per Room (RM) 507,692
No. of Rooms 650	Capitalisation/ Discount Rate (%) 6.75/8.50

Master Lease Details:
Master Lessee
Sunway Putra Hotel Sdn Bhd

Duration
**10 years from 28 September 2021
with an option to renew for another
10 years**

Total Rent
90% of GOP

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
i. **Charged to Public
Investment Bank
Berhad**
ii. **Lienholder's caveat
by Public Investment
Bank Berhad**
iii. **30 years lease to
Tenaga Nasional
Berhad expiring
4 April 2047**

Year of Completion
1993 (Refurbished in 2015)

Appraised value
(RM'million)
330

Date of latest valuation
December 2021

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

Age of Building
28 years

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



SUNWAY HOTEL GEORGETOWN

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YOUR PREFERRED CHOICE IN PENANG

Sunway Hotel Georgetown is a 250-room four-star hotel at the heart of Georgetown, Penang, a renowned UNESCO World Heritage site where old world charm meets modernity. Located just 30 minutes from Penang International Airport and 20 minutes from the iconic Penang Bridge and Ferry Terminal, the hotel caters to corporate and leisure travellers, offering convenient access to a confluence of tourist attractions and commercial districts which are within walking distance from the hotel.

Sunway Hotel Georgetown's choice of comfortable and spacious accommodation includes Deluxe, Family Rooms and Suites with commanding views of the city and island skyline, especially for guests in Premier Rooms and Suites at the uppermost floors of the hotel. After a long day of sightseeing, guests can also unwind at the outdoor swimming pool and jacuzzi, or work out at the 24-hour fitness centre after an enjoyable night of local street food.

Land Area (sq.ft.) 33,592	No. of Parking Bays > 90
GFA (sq.ft.) 193,115	Average Value per Room (RM) 320,000
No. of Rooms 250	Capitalisation/ Discount Rate (%) 7.50/8.50

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 GOP 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 each year for
the remaining 10-year term.**

Location
Penang

Date of Acquisition
28 January 2015

Acquisition price
(RM'million)
74

Title, Expiry Date,
Years Remaining
i. **GRN 63519 Lot No.
2220**
ii. **GRN 35332 Lot No.
1754**

Seksyen 12,
Bandar Georgetown
Daerah Timor Laut,
Pulau Pinang

Tenure
Freehold

Encumbrance
i. **Charged to Affin
Hwang Investment
Bank Berhad**
ii. **10 years lease to
Sunway Biz Hotel
Sdn Bhd expiring
27 January 2025**
iii. **30 years lease to
Tenaga Nasional
Berhad expiring
14 February 2024
(excluding GRN 35332
Lot No. 1754)**

Year of Completion
1994 (Refurbished in 2013)

Appraised value
(RM'million)
80

Date of latest valuation
December 2021

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

Age of Building
27 years

● Retail ● Hotel ● Office ● Services ● Industrial & Others



Location
Selangor

Date of Acquisition
8 July 2010

Acquisition price (RM'million)
128

Title, Expiry Date, Years Remaining
PN 17105 Lot 61760, 1 April 2097, 76

Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
99 years

Encumbrance
Charged to Public Investment Bank Berhad

Year of Completion
1994

Appraised value (RM'million)
172

Date of latest valuation
December 2021

Valued by
Knight Frank Malaysia Sdn Bhd

Age of Building
27 years

Unit 4.5 Level 4 East Lobby, Menara Sunway Annexe, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

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SUNWAY GROUP'S HEADQUARTERS

Menara Sunway is a 19-storey office building in Sunway City which serves as the headquarters of the Sunway Group, occupying close to 70% of NLA. Consisting of a main tower and an annexe, Menara Sunway offers a unique integrated environment where tenants and employees can make good use of the convention centre, hospitality, medical centre, leisure and retail options within the township.

Surrounded by highly populated suburbs such as Subang Jaya, Puchong and Petaling Jaya, and easily accessible via 5 major expressways – Federal Highway, New Pantai Expressway (NPE), Shah Alam Expressway (KESAS), Damansara-Puchong Expressway (LDP) and New Klang Valley Expressway (NKVE), Menara Sunway is a preferred office location due to the shorter travel time compared to commuting to the city centre.

Land Area (sq.ft.) 193,395	No. of Parking Bays > 640	Value per sq.ft. (RM) 589
GFA (sq.ft.) Office - 399,446 Car park - 266,696	No. of Tenancies 49	Capitalisation/Discount Rate (%) 6.50/8.25
NLA (sq.ft.) 291,807		



Location
Kuala Lumpur

Date of Acquisition
8 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
i. Charged to Public Investment Bank Berhad
ii. Lienholder's caveat by Public Investment Bank Berhad
iii. 30 years lease to Tenaga Nasional Berhad expiring 14 January 2023

Year of Completion
1996 (Refurbished in 2009)

Appraised value (RM'million)
120

Date of latest valuation
December 2021

Valued by
Knight Frank Malaysia Sdn Bhd

Age of Building
25 years

Ground Floor, Sunway Tower, No. 86 Jalan Ampang, 50450 Kuala Lumpur, Malaysia

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CHANGING DYNAMICS

Sunway Tower is a 33-storey prime office building strategically located at the intersection between Jalan Sultan Ismail and Jalan Ampang in Kuala Lumpur, which is also famously known as the Golden Triangle.

In close proximity to the landmark Petronas Twin Towers and Kuala Lumpur Convention Centre, Sunway Tower offers excellent connectivity with convenient access to the adjacent Dang Wangi LRT station, Bukit Nanas monorail station and the Ampang-Kuala Lumpur Elevated Highway (AKLEH) which links to major expressways and ring roads within and around Klang Valley, making it a prime business address in Kuala Lumpur.

Land Area (sq.ft.) 25,898	No. of Parking Bays 290	Value per sq.ft. (RM) 447
GFA (sq.ft.) Office - 348,998 Car park - 107,606	No. of Tenancies 9	Capitalisation/Discount Rate (%) 6.25/8.00
NLA (sq.ft.) 268,306		

PROPERTY
DETAILS

● Retail ● Hotel ● Office ● Services ● Industrial & Others



SUNWAY PUTRA TOWER

100, Jalan Putra,
50350 Kuala Lumpur, Malaysia

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F: +603 4040 0007

SYNERGISTICALLY INTEGRATED

Sunway Putra Tower is an office tower which forms part of an integrated mixed-used development with Sunway Putra Mall and Sunway Putra Hotel. Strategically located next to World Trade Centre Kuala Lumpur, Sunway Putra Tower is easily accessible via major highways and well-served by public transportation such as the LRT, KTM and RapidKL.

Government agencies, financial institutions and professional firms occupy a substantial percentage of NLA.

Land Area (sq.ft.) ¹ 193,621	No. of Parking Bays ¹ > 1,490	Value per sq.ft. (RM) 419
GFA (sq.ft.) Office - 453,838 Car park - 574,771¹	No. of Tenancies 16	Capitalisation Rate - Current/Reversionary (%) 6.25/6.75
NLA (sq.ft.) 317,051	¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and 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
i. **Charged to Public Investment Bank Berhad**
ii. **Lienholder's caveat by Public Investment Bank Berhad**
iii. **30 years lease to Tenaga Nasional Berhad expiring 4 April 2047**

Year of Completion
1993 (Refurbished in 2015)

Appraised value (RM'million)
133

Date of latest valuation
December 2021

Valued by
Savills (Malaysia) Sdn Bhd

Age of Building
28 years

PROPERTY
DETAILS



WISMA SUNWAY

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**STRATEGIC LOCATION –
GOVERNMENT PRECINCT OF SELANGOR'S STATE CAPITAL**

Wisma Sunway is a stratified 19-storey office building located in the vibrant Section 9, Shah Alam, the state government precinct of Selangor. Conveniently located beside Concorde Hotel and Plaza Shah Alam, it is easily accessible via the Federal Highway and New Klang Valley Expressway (NKVE).

Wisma Sunway is currently fully occupied with government agencies comprising the majority of tenants.

Land Area (sq.ft.) ¹ -	No. of Parking Bays > 390	Value per sq.ft. (RM) 350
GFA (sq.ft.) ² Office - 174,171 Car park - 125,399	No. of Tenancies 6	Capitalisation/Discount Rate (%) 6.50/8.25
NLA (sq.ft.) 171,544	¹ This office is on strata title ² Based on surveyed strata floor area	

Location
Selangor

Date of Acquisition
23 March 2015

Acquisition price (RM'million)
60

Title, Expiry Date, Years Remaining
i. **PN 21876/M1/B1/1, 29 August 2094, 73**
ii. **PN 21876/M1/1/3, 29 August 2094, 73**
iii. **PN 21876/M1/N1/4, 29 August 2094, 73**
iv. **PN 21876/M1/N1/5, 29 August 2094, 73**
v. **PN 21876/M1/2/6, 29 August 2094, 73**
vi. **PN 21876/M1/8/7, 29 August 2094, 73**
vii. **PN 21876/M1/9/8, 29 August 2094, 73**
viii. **PN 21876/M1/10/9, 29 August 2094, 73**
ix. **PN 21876/M1/11/10, 29 August 2094, 73**
x. **PN 21876/M1/12/11, 29 August 2094, 73**
xi. **PN 21876/M1/13/12, 29 August 2094, 73**
xii. **PN 21876/M1/14/13, 29 August 2094, 73**
xiii. **PN 21876/M1/15/14, 29 August 2094, 73**
xiv. **PN 21876/M1/16/15, 29 August 2094, 73**
xv. **PN 21876/M1/17/16, 29 August 2094, 73**

All situated on Parent Lot No. 517 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan

Tenure
99 years

Encumbrance
Charged to Public Investment Bank Berhad

Year of Completion
1997 (Refurbished in 2013)

Appraised value (RM'million)
60

Date of latest valuation
December 2021

Valued by
Knight Frank Malaysia Sdn Bhd

Age of Building
24 years

● Retail ● Hotel ● Office ● Services ● Industrial & Others



THE PINNACLE SUNWAY

Suite LGb-01, Lower Ground Management Office,
Persiaran Lagoon, Bandar Sunway,
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

T: +603 5639 9575
F: +603 5639 8608

A WORLD-CLASS OFFICE WITHIN AN INTEGRATED CITY

The Pinnacle Sunway is a 24-storey Grade A office building within the integrated township of Sunway City, offering convenient access to the convention centre as well as a wide range of hospitality, leisure, healthcare, education and retail options.

As a Green Building Index (GBI)-certified corporate office, The Pinnacle Sunway is a new-generation building equipped with environmentally friendly features such as motion-sensor lighting, and rainwater harvesting for landscape irrigation. The Pinnacle Sunway is also a MSC-status building which offers high-speed internet connection and 24/7 technical support for tenants, proudly serving many international corporations and businesses which call it home.

Surrounded by highly populated suburbs such as Subang Jaya, Puchong and Petaling Jaya, and easily accessible via 5 major expressways - Federal Highway, New Pantai Expressway (NPE), Shah Alam Expressway (KESAS), Damansara-Puchong Expressway (LDP) and New Klang Valley Expressway (NKVE), The Pinnacle Sunway is the preferred choice for companies to set up their regional headquarters in Malaysia.

Land Area (sq.ft.) 78,415	No. of Parking Bays > 850	Value per sq.ft. (RM) 806
GFA (sq.ft.) Office - 700,802 Car park - 444,752	No. of Tenancies 41	Capitalisation/Discount Rate (%) 6.00/8.00
NLA (sq.ft.) 577,864		

Location
Selangor

Date of Acquisition
20 November 2020

Acquisition price
(RM'million)
450

Title, Expiry Date,
Years Remaining
**PN 17103 Lot 61759,
1 April 2097, 76**

Bandar Sunway,
Daerah Petaling,
Negeri Selangor

Tenure
99 years

Encumbrance
**Charged to OCBC Bank
(Malaysia) Berhad**

Year of Completion
2013

Appraised value
(RM'million)
466

Date of latest valuation
December 2021

Valued by
**Knight Frank Malaysia
Sdn Bhd**

Age of Building
8 years



SUNWAY MEDICAL CENTRE (TOWER A & B)

No. 5, Jalan Lagoon Selatan, Bandar Sunway,
47500 Subang Jaya, Selangor Darul Ehsan,
Malaysia

T: +603 7491 9191
F: +603 7491 8181

E: smc@sunway.com.my
W: www.sunwaymedical.com

IMPROVING THE LIVES WE TOUCH

Sunway Medical Centre is a leading private tertiary medical care centre accredited by the Australian Council on Healthcare Standards (ACHS) and Malaysian Society for Quality in Health (MSQH). The medical centre is poised to set new standards of service for its growing clientele.

Supported by more than 2,600 dedicated healthcare professionals comprising medical consultants, professional allied health staff and trained nurses, 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.

Sunway Medical Centre is also affiliated with the University of Cambridge, Royal Papworth Hospital, Addenbrooke's Hospital, Royal College of Physicians (London), Harvard Medical School and the Jeffrey Cheah School of Medicine & Health Sciences, Monash University Malaysia to further meet the demands of medical education, training and research.

Land Area (sq.ft.) 195,839	Capitalisation Rate - Current/Reversionary (%) 6.00 - 6.50/6.50
GFA (sq.ft.) Medical Centre - 563,437 Car park - 217,162	
No. of Parking Bays > 650	

Master Lease Details: Master Lessee Sunway Medical Centre Sdn Bhd	Rental RM19 million per annum for the 1st year
Duration 10 years from 31 December 2012 with an option to renew for another 10 years	Rental Uplift 3.5% per annum for each subsequent year of the first 10-year term.
	Rental Basis Triple-Net lease

Location
Selangor

Date of Acquisition
31 Dec 2012

Acquisition price
(RM'million)
310

Title, Expiry Date,
Years Remaining
**i. PN 12549 Lot 38160,
1 April 2097, 76**
**ii. PN 12550 Lot 45,
1 April 2097, 76**

All in Bandar Sunway,
Daerah Petaling,
Negeri Selangor

Tenure
99 years

Encumbrance
**i. Charged to Public
Investment Bank
Berhad**
**ii. 10 years lease to
Sunway Medical
Centre Sdn Bhd
expiring
30 December 2022**

Year of Completion
Phase 1: 2001
Phase 2: 2009

Appraised value
(RM'million)
370

Date of latest valuation
December 2021

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

Age of Building
Phase 1: 20 years
Phase 2: 12 years

● Retail ● Hotel ● Office ● Services ● Industrial & Others



5, Jalan University, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

T: +603 7491 8622

E: info@sunway.edu.my

W: www.university.sunway.edu.my

EDUCATING THE FUTURE

The Sunway university & college campus is located within the integrated township of Sunway City and comprises academic blocks, hostel apartments, sports facilities and a car park.

Well-connected to nearby cities and highly populated suburbs via an extensive network of roads, expressways and public transportation, the campus hosts Sunway University and Sunway College, reputable higher learning institutions established since 2004 and 1987 respectively.

Offering a wide range of courses from diploma to postgraduate studies, Sunway University is one of Malaysia's leading and internationally recognised private universities, ranking well in the QS World University Rankings with overall 5-stars in the QS University Ratings. Sunway University was also

awarded Premier Digital Tech University status by MDEC with 5-stars (excellent) rating in the SETARA Emerging University category. In recognition of the university's commitment to sustainability, Sunway University was included in the Times Higher Education Impact Rankings 2021 as the highest ranked private university in Malaysia, placing within the Top 200 for SDG 11 - Sustainable Cities and Communities.

For over 30 years, Sunway College has propelled more than 60,000 students to the university of their choice, offering pre-university programmes such as Cambridge GCE A-Level, Australian Matriculation, Canadian International Matriculation, and the Monash University Foundation Year. As a leading learning institution in Malaysia, Sunway College received 6-stars in the Malaysian Quality Evaluation System for Private Colleges (MyQuest) in 2019 for its student profile, programme and graduate recognition, quality of resources and soundness of governance.

Land Area (sq.ft.) 733,237	Value per sq.ft. (RM) 302
GFA (sq.ft.) Campus - 1,459,134 Car park - 421,111	Capitalisation rate - Current/Reversionary (%) 6.50 - 9.25/6.50
No. of Parking Bays > 1,050	

Master Lease Details: Master Lessee Sunway Education Group Sdn Bhd ("SEG") and/or its relevant subsidiaries	Rental RM34.2 million per annum for the 1st year
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 2025 (at the expiry of the second term)	Rental Uplift 2.3% per annum for each subsequent year of the first 30-year term
	Rental Basis Triple-Net lease

Location
Selangor

Date of Acquisition
15 April 2019

Acquisition price (RM'million)
550

Title, Expiry Date, Years Remaining
i. **HS(D) 118326 Lot No. PT 1905, 1 April 2097, 76**
ii. **HS(D) 118325 Lot No. PT 1904, 1 April 2097, 76**
iii. **HS(D) 118332 Lot No. PT 28, 1 April 2097, 76**

All in Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
99 years

Encumbrance
Charged to Public Investment Bank Berhad

Year of Completion
Phase 1 (South Building, Hostel and North Building): 1993 and 1996
Phase 2 (New University Block): 2015

Appraised value (RM'million)
568

Date of latest valuation
December 2021

Valued by
Knight Frank Malaysia Sdn Bhd

Age of Building
Phase 1: 25 years and 28 years
Phase 2: 6 years



Lot 6, Persiaran Perusahaan, Section 23, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia

T: +603 5541 6600

F: +603 5541 0651

W: www.dchcfmg.com

PRIME INDUSTRIAL ASSET IN SELANGOR'S CAPITAL DISTRICT

Sunway REIT Industrial - Shah Alam 1 (SRISA 1) is strategically located within the prime industrial hub in Section 23, Shah Alam which houses many established international logistics and manufacturing companies.

Easily accessible via 3 major highways – Federal Highway, North-South Expressway Central Link (ELITE) and Shah Alam Expressway (KESAS), SRISA 1 is approximately 45 minutes away from Kuala Lumpur International Airport (KLIA) and Port Klang, the largest container port in Malaysia and the 12th busiest in the world.

SRISA 1 is leased to DCH Contract Manufacturing Sdn Bhd, part of a reputable group of companies listed on the Hong Kong Stock Exchange. The lessee offers end-to-end solutions for fast-moving consumer goods (FMCG) companies, ranging from product development and manufacturing to warehousing and distribution services.

Land Area (sq.ft.) 673,684
GFA (sq.ft.) 386,856
Value per sq.ft. (RM) 258
Capitalisation Rate - Current/Reversionary (%) 5.75 - 6.75/7.25

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
RM6.2 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

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, 77

Seksyen 23, Shah Alam, Daerah Petaling, Negeri Selangor

Tenure
99 years

Encumbrance
i. **Charged to Public Investment Bank Berhad**
ii. **Leased to DCH Contract Manufacturing Sdn Bhd expiring 31 December 2034**

Year of Completion
Phase 1: 1993
Phase 2: 2010

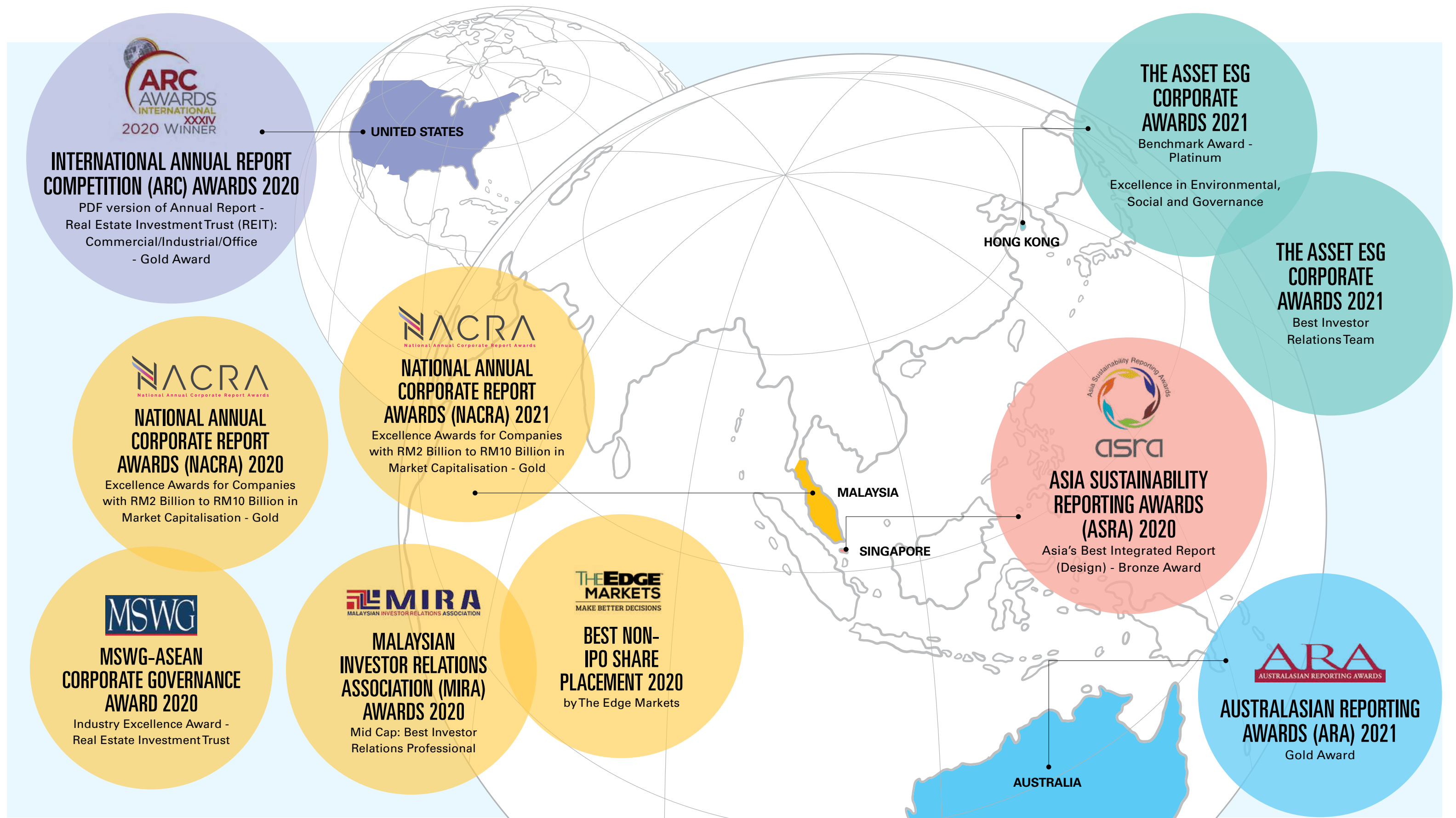
Appraised value (RM'million)
100

Date of latest valuation
December 2021

Valued by
First Pacific Valuers Property Consultants Sdn Bhd

Age of Building
Phase 1: 28 years
Phase 2: 11 years

AWARDS AND ACCOLADES



AWARDS AND ACCOLADES

MESSAGE FROM OUR CHAIRMAN

GRI 2-22



DEAR VALUED STAKEHOLDERS,

I am pleased to present to you Sunway REIT's Integrated Annual Report for FP2021 amidst what has been the most challenging time that has also tested our resilience and fortitude. I believe we have weathered the worst of the storm and have set a path towards recovery and growth by recalibrating our future orientation and strategies. //

**FP2021
DISTRIBUTION
YIELD***

2.9%

(FY2020: 4.5%)

**FP2021
DISTRIBUTION
PER UNIT (DPU)**

6.10 sen

(FY2020: 7.33 sen)

* Annualised DPU of 4.06 sen divided by closing unit price as at 31 December 2021 of RM1.41.

NAVIGATING A CHALLENGING YEAR

2020 and 2021 were among the most difficult years for Sunway REIT as pandemic-induced economic disruptions interrupted the income and distribution growth streak that we had maintained since we were listed in July 2010.

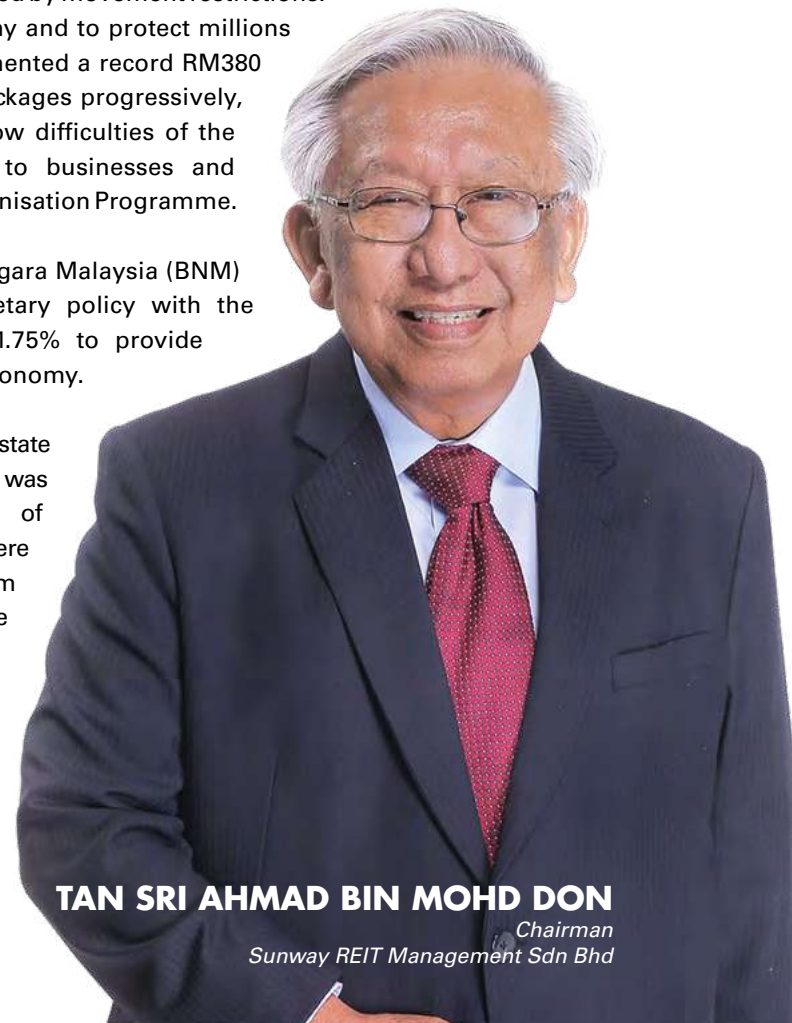
Globally, the fallout from the pandemic has affected all countries, economies and business communities and has forced societies to adapt to new ways of navigating everyday life. Fortunately, a global economic meltdown was averted thanks to the swift policy responses and strong support of governments worldwide that helped the global economy to regain its lost ground as economic growth rebounded to 5.9% in 2021 from a negative growth rate of 3.1% in 2020, as reported by International Monetary Fund (IMF).

The Malaysian economy experienced a 5.6% contraction in 2020, the sharpest decline since the Asian Financial Crisis in 1998, amidst broad-based weakness and constrained economic and business activities weighed by movement restrictions.

To mitigate the damage to the economy and to protect millions of livelihoods, the government implemented a record RM380 billion worth of economic stimulus packages progressively, mainly targeted at easing the cash flow difficulties of the *Rakyat*, providing financial lifelines to businesses and expediting the National COVID-19 Immunisation Programme.

On the monetary policy front, Bank Negara Malaysia (BNM) maintained an accommodative monetary policy with the overnight policy rate remaining at 1.75% to provide additional support to the recovering economy.

Generally, the Malaysian Real Estate Investment Trust (M-REIT) landscape was impacted as the various iterations of movement restrictions resulted in severe business disruptions in the short term and shifts in the way businesses operate and consumers behave in the long term. Retail- and hospitality-focused M-REITs that are reliant on foot traffic were also profoundly affected as the lockdowns curbed mobility and travel-related activities. In addition, the prolonged lockdowns gave birth to the exponential adoption of a delivery economy as they accelerated the shift



TAN SRI AHMAD BIN MOHD DON
Chairman
Sunway REIT Management Sdn Bhd

towards e-commerce and value-based purchasing, opening up more opportunities and challenges to retail-focused M-REITs.

Thankfully, most Malaysians have fulfilled their responsibility of getting vaccinated, containment measures have been progressively relaxed with all states of Malaysia moving to Phase 4 of the National Recovery Plan (NRP) and businesses have been allowed to resume operations, providing an impetus to economic recovery in 2022.

As at the end of 2021, we are seeing a return to more normal levels of economic activity, supported by an expansionary budget with continued fiscal and monetary support as well as recovering commodity prices. BNM reported a GDP growth of 3.1% for the domestic economy in 2021.

PERFORMANCE OVERVIEW

Premised on our commitment to distribute at least 90% of our distributable income, I would like to share that Sunway REIT's distribution per unit (DPU) for FP2021 stood at 6.10 sen (annualised DPU: 4.06 sen) compared to 7.33 sen in FY2020. The distribution yield saw a compression to 2.9% for FP2021 versus 4.5% for FY2020 on the back of lower DPU due to lower income contribution from the Retail and Hotel segments. The total return of Sunway REIT for FP2021 was impacted on the back of lower DPU and retracement in unit price, reflecting investors' overall cautious stance. The net asset value (NAV) per unit attributable to unitholders stood at RM1.4686 as at 31 December 2021, from RM1.4804 as at 30 June 2020.

TRANSCEND 2025 IS NOW TRANSCEND 2027

I am a firm believer that where there is adversity, there is also opportunity. At Sunway REIT, we view challenges in a positive light, with a mindset of continuing to strive for the long term. This unsettling period certainly gave us an opportunity to go back to the drawing board to review, replan and re-strategise in order to chart TRANSCEND 2027. As we move nearer to a future where the pandemic transitions to endemicity, I look forward to Sunway REIT's resumption of its transcendental journey to become a diversified future-proof REIT and deliver growth for our unitholders.

MESSAGE FROM OUR CHAIRMAN

UPHOLDING GOVERNANCE AND INTEGRITY

Sunway REIT continues to be a strong advocate of good corporate governance practices by constantly incorporating improvements and benchmarking ourselves against international best practices.

We annually assess and review our existing policies and procedures to ensure improved practices, guided by the Malaysian Code on Corporate Governance ("MCCG") 2021, Bursa Malaysia Corporate Governance Guide 2021 and Main Market Listing Requirements of Bursa Malaysia ("Listing Requirements") and the SC's Guidelines on Listed REITs. In the period under review, the Manager introduced a number of enhancements, including recalibrating Crisis Management Plan and Crisis Communication Policy, enhancing the Donations, Sponsorships and Corporate Responsibility Policy and charting a Sustainability-Linked Bond framework.

In April 2021, the MCCG was updated to encourage public listed companies to adopt additional best practices that will improve board policies and processes, strengthen board oversight and integrate sustainability considerations into business strategy. In line with the best practices of MCCG 2021 and Bursa Malaysia, Sunway REIT is pleased to share various changes adopted by the Board, which include:

- ▶ **No single individual** being able to simultaneously hold the position of Chairman of the Board and member of the Audit Committee, and/or Nomination and Remuneration Committee.
- ▶ **Capping the tenure for Independent Directors to 12 years** as recommended by Bursa Malaysia, which will take effect in 2022.

Moreover, in our effort to strengthen the governance of Sunway REIT, the Manager enhanced the Terms of Reference (TOR) of the:

- ▶ Nomination and Remuneration Committee (NRC), with the incorporation of tenure limits for Independent Directors and the stipulation that the Board should **comprise at least 30% women Directors**.
- ▶ Risk Management Committee (RMC), with the incorporation of **assessments and measures to address material Environmental, Social and Governance (ESG) risks**.

**MESSAGE FROM
OUR CHAIRMAN**

EXPANDING OUR SUSTAINABILITY EFFORTS

Sunway REIT's sustainability and ESG journey, with an emphasis on going beyond minimum standards, has always received much focus and priority from management, even before these matters gained traction and rose to their current prominence. Supported by the sustainability framework ingrained within Sunway REIT's business practices, we continue to conscientiously embed sustainability considerations across our value creation journey that also contribute to the 17 United Nations Sustainable Development Goals (UN SDGs). For the period under review, we embarked on multiple sustainability initiatives that have further integrated sustainability into our business and helped us contribute even more to national progress towards the SDGs.

To further elevate our commitment to achieving higher sustainability standards and to track our plans, we established a Sustainability Committee comprising three Board members – a first for M-REIT – underscoring our commitment to driving sustainability efforts from the top. The committee is responsible for reviewing, supervising and making recommendations to the Board of Directors on matters relating to the three key areas of sustainability strategy and issues; key ESG goals, targets and performance; and the sustainability scorecard and its progress tracking.



Sunway Pyramid Convention Centre, the first private large-scale vaccination centre in Petaling District, is used as a vaccination centre to support the National COVID-19 Immunisation Programme.

Robust corporate governance practices with annual enhancement on policies and procedures

Other than performance-related KPIs set to our Senior Management, we are also glad to share that as part of our continuous effort to integrate fortified sustainability initiatives into business strategies and operations, **we have linked sustainability-related KPIs to our Senior Management's remuneration** in line with MCG 2021 and Bursa Malaysia's recommendations.

For more information, please refer to Sustainability Scorecard - Goals and Targets section.

To position Sunway REIT strongly in the eyes of investors and to create further avenues for engagement, we were the first M-REIT that expressed support for the Task Force on Climate-Related Financial Disclosures (TCFD), joining over 1,700 organisations worldwide that have pledged their support. We also accelerated our efforts to combat climate change by committing to a Net Zero Carbon Emissions by 2050 target.

First M-REIT to establish a Sustainability Committee comprising Board members

In addition, Sunway REIT was the first M-REIT to incorporate sustainable financing considerations into its capital management strategy via the issuance of our maiden Sustainability-Linked Bond in December 2021. This will certainly help to drive further integration of ESG factors into our strategies and bolster our funding sources.

As we progress in our sustainability journey, we take cognisance of the role that we must continue to play in supporting all our stakeholders, including our tenants and communities around us. In the period under review, Sunway REIT supported the National COVID-19 Immunisation Programme by allowing our Sunway Pyramid Convention Centre and Sunway Carnival Convention Centre to be used as vaccination centres. Moreover, in the spirit of shared prosperity, we offered a rental and marketing assistance programme as well as facilitated a third-party financing programme to affected tenants to ensure that we would all emerge from the pandemic on a firmer footing, growing together when the economy recovers.

OUTLOOK AND PROSPECTS

The global economy is expected to get back on track in 2022, following the disruptions to recovery in 2021 due to the persistence of the pandemic. The International Monetary Fund (IMF) has projected that the global economy is likely to expand by 5.9% in 2021 and moderate slightly to 4.4% in 2022, supported by expansionary policies to stimulate broad-based economic growth globally. However, the balance of risks remains tilted to the downside given the potential

Commitment towards supporting the National COVID-19 Immunisation Programme

for the emergence of deadlier COVID-19 variants before widespread vaccination is achieved, which could potentially weaken the global economic recovery. This was demonstrated by the spread of the Omicron variant in late-2021 that forced some countries to consider implementing lockdowns once again.

Globally, the new Omicron variant has also raised concerns about potential supply-side pressures on inflation, as this may cause the Federal Reserve (the Fed) to accelerate the tapering of asset purchases and raise interest rates, forcing emerging economies to adjust and scale back monetary policy support to keep inflation in check.

In Budget 2022, the government maintained that Malaysia's economic growth would be supported by the gradual reopening of economic sectors and the full vaccination of the general population. Economic growth is expected to strengthen to between 5.5% and 6.5% in 2022, underpinned by increased external demand, high commodity prices, improved labour market conditions, the effects of the rapid transition to digitalisation and the implementation of major infrastructure projects. In line with anticipation of monetary policy normalisation globally, BNM is expected to tighten the monetary policy in 2022 to contain inflationary and foreign exchange pressures.

Looking ahead, Sunway REIT is supportive of the government's initiatives under the Twelfth Malaysia Plan (12MP), in which four catalytic policy enablers were identified that would accelerate productivity and technology adoption and innovation to

First M-REIT to issue Sustainability-Linked Bond

sustain Malaysia's average GDP growth rate at between 4.5% and 5.5% per annum between 2021 and 2025.

ACKNOWLEDGEMENTS

I commend the collective effort and camaraderie among the stakeholders that have enabled Sunway REIT to be resilient in weathering the COVID-19 storm. It is well known that tough times do not last, but that tough people do. On behalf of the Board of Directors, I would like to express our utmost appreciation to the government and all frontliners who have worked tirelessly to vaccinate the general population, our esteemed unitholders and business partners for their continued belief in Sunway REIT and the regulators who have been providing guidance to navigate the pandemic shock. Our deepest gratitude goes to the management team for its steadfast leadership and tremendous efforts under difficult conditions to ensure business continuity as well as the health and safety of all our employees, tenants and visitors to our premises.

Last but not least, I would like to express my sincere appreciation to my fellow Board members and to our trustee, property manager, Business Unit Management Teams, business partners, fellow analysts, the investment community and members of the press for their loyalty to and support of Sunway REIT during these unprecedented times.

Yours sincerely,
Tan Sri Ahmad Bin Mohd Don
Chairman

**MESSAGE FROM
OUR CHAIRMAN**

IN CONVERSATION WITH OUR CEO

GRI 2-22



STRATEGIC DECISIONS AND COST CONTAINMENT MEASURES UNDERTAKEN AT THE START OF THE PANDEMIC PARTIALLY CUSHIONED THE FINANCIAL IMPACT ON THE ASSETS. THIS WAS FURTHER UNDERPINNED BY THE ACCELERATION IN TECHNOLOGICAL ADOPTION AND DIGITALISATION, WHICH FORTIFIED THE COMPETITIVE ADVANTAGE OF OUR BUSINESSES. //

DEAR VALUED STAKEHOLDERS,

The COVID-19 pandemic continued to disrupt economies and livelihoods due to surge in daily cases to record high which was necessary for the government to implement lockdowns in FP2021 even as mass vaccinations commenced. In my message in last financial year's Integrated Annual Report, I have shared the comprehensive measures and actions that Sunway REIT has taken to contain the adverse financial impact on our businesses.

Note: Sunway REIT has changed its financial year end from 30 June to 31 December. The Financial Period ended 31 December 2021 (FP2021) constitutes 18-month financial performance from 1 July 2020 to 31 December 2021.



DATO' JEFFREY NG TIONG LIP

Chief Executive Officer
Sunway REIT Management Sdn Bhd

IN CONVERSATION WITH OUR CEO

During the financial period under review, various phases of movement restrictions and international border closures, amid fragile consumer sentiment and soft business confidence, continued to cause business disruptions that impacted the financial performance of Sunway REIT, particularly the Retail and Hotel segments. The setback in financial performance was partially mitigated by our diversified income streams from the Office, Services and Industrial & Others segments. Fortunately, the operating environment improved during the last quarter of the financial period following the success of the nation's mass vaccination programme. Digitalisation initiatives undertaken by various asset segments of Sunway REIT before the pandemic struck also enabled them to adapt well to the new operating environment.

Sunway REIT reported gross revenue of RM675.6 million and NPI of RM457.1 million for FP2021. In line with our commitment to distributing at least 90% of distributable income, Sunway REIT has delivered a DPU of 6.10 sen.



FORTIFYING STAKEHOLDERS' CONFIDENCE

During these times of adversity, our top priority was to ensure adequate prevention, preparedness, responses and recovery measures for our businesses and stakeholders – including employees, tenants and patrons. We activated our crisis management mode by mobilising the extensive resources within Sunway REIT and its Business Unit Management Teams. Our teams demonstrated admirable dedication in navigating such a dynamic and challenging environment. Despite global mass vaccinations, the pandemic continued to evolve with the emergence of new variants. Learning from our experience of the COVID-19 pandemic in the year 2020, Sunway REIT recalibrated its Crisis Management Plan and Crisis Communication Policy to effectively manage prevailing and future risks.

Sunway REIT believes that we must go beyond just adapting to the new norm, instead, we have to live and thrive in these unprecedented times. We focus on cultivating a safer community together, delivering peace of mind and sustaining the livelihoods of our stakeholders. To ensure business continuity during the multiple movement restriction orders, Sunway REIT extended its Business Continuity Plan (BCP), which was first

activated in March 2020 during the first lockdown. Digital transformation efforts undertaken by the Manager and Business Unit Management Teams had been underway even before the COVID-19 pandemic, resulting in a smooth transition to working-from-home arrangements when the plan was implemented.

To safeguard our employees, shoppers and retail tenants, Sunway REIT raised the bar through enhanced safety and hygiene measures to ensure patronage of our malls could continue in a safe and sustainable way. Promoting "Your Safe Space, Our Safe Space", the Business Unit Management Team for the retail malls has implemented over 82 measures to ensure the safety of shoppers, retail tenants and employees. This includes stringent social distancing measures, enhanced screenings and safety checks and holistic education and training for all employees and tenants. Meanwhile, the Business Unit Management Team for the Hotel segment implemented a 'Sunway Safe Stay' programme that featured almost 30 protocols to ensure the well-being of all employees and guests.

Sunway REIT also ensured that employees and tenants were vaccinated and permitted only fully vaccinated adults and adolescents to enter our premises.

FP2021
GROSS REVENUE

RM675.6 million

(FY2020: RM556.9 million)

FP2021
NET PROPERTY INCOME

RM457.1 million

(FY2020: RM416.8 million)

**IN CONVERSATION
WITH OUR CEO**

FORGING PARTNERSHIPS THAT THRIVE

Sunway REIT advocates building a long-lasting relationship with our business partners, such as our tenants, through good and tough times. As a market leader in introducing a rental assistance and marketing support programme to tenants during the first national lockdown in March 2020, Sunway REIT extended the programme on a case-to-case basis to affected retail tenants throughout to ensure the business continuity of our tenants. In addition, the Retail Business Unit Management Team initiated “Sunway Malls SME Retailers Relief Financing Programme” to facilitate up to RM200 million in working capital to assist retail tenants in easing their financial burdens. These efforts further strengthened the confidence of our tenants, as evidenced by the healthy average occupancy rate of 97% achieved in FP2021 by the Retail segment.

STRENGTHENING OUR FUTURE GROWTH TRAJECTORY

Undeterred by the pandemic, Sunway REIT remains focused on pursuing growth through acquisition to expand its asset portfolio. In November 2020, Sunway REIT completed the acquisition of The Pinnacle Sunway for a

purchase consideration of RM450 million. The Pinnacle Sunway is an iconic 24-storey Grade A Green Building Index (GBI)-certified and Multimedia Super Corridor (MSC)-status office building, strategically located within Sunway City. The acquisition contributed positively to Sunway REIT’s income in FP2021.

Sunway REIT’s maiden property development, which is the expansion of Sunway Carnival Shopping Mall, is slated to be completed in the 2Q FY2022, with a combined NLA of 840,000 sq.ft.. With a pre-opening take-up rate of more than 85% for the additional space, Sunway Carnival Shopping Mall is expected to transform the retail landscape in Mainland Penang. Capitalising on the “Sunway” brand and established relationships between Business Unit Management Team and tenants, Sunway Carnival Shopping Mall will soon welcome many stores that will be making their foray into the Mainland Penang, encompassing a mix of international, regional and local retail brands. These new stores are set to increase the number of stores from 200 to 350 and are expected to generate economic and social multipliers, with an estimated additional 1,500 new jobs created for the local community.



The Pinnacle Sunway

**IN CONVERSATION
WITH OUR CEO**

Capitalising on the lull in business as a result of the border closures, Sunway REIT’s flagship hotel, Sunway Resort Hotel, is currently undergoing a transformative refurbishment in order to be positioned as Malaysia’s premier entertainment and event destination, setting a new benchmark for hospitality in Malaysia. Scheduled to welcome guests in the 1H FY2022, the hotel will unveil a collection of rooms and suites intuitively designed with cutting-edge technology catering to discerning guests. Sunway Resort Hotel will also unveil Gordon Ramsay Bar & Grill, the world-renowned chef’s maiden restaurant in Malaysia, which will certainly elevate the nation’s gastronomy scene.

Sunway REIT continues to identify new asset enhancement initiatives and asset management initiatives opportunities for its assets in order to generate higher income and enhance the property yields over time.

HEALTHY BALANCE SHEET TO SUPPORT GROWTH

Robust capital management coupled with a healthy debt headroom, is essential to support Sunway REIT’s growth. Sunway REIT is in a position of strength to capitalise on fund raising opportunities, optimising equity fund raising and diversified sources of debt funding to fund Sunway REIT’s expansion plan. Our proactive capital management strategy and equity fund raising, coupled with our active asset management strategy, which has translated into enhanced property value over the years, have contributed positively to maintaining a healthy gearing of 37% (as at 31 December 2021) and debt headroom of RM1.2 billion to fund future growth plans.

More information is available in Capital Management section.

TRANSCEND 2027

Sunway REIT formulated the Transcend 2025 strategic roadmap in 2018, aimed at guiding Sunway REIT’s strategic direction in growing its asset portfolio and strengthening its income stream to achieve the targeted growth rate over the medium- to long-term horizon.

As a result of the COVID-19 pandemic, Sunway REIT initiated a comprehensive review of TRANSCEND 2025 to analyse the impact of COVID-19 pandemic to Sunway REIT’s recovery prospects and opportunities arising from the pandemic fallout.

Sunway REIT is optimistic to strive towards achieving these targets, underpinned by opportunities arising from global megatrends and Sunway Group’s synergistic ecosystem and strong track record.

More information is available in TRANSCEND 2027 Strategy Report section.

ADVANCING SUSTAINABILITY

Sunway REIT has made encouraging progress in our sustainability journey over the years. In our endeavour to advance our sustainability commitment, Sunway REIT has explicitly linked sustainability and climate change-related KPIs to the remuneration of the Senior Management of the REIT Manager.

For more information, please refer to Sustainability Scorecard - Goals and Targets section.

With the growing importance of ESG investing and greater adoption within the investment community, ESG is becoming a necessity for investors and investee companies. Investors have integrated ESG factors into their investment evaluation process, which requires disclosures of consistent and high-quality ESG data to guide investors in making informed investment decisions. In addition, ESG integration deepens the fundamental analysis of a company, which enhances the process of identifying potential long-term risks of the company. Sunway REIT recognises the importance of providing high-quality ESG data to the investment community. In this respect, Sunway REIT has undertaken an independent ESG assurance process as a validation of its data governance. In addition, Sunway REIT has been evaluated and rated by internationally renowned ESG rating bodies such as FTSE Russell, MSCI and S&P.

**SUNWAY REIT IS A
CONSTITUENT OF FTSE4GOOD
BURSA MALAYSIA INDEX SINCE
2016 AND RANKED TOP 25% BY
FTSE RUSSELL ESG RATINGS
AMONGST PLCs IN FBM EMAS.**

INDUSTRY THOUGHT LEADER

Sunway REIT has played an influential role in spearheading initiatives for the Malaysian Real Estate Investment Trust (M-REIT) industry and capital market developments. It is heartening that I had the opportunity to share views and proposals in a series of eight articles in The StarBizweek. My articles were targeted at the public, investors and regulators with the objective of invigorating the progress of M-REITs in the context of emerging trends and opportunities, regulatory and industry enhancements, as well as ESG trends.

8

**ARTICLES
FEATURED IN THE
STARBIZWEEK**

▶ Topic 1	The Force Awakens - The Rise of Malaysian REITs Saturday, 29 May 2021
▶ Topic 2	Practical Measures to Implement for Malaysian REITs Saturday, 26 June 2021
▶ Topic 3	Post-pandemic Comeback of Malaysian REITs Saturday, 31 July 2021
▶ Topic 4	Value Creation by REIT Managers Saturday, 28 August 2021
▶ Topic 5	M-REITs - A New Model of Affordable Rental Housing? Saturday, 25 September 2021
▶ Topic 6	Investing for Good - ESG with M-REITs Saturday, 30 October 2021
▶ Topic 7	Alternative Asset Classes for M-REITs Saturday, 27 November 2021
▶ Topic 8	A Quantum leap for M-REITs Saturday, 8 January 2022

Sunway REIT, through active participation via the Malaysian REIT Managers Association (MRMA), initiated active engagements with the government, regulators and industry stakeholders to enhance regulatory framework, tax structures and relief measures amid the COVID-19 pandemic, amongst others. Through active engagement with the relevant authorities, the appeals on the exemption of service tax on building maintenance and service charges, extension of electricity subsidy, extension of wage subsidy programme, and temporary increase in gearing limit were all successfully granted.

RECOVERY UNDERWAY

Moving forward, Sunway REIT anticipates a gradual recovery in FY2022 on the back of full reopening of all economic sectors, healthy economic growth and positive progress in booster vaccination rate.

The Retail segment has exhibited encouraging improvement in retail footfalls and retail sales, which were boosted by festive seasons. A sustainable recovery post-festive season is crucial to ascertaining a firm recovery trend in 2022. The rental reversion outlook remains tame in the near term given that tenants are transitioning to the initial phase of recovery. A progressive recovery will provide an opportunity for reduction of rental assistance, which will benefit Sunway REIT's earnings.

The Hotel segment is gradually benefiting from the progressive relaxation in travelling restrictions and pockets of MICE activities, albeit at limited capacity due to adherence to SOPs. The emergence of Omicron variant may lead to tightening of containment measures in certain countries and the suspension of international travel. On the other hand, some countries are looking to potentially open up the international borders and this may provide a surprise upside that may augur well to support the recovery of the tourism industry in Malaysia. We are optimistic with the reopening of Sunway Resort Hotel in 1H FY2022, which is expected to contribute positively to the Hotel segment's performance in FY2022.

The nation has almost completely vaccinated the adult population, which bodes well for businesses' ability to return to normalcy. Offices within Sunway REIT's assets portfolio are expected to remain resilient as these assets are strategically located within vibrant integrated developments and transit-oriented developments.

The Services and Industrial & Others segments offer defensive and stable income stream. Sunway REIT is actively pursuing opportunities in these segments to strengthen its position as a proxy for e-commerce and other sunrise industry growth.



ACKNOWLEDGEMENTS

I would like to thank the Board of Directors for their steadfast guidance, trust and support in achieving the strategic goals of Sunway REIT. In closing, I would like to convey my heartfelt appreciation and gratitude to each and every member of the Manager and Business Unit Management Teams for their unwavering dedication, hard work, and perseverance as we grappled with the pandemic. To all stakeholders, I would like to thank you for the trust and continuous support.

Yours sincerely,
Dato' Jeffrey Ng Tiong Lip
Chief Executive Officer

INDUSTRY THOUGHT LEADER

THE STARBIZWEEK COLUMN

Alternative asset classes for M-REITs

Table with 4 columns: Segment, Asset, Trust / REIT, Country. Lists various REIT segments like Residential, Commercial, and Agriculture.

As with many industries, most M-REITs have suffered to different degrees due to the various phases of movement restrictions and tough operating landscape.

Moreover, as owners and professional managers of many of the REITs, M-REITs have also suffered the burden of providing more than RM100 and will continue to need relief and support.

As such, with the support of the government regulatory and other industry stakeholders, new perspectives and opportunities in a liberalised environment will be required to boost the attractiveness of the M-REIT industry.

While Malaysia has established itself as one of the pioneering REIT markets in the region with a relatively early head-start, continued improvement in regulatory framework is necessary to accelerate the momentum.

As the M-REIT industry evolves, the government to raise funds for nation building without increasing public funds and incur any additional debt or debt guarantee.

Infrastructure trusts: Pillars of nation-building. On this note, the proposed REIT market structure can be a key enabler to accelerate the momentum.

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A quantum leap for M-REITs

Table with 2 columns: Segment, Outlook. Lists various REIT segments and their outlooks.

As a key contributor to the real estate sector, M-REITs are increasingly being recognised as a viable investment option for both institutional and retail investors.

With the support of a conducive regulatory and market environment, M-REITs in particular are expected to continue to grow.

Moreover, infrastructure trusts may also provide unique opportunities for regular citizens to participate in the country's continued development.

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M-REITs - a new model of affordable rental housing?



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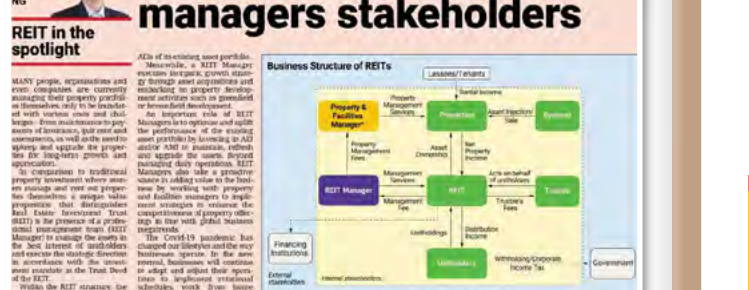
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Value creation by REIT managers stakeholders



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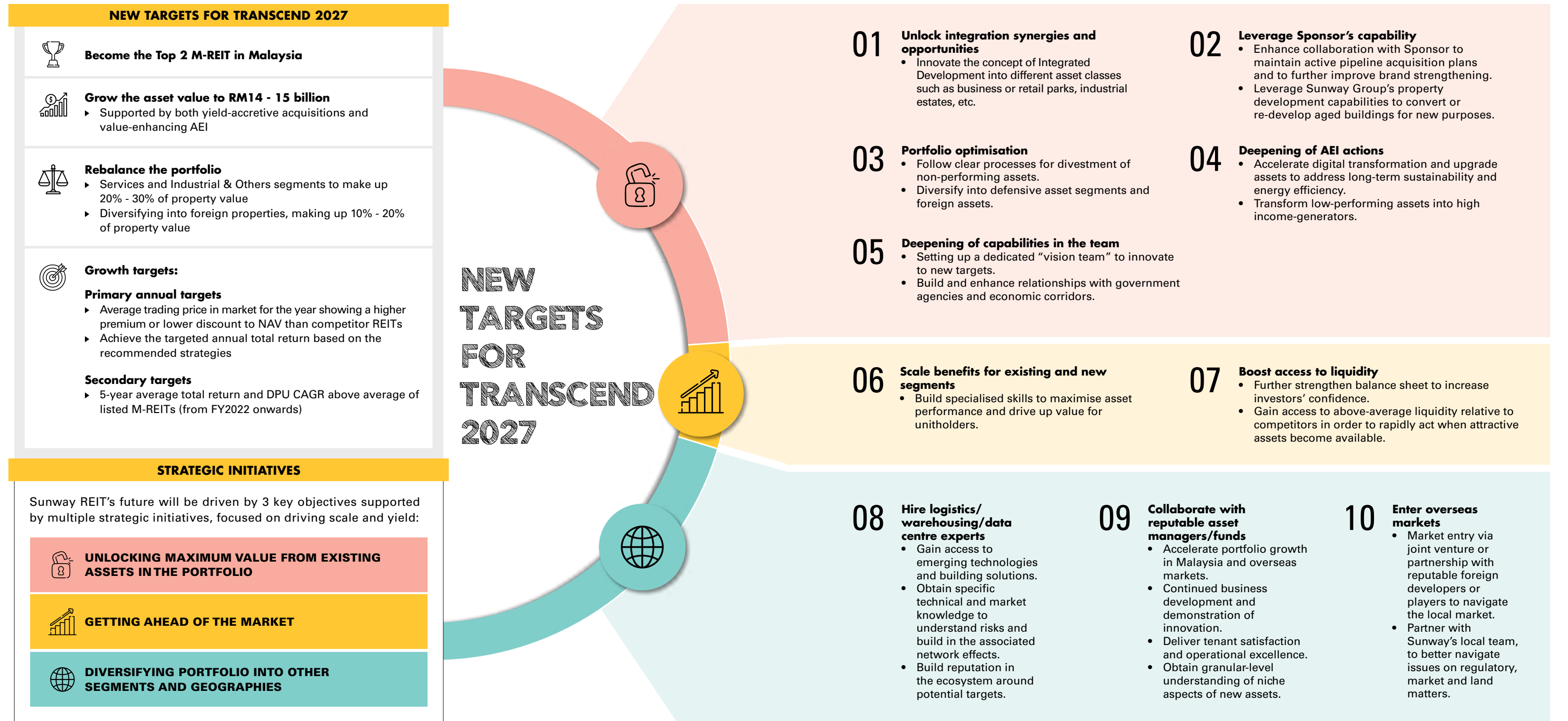
TRANSCEND 2027 STRATEGY REPORT

TRANSCEND 2027 STRATEGY REPORT

REFRESHED TRANSCEND 2027

Sunway REIT's strategic roadmap, TRANSCEND 2025 (TC2025) has set bold targets since it was introduced in 2018. Due to the COVID-19 pandemic, it is hence timely to review TC2025, given the ongoing impact and shift in megatrends of the real estate markets. There may be a need to re-strategise Sunway REIT's asset class mix, explore overseas expansion and reset financial targets.

With these in mind, Sunway REIT has assembled a team to embark on the process of redesigning TC2025 plan, with in-depth investigation of real estate trends and strategy for the future. After months of thorough research and analysis, Sunway REIT would like to present TRANSCEND 2027 (TC2027), as summarised below, with new targets and enhanced strategic initiatives to become a balanced risk, diversified REIT.



COVID-19 pandemic has brought upon a paradigm shift in the way people live and spend as well as disruptions to businesses and our tenants' operations.

Sunway REIT worked on and improved upon our Business Continuity Plans while taking advantage of this window of opportunity to reposition and re-strategise to benefit from the "new normal".

**IMPACT OF
COVID-19**

- ▶ The Malaysian government implemented various phases of MCO to curb the spread, which led to footfall traffic being impacted.
- ▶ Digital adoption experienced a quantum leap among people, industries and organisations as a whole, taking the centre stage, where it continues to be the preferred medium for communications and business transactions.
- ▶ Disruptions to operations, businesses and supply chains.

RETAIL

- ▶ Behavioural changes in shoppers and consumers.
- ▶ Increase in e-commerce adoption.
- ▶ The need to balance occupancy rate, rental reversion and rental collection, especially during the pandemic period.

HOTEL

- ▶ Intensified competition and price war between hotels.
- ▶ Shortage in rank-and-file workforce, partially due to a freeze on the new entry of foreign workers.
- ▶ Local and international border closures resulted in a drop in leisure and business travel.

OFFICE

- ▶ Disruption in business operations and expansion plans.
- ▶ Work-from-home (WFH) trend, resulting in downsizing and relocation of offices.
- ▶ Increase in office space supply, further exacerbating existing problems.

OPERATIONAL IMPROVEMENTS

REIT Manager

- ▶ Revisited TC2025 and re-strategised for enhanced business resilience in moving forward with TC2027 roadmap.
- ▶ Continue to source for yield-accretive external assets, especially in the Services and Industrial & Others segments.
- ▶ Capital management initiatives to strategise and capitalise on favourable rates and tenures.
- ▶ Optimising fixed/floating rate borrowings.
- ▶ Explore new sources of financing.
- ▶ Monitoring existing and initiating new strategic AEI/Property Development activities.
- ▶ Conducting strategic initiatives meeting with the Business Unit Management Team.
- ▶ Monitoring and defending asset performance with balanced and prudent cost-containment measures via Eliminate, Simplify, Standardise, Automate framework.
- ▶ Included risk assessment on:
 - Occupational safety and health risk
 - Tenancy renewal risk, to protect the occupancy of retail and office properties
 - Litigation risk

Retail

- ▶ AEI and reconfigurations:
 - Adidas opened its largest South East Asia brand centre in Sunway Pyramid Shopping Mall
 - Sports Direct opened its flagship superstore in Sunway Resort Hotel Annexe
- ▶ Confidence-building initiatives for shoppers with elevated safety and hygiene standards.
- ▶ Sunway Smart Parking – Malaysia's largest fully unified smart parking system.

- ▶ Internet of Toilets – Smart toilet system to optimise productivity and cost management.
- ▶ Launch of Sunway e-commerce platform for a seamless Offline-to-Online-to-Offline (O2O) shopping experience.

Hotel

- ▶ Culinary transformation with the opening of the Gordon Ramsay Bar & Grill in Sunway Resort Hotel.
- ▶ Building and maintaining publicity momentum locally and internationally.
- ▶ Creating packages to target the domestic market while waiting for the reopening of international borders.
- ▶ Digital transformation to enhance guest experience with introduction of one-stop application for reservation, keyless entry, in-room facilities and e-commerce services.
- ▶ Dynamic pricing features.
- ▶ Grand ballroom and function rooms renovated with new technology support for conferencing and livestreaming.
- ▶ Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown converted to room-only model.
- ▶ Sunway Clio Hotel listed as a premium quarantine hotel.

Office

- ▶ Implementation of virtual site inspection.
- ▶ Utilising creative digital marketing videos and leveraging social media to offer virtual guided tours.
- ▶ Communicating and interacting with existing tenants to obtain feedback.

**ASSET ENHANCEMENT INITIATIVES/
PROPERTY DEVELOPMENT ACTIVITIES**

Sunway Carnival Shopping Mall

- ▶ RM436 million allocated for the expansion of Sunway Carnival Shopping Mall.

Sunway Resort Hotel

- ▶ Flagship 5-star Sunway Resort Hotel is undergoing a RM260 million transformative refurbishment, featuring cutting-edge technology, sustainable eco-solutions and international gastronomic experiences.

Sunway Resort Hotel Rooftop

- ▶ RM20 million allocated to renovate and convert the rooftop of Sunway Resort Hotel to commercial office space to optimise the potential of asset and income generation capability.

Sunway Resort Hotel Annexe

- ▶ RM11 million allocated to renovate and upgrade tenant offerings - Sports Direct flagship store opened in December 2021.

**Sunway Resort Hotel Link Bridge
(The Link)**

- ▶ RM13 million allocated to refurbish the link bridge from Sunway Resort Hotel to Sunway Pyramid Shopping Mall.

For more information on investment activities, please refer to Investment Review section.

**EMPLOYEE, COMMUNITY
AND SOCIAL WELLBEING**

COVID-19 Vaccination Centre

- ▶ In support of the National COVID-19 Immunisation Programme, Sunway Pyramid and Sunway Carnival Convention Centres were offered as a vaccination centres for the community.

Employee Wellness Support

- ▶ Facilitation of WFH arrangements and ensuring all employees were updated and informed on the COVID-19 situation.
- ▶ Readily available access to medical, financial and other essential services.
- ▶ COVID-19 testing kits, masks, equipment and provision of assistance.
- ▶ Transitioned to WFH arrangements and offered support to employees in adjusting to working remotely.
- ▶ Encouraged employees to reskill and upskill with e-training and development courses, enhancing remote work capabilities.
- ▶ COVID-19 Awareness and Educational Programme.

Ensuring the Safety of All Visitors

- ▶ All properties ensured adherence to COVID-19 SOPs.
- ▶ Invested in Health, Safety, Security and Environment (HSSE) technologies to enhance screening, cleaning and disinfecting routines, along with other safety measures.
- ▶ Social Distancing Officers – a team dedicated to analysing high-risk hotspots.
- ▶ Sanitisation activities at major touchpoints and surfaces.

Tenant Support

- ▶ Implemented initiatives to alleviate the impact of the pandemic on tenants, including allowing flexible operating hours, flexible rent repayment schemes and waiver of late payment interest to qualified tenants, offering tenants' redemption vouchers/promotions in exchange for rental and providing assistance for marketing support.

For more information on sustainability efforts, please refer to Sustainability Statement section.

COVID-19 BUSINESS CONTINUITY PLAN

**Prevention, Preparedness,
Response & Recovery**

- ▶ Ensured full compliance with SOPs among staff, building occupants, visitors and service providers' workers.
- ▶ Identification of high-risk exposure areas for administration of stricter SOPs.
- ▶ Minimised face-to-face meetings and leveraged online tools for communication and meetings.
- ▶ Ensured all staff who worked from the office performed the MySejahtera QR scan prior to entering the office.
- ▶ All office-based staff were instructed to wear masks at all times and to screen body temperatures at building entrances.
- ▶ Frontliners were required to wear double masks and face shields.
- ▶ Social Distancing Officers were appointed to conduct inspections around the office.
- ▶ PCR swab test arrangements for staff categorised as close contacts due to exposure at work.
- ▶ Periodic COVID-19 tests for all staff.
- ▶ Implemented SOPs and self-testing for non-employees.

Policies and Guidelines

- ▶ Work from Home Policy
- ▶ Workplace Health & Safety Guidelines
- ▶ Face Shield & Face Mask Policy
- ▶ Travelling Guidelines and Administrative Process during the COVID-19 pandemic.
- ▶ Infected and Close Contact COVID-19 Guidelines.

Sunway Safe Stay

- ▶ A programme that focused on heightened hotel cleaning practices and social interaction and workplace protocols, which was anchored on approximately 30 safety protocols, to ensure business continuity via five pillars of safety and hygiene:

Pillar 1: Guest Contact

Guests were required to adhere to the safety guidelines such as wearing face masks, observing social distancing and using the hotel's contactless services, while all workers handling luggage and food delivery were required to wear masks and gloves.

Pillar 2: Hygiene Protocols

Hotel team members were briefed daily on safety and hygiene protocols, which included increased cleaning frequency at common areas with high touchpoints. All guest rooms were also thoroughly sanitised, including 10 high touchpoint surfaces such as switches, door handles and remote controls.

Pillar 3: Food Safety & Events

A stringent Food Safety Management System (FSMS) policy had to be adhered to by all food handling personnel. For events, SOP-compliant meeting packages were designed that complied with the Ministry of Health's guidelines.

Pillar 4: Booking & Cancellation Policy

In response to the changing market conditions and travel restrictions, guests were given the flexibility to change or cancel their reservations at no charge.

Pillar 5: Workplace Safety Protocol

The daily frequency of cleaning was increased in workers' spaces, focusing on high touchpoint areas. In the event of a COVID-19 case, the hotel's management team and Sunway Group's Crisis Response and Recovery Team would immediately activate the relevant protocols and cooperate with the local health authorities.

For more information on business operations, please refer to Operations Review section.

IN CONVERSATION WITH OUR CFO

PREPARED FOR STRONGER RECOVERY AHEAD

/// **Several waves of the COVID-19 pandemic and imposition of various phases of MCO and NRP have significantly affected the operations and businesses of Sunway REIT's core segments, Retail and Hotel. That said, with mass vaccinations and reopening of the economy, Sunway REIT expects to see a stronger recovery ahead.** ///

PROACTIVE AND PRUDENT FINANCIAL MANAGEMENT

The unprecedented impact of the pandemic has led to Bank Negara Malaysia (BNM) maintaining the Overnight Policy Rate (OPR) at a record low of 1.75% since July 2020. With the accommodative interest rate environment, the Manager continues to implement practical capital management strategies which include a balanced debt profile of fixed and floating rates, as well as a dynamic and well-diversified financing profile. As such, Sunway REIT has maintained its track record in achieving one of the **lowest average cost of debt** at 2.79% compared to other M-REITs.

In October 2020, Sunway REIT successfully completed a Private Placement exercise to raise RM710 million to fund the acquisition of The Pinnacle Sunway and the ongoing expansion of Sunway Carnival Shopping Mall - both of which are expected to contribute positively to earnings and distribution in the coming years. Despite challenging economic and sociopolitical conditions, the issuance was fully subscribed, with strong demand from local and regional funds, including Malaysian government-linked investment companies. The exercise was named the **'Best Non-IPO Share Placement of 2020'** by The Edge Markets and was noted to have reopened the REIT primary fund raising market in Malaysia amidst the pandemic.

Guided by Sunway REIT's robust risk management framework, the Manager has continued to implement prudent cash conservation measures to ensure sufficient flexibility in comfortably meeting ongoing obligations and commitments. This includes establishing a Distribution Reinvestment Scheme (DRS) in October 2020 (which has yet to be implemented during the financial period) as well as maintaining the income distribution frequency on a semi-annual basis and payout of at least 90% of distributable income.

For more information, please refer to Capital Management section.



IRENE SIN MAY LIN
Chief Financial Officer
Sunway REIT Management Sdn Bhd

IN CONVERSATION WITH OUR CFO

The Manager has also continued to implement various cost containment measures, including the reduction, cancellation and/or deferment of non-essential operational and capital spending, renegotiation of procurement contracts, and the adoption of a leaner cost structure to improve NPI margins which have been impacted by the crisis.

The Manager continues to stay ahead of the curve by working closely with lessees and Business Unit Management Teams.

For more information, please refer to Operations Review section.

ESG SUSTAINABLE FINANCING

Sunway REIT is firmly committed to Environmental, Social, and Governance (ESG) goals and is proud to be the first M-REIT to integrate ESG factors in its capital management strategy.

In December 2021, SUNREIT Unrated Bond Berhad successfully issued the first tranche of Sunway REIT's inaugural Sustainability-Linked Bond (SLB) as part of its existing RM10 billion unrated medium term notes programme. Structured in compliance with the International Capital Market Association's (ICMA)

Sustainability-Linked Bond Principles, the SLB features a pricing adjustment mechanism benchmarked against the achievement of predetermined Sustainability Performance Targets (SPTs) which measure the improvement in Sunway REIT's sustainability goals, which include renewable energy generation and Building Energy Intensity (BEI) score for its retail properties.

The successful SLB issuance represents a new milestone for sustainable finance in Malaysia and is expected to further strengthen Sunway REIT's ability to access diverse sources of funds while drawing clear parallels between the achievement of ESG targets and optimisation of financing cost.

For more information, please refer to Sustainability Scorecard - Goals and Targets section.

READY FOR A BRIGHTER FUTURE

While headwinds and challenges persist, we anticipate that consumer spending and business sentiment will progressively recover. Sunway REIT will continue to build on the strength of a diversified portfolio and expand through synergistic business collaborations in the coming year.

01 Continuous emphasis on cost discipline to improve overall business margins

02 Close monitoring of liquidity risk and implementing cash conservation strategies

03 Proactive capital management strategies to manage interest rate movements

For more information, please refer to Capital Management section.

04 Ongoing achievement of ESG and sustainability goals across business functions

To find out more about how we are linking our ESG performance to the remuneration of our Senior Management, please refer to Sustainability Scorecard - Goals and Targets section.

**PRIORITIES
FOR
FY2022**

05 Strengthened financial performance from Asset Enhancement Initiatives and potential acquisition growth in line with TRANSCEND 2027 strategic action plans

**FINANCIAL
 HIGHLIGHTS**
FINANCIAL HIGHLIGHTS (RM)

Statement of Profit or Loss and Other Comprehensive Income - Key Data & Financial Ratios	FP2021 ¹ RM'000	FY2020 RM'000	FY2019 RM'000	FY2018 RM'000	FY2017 RM'000
Gross revenue ²	675,558	556,875	580,299	560,406	522,868
Net property income ²	457,076	416,809	439,695	419,930	388,817
Income available for distribution (realised)	221,907	228,902	282,886	282,394	271,099
Earnings per unit (realised) (sen)	6.68	7.76	9.59	9.57	9.19
Distribution per unit (DPU) (sen)	6.10 ³	7.33	9.59	9.57	9.19
Distribution yield (%)	2.9 ⁴	4.5	5.1	5.4	5.2
Management expense ratio (%)	0.74 ⁵	0.86	0.86	0.89	0.85

Statement of Financial Position - Key Data & Financial Ratios	As at 31 December 2021 RM'000	As at 30 June 2020 RM'000	As at 30 June 2019 RM'000	As at 30 June 2018 RM'000	As at 30 June 2017 RM'000
Investment properties	8,701,745	8,020,233	8,047,410	7,280,225	6,689,200
Investment properties - accrued lease income	36,514	16,930	-	-	-
Other non-current assets	12,427	12,902	12,517	13,591	9,063
Current assets	399,787	410,180	98,111	230,042	145,170
Total asset value	9,150,473	8,460,245	8,158,038	7,523,858	6,843,433
Non-current liabilities	(1,881,024)	(1,892,465) ⁶	(91,859)	(384,165)	(72,149)
Current liabilities	(1,804,239)	(1,798,006) ⁶	(3,269,623)	(2,786,457)	(2,559,564)
Total liabilities	(3,685,263)	(3,690,471)	(3,361,482)	(3,170,622)	(2,631,713)
Net Asset Value (NAV)	5,465,210	4,769,774	4,796,556	4,353,236	4,211,720
Total unitholders' funds	5,125,493	4,430,057	4,456,839	4,353,236	4,211,720
NAV attributable to unitholders (before income distribution)	5,125,493	4,430,057	4,456,839	4,353,236	4,211,720
NAV attributable to unitholders (after income distribution)	5,029,598	4,359,964	4,389,691	4,289,917	4,144,867
NAV per unit attributable to unitholders (before income distribution) (RM)	1.4966	1.5042	1.5133	1.4781	1.4301
NAV per unit attributable to unitholders (after income distribution) (RM)	1.4686	1.4804	1.4905	1.4566	1.4074
Lowest NAV per unit attributable to unitholders during the period (RM)	1.4686	1.4804	1.4544	1.4074	1.3547
Highest NAV per unit attributable to unitholders during the period (RM)	1.4827	1.4905	1.4905	1.4566	1.4074
Closing unit price (RM)	1.41	1.62	1.87	1.77	1.78
Premium/(Discount) to NAV (%)	(4.0)	9.4	25.5	21.5	26.5

¹ For the financial period of 18 months from 1 July 2020 to 31 December 2021.

² Included unbilled lease income receivable pursuant to MFRS 16 *Leases* (from FY2020 onwards).

³ Comprised income distributed of 3.30 sen per unit and proposed final income distribution of 2.80 sen per unit.

⁴ Based on annualised DPU of 4.06 sen divided by the closing unit price as at 31 December 2021 of RM1.41.

⁵ Based on annualised trust expenses for the financial period of 18 months from 1 July 2020 to 31 December 2021.

⁶ The comparative figures as at 30 June 2020 have been reclassified to conform to the current financial period's presentation.

**FINANCIAL
 HIGHLIGHTS**
FINANCIAL HIGHLIGHTS (USD)

Statement of Profit or Loss and Other Comprehensive Income - Key Data & Financial Ratios	FP2021 ^{1,7} USD'000	FY2020 USD'000	FY2019 USD'000	FY2018 USD'000	FY2017 USD'000
Gross revenue ²	159,858	132,274	142,013	134,527	125,606
Net property income ²	108,158	99,005	107,604	100,805	93,404
Income available for distribution (realised)	52,510	54,371	69,229	67,789	65,125
Earnings per unit (realised) (cents)	1.58	1.84	2.35	2.30	2.21
Distribution per unit (DPU) (cents)	1.44 ³	1.74	2.35	2.30	2.21
Distribution yield (%)	2.9 ⁴	4.5	5.1	5.4	5.2
Management expense ratio (%)	0.74 ⁵	0.86	0.86	0.89	0.85

Statement of Financial Position - Key Data & Financial Ratios	As at 31 December 2021 ⁷ USD'000	As at 30 June 2020 USD'000	As at 30 June 2019 USD'000	As at 30 June 2018 USD'000	As at 30 June 2017 USD'000
Investment properties	2,088,252	1,871,700	1,946,169	1,803,152	1,557,802
Investment properties - accrued lease income	8,763	3,951	-	-	-
Other non-current assets	2,982	3,011	3,027	3,366	2,111
Current assets	95,941	95,725	23,727	56,976	33,808
Total asset value	2,195,938	1,974,387	1,972,923	1,863,494	1,593,721
Non-current liabilities	(451,410)	(441,648) ⁶	(22,215)	(95,149)	(16,802)
Current liabilities	(432,983)	(419,605) ⁶	(790,719)	(690,144)	(596,079)
Total liabilities	(884,393)	(861,253)	(812,934)	(785,293)	(612,881)
Net Asset Value (NAV)	1,311,545	1,113,134	1,159,989	1,078,201	980,840
Total unitholders' funds	1,230,020	1,033,852	1,077,833	1,078,201	980,840
NAV attributable to unitholders (before income distribution)	1,230,020	1,033,852	1,077,833	1,078,201	980,840
NAV attributable to unitholders (after income distribution)	1,207,007	1,017,495	1,061,594	1,062,518	965,269
NAV per unit attributable to unitholders (before income distribution) (USD)	0.3592	0.3510	0.3660	0.3661	0.3330
NAV per unit attributable to unitholders (after income distribution) (USD)	0.3524	0.3455	0.3605	0.3608	0.3278
Lowest NAV per unit attributable to unitholders during the period (USD)	0.3524	0.3455	0.3517	0.3486	0.3155
Highest NAV per unit attributable to unitholders during the period (USD)	0.3558	0.3478	0.3605	0.3608	0.3278
Closing unit price (USD)	0.34	0.38	0.45	0.44	0.41
Premium/(Discount) to NAV (%)	(4.0)	9.4	25.5	21.5	26.5

¹ For the financial period of 18 months from 1 July 2020 to 31 December 2021.

² Included unbilled lease income receivable pursuant to MFRS 16 *Leases* (from FY2020 onwards).

³ Comprised income distributed of 0.78 cents per unit and proposed final income distribution of 0.66 cents per unit.

⁴ Based on annualised DPU of 0.96 cents divided by the closing unit price as at 31 December 2021 of USD0.34.

⁵ Based on annualised trust expenses for the financial period of 18 months from 1 July 2020 to 31 December 2021.

⁶ The comparative figures as at 30 June 2020 have been reclassified to conform to the current financial period's presentation.

⁷ Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position were translated at the average exchange rate of 4.2260 and closing exchange rate of 4.1670 as at 31 December 2021 respectively.

PERFORMANCE BENCHMARKS

Performance Benchmark	FP2021	FY2020	Commentary
i. Management expense ratio (MER) (%)	0.74%	0.86%	MER was lower by 0.12% due to larger net asset value with the completion of a private placement in October 2020, while management expense remained largely the same. The MER was comparable to the top five M-REITs (in terms of market capitalisation), which ranged from 0.60% - 0.80%. ⓘ For more information on the calculation of MER verified by auditors, please refer to Note 30 to Audited Financial Statements section.
ii. Total return (%)	-10.1%	-8.9%	Total return for the financial period was a reflection of the drop in closing unit price of 13.0%, which was partially cushioned by the annualised distribution yield of 2.9%. Total return for FY2020 also resulted from a price contraction of 13.4%, offsetting the distribution yield of 4.5%. ⓘ For more information, please refer to Financial Review section.
iii. Average total return (5 years) (%)	1.8%	6.5%	The 5-year average total return was lower due to the negative total return in FP2021.
iv. Average total return (3 years) (%)	-2.8%	2.2%	The 3-year average total return was lower due to the negative total return in FP2021.
v. Distribution yield (%)	2.9%	4.5%	Distribution yield was lower by 1.6% due to the decrease in annualised DPU of 44.7%, while the closing unit price declined by 13.0%.
vi. NAV per unit attributable to unitholders (after income distribution) (RM)	1.4686	1.4804	New units in relation to the private placement exercise in October 2020 were issued at RM1.48 per unit. The decline in NAV per unit of 0.8% was attributable to the unrealised fair value loss on investment properties of RM57.3 million following the revaluation exercise in December 2021.
vii. Closing unit price (RM)	1.41	1.62	The unit price for Sunway REIT decreased by 13.0% due to the adverse impacts brought about by the pandemic on the Retail and Hotel segments of Sunway REIT. ⓘ For more information, please refer to Trading Performance section.

- i. Ratio of annualised trust expenses in operating Sunway REIT of RM39.9 million (FY2020: RM40.5 million) to the NAV (after income distribution) of Sunway REIT of RM5.4 billion (FY2020: RM4.7 billion).
- ii. Change in unit price of Sunway REIT from the beginning to the end of the financial period plus annualised distribution yield for the financial period.
- iii.,iv. Sum of the total returns of Sunway REIT over a given number of years divided by that number of years.
- v. Based on annualised DPU of 4.06 sen (FY2020: DPU of 7.33 sen) divided by the closing unit price as at 31 December 2021 of RM1.41 (30 June 2020: RM1.62).
- vi. Determined by deducting the value of all Sunway REIT's liabilities from its total asset value as at the end of the financial period and after the proposed final income distribution for the financial period, divided by the number of issued units.
- vii. Based on the unit price as at 31 December 2021 for FP2021 and 30 June 2020 for FY2020.

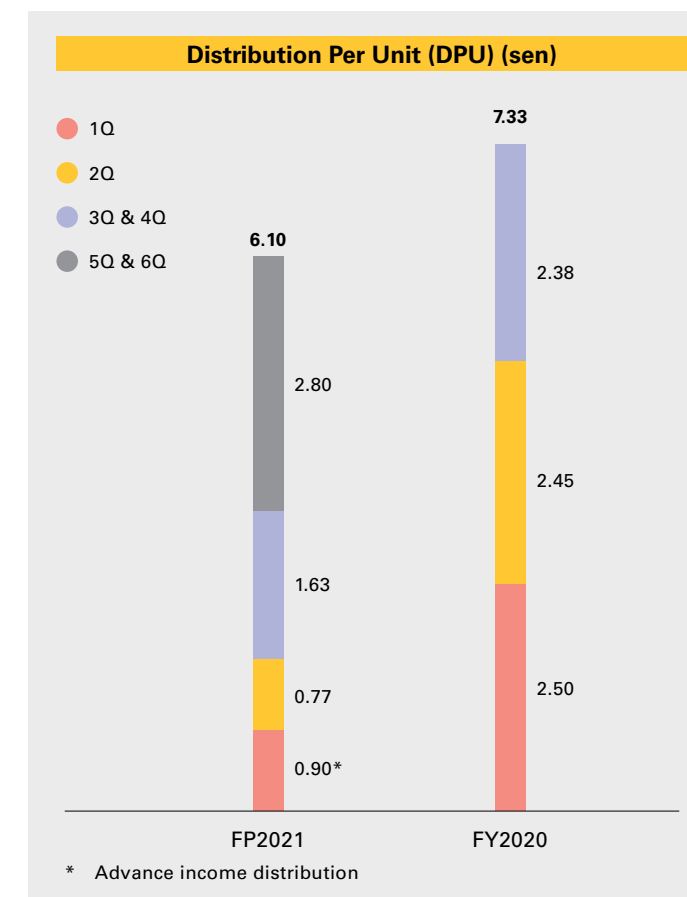
PROFIT FOR THE FINANCIAL PERIOD

Sunway REIT achieved a profit for the financial period ended 31 December 2021 of RM195.5 million (FY2020: RM208.2 million), comprising a realised profit of RM251.8 million (FY2020: RM248.4 million) and an unrealised loss of RM56.3 million (FY2020: RM40.2 million).

The realised profit of RM251.8 million was contributed by net property income from all business segments discussed in the Financial Review section, amounting to RM437.5 million, and interest income of RM11.3 million. Interest income was largely derived from deposits with financial institutions and short-term investments in money market instruments. The income earned was partially used for finance costs of RM137.0 million and Manager's fees of RM53.9 million. The overnight policy rate adjustments by Bank Negara Malaysia since early 2020 contributed to lower finance costs for the financial period following the periodic rate adjustments on floating rate borrowings and the refinancing of borrowings during the financial period at lower market interest rates. The average interest rate for the financial period was 2.79% (FY2020: 3.66%).

The unrealised loss of RM56.3 million was mainly due to fair value loss on investment properties of RM57.3 million (after accounting for capital expenditure incurred of RM155.6 million), which was pursuant to a revaluation exercise undertaken by independent registered valuers on all investment properties held by Sunway REIT as at 31 December 2021. The fair value loss was partially mitigated by a reversal of deferred tax expense of RM0.8 million in relation to the freehold land component within the investment properties.

ⓘ For more information, please refer to Fair Value of Investment Properties section.



Sunway REIT's distribution policy requires the Manager to distribute at least 90% of the distributable income of Sunway REIT. This translates to more than 90% of its taxable income in a year of assessment where Sunway REIT will be exempted from income tax for the same year of assessment.

For the current financial period ended 31 December 2021, the Manager has proposed a total cash income distribution of RM204.6 million or 6.10 sen per unit, achieving at least 90% of the distributable income of Sunway REIT of RM221.9 million. Accordingly, RM17.3 million or 0.52 sen per unit has been retained.

The income distribution frequency was varied from quarterly to half-yearly with effect from 1 January 2020 (3Q FY2020) as a pre-emptive cash conservation measure in view of the rental support provided to eligible tenants/lessees and the slower collection pace. The income distribution for the period from 1 July 2020 to 30 September 2020 (1Q FP2021) was an advance income distribution to the existing unitholders of Sunway REIT prior to the issuance of new units pursuant to the private placement exercise in October 2020. Thereafter, Sunway REIT continued with semi-annual income distribution for the periods ended 30 June 2021 (3Q & 4Q FP2021) and 31 December 2021 (5Q & 6Q FP2021).

FINANCIAL HIGHLIGHTS

At the 8th Annual General Meeting (AGM) on 2 October 2020, the unitholders of Sunway REIT approved the establishment of a Distribution Reinvestment Scheme (DRS) that provides the unitholders of Sunway REIT with an option to elect to reinvest all or part of their cash income distribution in new units of Sunway REIT (DRS units). The Manager has not applied the DRS to the income distribution during the financial period and will be seeking a renewal of the authority to issue DRS units when required at the 9th AGM to be held on 7 April 2022.

For more information, please refer to Ordinary Resolution 3 of the Notice of Ninth Annual General Meeting.

STATEMENT OF FINANCIAL POSITION

Total Asset Value **RM9.2** Billion  **8.2%**

The total asset value (TAV) of Sunway REIT increased by 8.2% or RM0.7 billion to RM9.2 billion as at 31 December 2021 compared to RM8.5 billion as at 30 June 2020. The increase was largely contributed by the increase in investment properties of RM0.7 billion through the acquisition of The Pinnacle Sunway from the Sponsor for RM450 million on 20 November 2020 and ongoing capital expenditure, mainly for the expansion of Sunway Carnival Shopping Mall and the phased refurbishment of Sunway Resort Hotel.

Right-of-use asset and lease liability were pursuant to a 12-year land lease obtained from the State Government of Penang in relation to Sunway Carnival Shopping Mall for car park purposes and recognised in accordance with MFRS 16 *Leases*.

Total liabilities, which mainly comprised borrowings, remained largely unchanged at RM3.7 billion. Total borrowings stood at RM3.4 billion as at 31 December 2021 and 30 June 2020, with planned capital expenditure being funded by proceeds from private placements and available cash.

Correspondingly, the net asset value (NAV), comprising unitholders' funds and perpetual note holders' funds, increased by RM0.7 billion to RM5.5 billion as at 31 December 2021 from RM4.8 billion as at 30 June 2020. The increase was largely due to the issuance of new units pursuant to the private placement exercise that raised net proceeds of RM706 million, which contributed to higher unitholders' funds. The perpetual note holders' funds were in relation to the proceeds from the issuance of a perpetual note of RM0.3 billion (net of transaction costs incurred) in April 2019.

STATEMENT OF CASH FLOWS

Operating Activities

Net cash generated from operating activities was RM432.5 million, derived from rental collections and refundable deposits received from lessees and tenants, which were partially used for property operating expenses.

Investing Activities

Net cash used in investing activities of RM575.0 million was predominantly for the balance purchase consideration and incidental costs on acquisition of The Pinnacle Sunway, progress payments for expansion works at Sunway Carnival Shopping Mall and refurbishment works at Sunway Resort Hotel, which was partially offset by net redemption of investment in money market instruments.

Financing Activities

Net cash generated from financing activities of RM331.2 million was mainly attributable to gross proceeds from a private placement of RM710.0 million, reduced by the income distribution paid to unitholders of RM178.8 million, interest paid of RM137.4 million and redemption of commercial papers of RM50.0 million.

Cash and Cash Equivalents

Cash and cash equivalents, representing cash and bank balances, stood at RM290.5 million as at 31 December 2021, higher by RM188.7 million compared to RM101.8 million as at 30 June 2020, and mainly contributed by balance proceeds from the private placement.

VALUE ADDED STATEMENT

	FP2021 ¹ RM'000	FY2020 RM'000	FY2019 RM'000	FY2018 RM'000	FY2017 RM'000
Value Added					
Total turnover	675,558	556,875	580,299	560,406	522,868
Purchases of goods and services	(218,482)	(140,066)	(140,604)	(140,476)	(134,051)
Interest and other income/(expense)	(66,953)	(56,615)	101,305	148,085	158,198
Total Value Added	390,123	360,194	541,000	568,015	547,015
Reconciliation					
Total comprehensive income for the period/year	198,112	206,091	386,348	426,894	424,804
Add: Finance costs	136,969	116,392	117,664	105,646	89,295
Manager's fees	53,912	36,989	36,260	34,463	31,650
Trustee's fees	1,130	722	728	1,012	1,266
Total Value Added	390,123	360,194	541,000	568,015	547,015
Value Distributed					
Manager and Trustee					
Manager's fees	53,912	36,989	36,260	34,463	31,650
Trustee's fees	1,130	722	728	1,012	1,266
Providers of capital					
Finance costs	136,969	116,392	117,664	105,646	89,295
Perpetual note distribution ²	29,917	19,944	4,141	-	-
Income distribution ³	204,596	215,874	282,433	281,844	270,652
Reinvestment and growth					
Undistributed income/(loss) ⁴	(36,401)	(29,727)	99,774	145,050	154,152
Total Value Distributed	390,123	360,194	541,000	568,015	547,015

¹ For financial period of 18 months from 1 July 2020 to 31 December 2021.

² In respect of amount reserved and distribution paid to perpetual note holders.

³ In respect of proposed/declared income distribution to unitholders. The proposed final income distribution will be recognised and paid in the following financial year.

⁴ Mainly comprises unrealised income/(loss).

FAIR VALUE OF INVESTMENT PROPERTIES

The investment properties of Sunway REIT stood at RM8.74 billion as at 31 December 2021, comprising investment properties at fair value of RM8.49 billion and investment properties under construction at cost of RM0.25 billion. Investment properties at fair value increased by RM553 million primarily contributed by The Pinnacle Sunway and the properties under Services and Industrial & Others.

The fair value loss was a reflection of the ongoing capital expenditure on property development works, partially supported by the stable contributions from the Office, Services and Industrial & Others segments. The portfolio property yield similarly eased to 3.5% in FP2021.

Property	Location	Fair Value 31 December 2021 RM'million	Fair Value 30 June 2020 RM'million	Change in Value RM'million	Property Yield FP2021 ¹ %	Property Yield FY2020 %
Retail						
Sunway Pyramid Shopping Mall	Selangor	3,830	3,830	-	3.2	5.3
Sunway Carnival Shopping Mall	Penang	393	393	-	3.7	5.7
SunCity Ipoh Hypermarket	Perak	53	53	-	5.6	6.5
Sunway Putra Mall	Kuala Lumpur	525	545	(20)	2.4	3.3
		4,801	4,821	(20)	3.2	5.2
Hotel						
Sunway Resort Hotel	Selangor	575	500	75	-0.2	3.5
Sunway Pyramid Hotel	Selangor	344	342	2	0.0	3.7
Sunway Clio Property	Selangor	307	307	-	5.8	6.1
Sunway Hotel Seberang Jaya	Penang	60	60	-	0.2	4.3
Sunway Putra Hotel	Kuala Lumpur	330	334	(4)	2.5	2.5
Sunway Hotel Georgetown	Penang	80	80	-	2.4	3.1
		1,696	1,623	73	1.6	3.8
Office						
Menara Sunway	Selangor	172	172	-	7.0	7.2
Sunway Tower	Kuala Lumpur	120	120	-	0.5	0.2
Sunway Putra Tower	Kuala Lumpur	133	133	-	5.6	5.9
Wisma Sunway	Selangor	60	60	-	6.3	5.9
The Pinnacle Sunway	Selangor	466	-	466	5.9 ²	N/A
		951	485	466	5.4	4.9
Services						
Sunway Medical Centre (Tower A & B)	Selangor	370	348	22	6.8	7.0
Sunway university & college campus	Selangor	568	560	8	6.2	6.2
		938	908	30	6.5	6.5
Industrial & Others						
Sunway REIT Industrial - Shah Alam 1	Selangor	100	96	4	6.1	6.4
		100	96	4	6.1	6.4
Fair Value of Investment Properties		8,486	7,933	553	3.5	5.0
Less: Acquisition during the financial period				(455) ³		
Less: Capital expenditure				(155)		
Fair Value Loss				(57)		

¹ Property yield was computed based on annualised NPI for the financial period of 18 months from 1 July 2020 to 31 December 2021.

² Property yield was computed based on annualised NPI from completion of the acquisition on 20 November 2020 to 31 December 2021.

³ Purchase consideration for The Pinnacle Sunway, acquired from Sunway Integrated Properties Sdn Bhd and Sunway Pinnacle Sdn Bhd (subsidiaries of the Sponsor) on 20 November 2020, included incidental costs on acquisition i.e. acquisition fee, legal fee and valuation fee.

N/A - Not applicable

CAPITAL MANAGEMENT

The Manager aims to optimise the financing structure and costs of Sunway REIT within the provisions in the Deed and the Listed REIT Guidelines, while keeping a manageable level of risks associated with various forms of financing.

During the financial period, the Manager continued with its proactive capital management strategies that involved optimising the allowed gearing level, maintaining a balanced portfolio of fixed and floating rate borrowings and periodic financing rate reviews with a dynamic and well-diversified financing profile. These strategies were premised on the robust balance sheet of Sunway REIT, tapping into the diversified channels of financing and supported by a respectable pool of financiers.

Moving forward, the Manager has an ambition to integrate ESG goals and targets at the heart of its financing strategies.

i The interest rate risk and financing and refinancing risk of Sunway REIT are addressed in Mitigating Our Risks section.

i For more information on ESG goals and targets, please refer to the Sustainability Scorecard – Goals and Targets section.

5-YEAR TRACK RECORD

	FP2021	FY2020	FY2019	FY2018	FY2017
Total borrowings (RM' billion)	3.4	3.4	3.1	2.9	2.3
Gearing ratio (%)	37.2	40.7	37.9	38.6	34.3
Average cost of debt (%)	2.79	3.66	4.02	3.98	3.95
Fixed : Floating ratio	38 : 62	43 : 57	45 : 55	40 : 60	89 : 11
Average maturity period (years)	2.3	0.4	0.4	0.6	0.4
Interest service cover ratio (times)	2.8	3.1	3.4	3.7	4.1

CAPITAL MANAGEMENT HIGHLIGHTS

Established **Distribution Reinvestment Scheme** pursuant to approval by unitholders in October 2020

Reaffirmed **P1(s) rating by RAM Rating Services Berhad** in recognition of the strong capacity to meet its short-term financial obligations

Raised gross proceeds of **RM710 million** through the **private placement** in October 2020 at the issue price of RM1.48 on par with net asset value per unit of Sunway REIT

Encumbered Sunway Carnival Shopping Mall Expansion and Sunway Hotel Georgetown to **optimise debt headroom**

Successfully **refinanced** all borrowings due during the financial period totalling **RM1.6 billion**

Issued **inaugural Sustainability-Linked Bond in 2021** and the SLB framework was assigned a **Silver Impact by Malaysian Rating Corporation Berhad**

Improved **average cost of debt** to **2.79%**

Improved **gearing level** to **37.2%**

CAPITAL MANAGEMENT

THREE-PRONGED STRATEGY

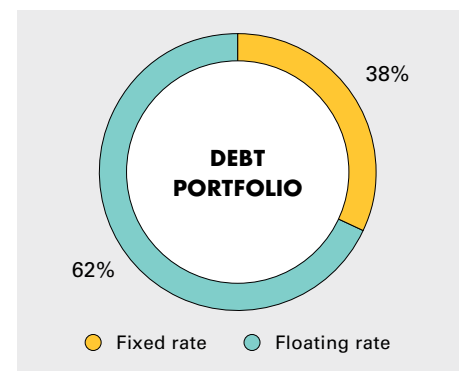
1 OPTIMAL GEARING LEVEL

Sunway REIT ended FP2021 with a healthy gearing level of 37%. It has a gearing policy of not exceeding 50% of its total asset value in accordance with the Listed REIT Guidelines. On 12 August 2020, the SC further increased the gearing limit for M-REITs from 50% to 60%, temporarily until 31 December 2022, in light of the challenging operating environment during the COVID-19 pandemic.

In the short term, the Manager may optimise the allowed gearing level to seize on yield-accretive investments. Over the longer horizon, the Manager always strives to maintain the gearing in the lower-end range of 40% and reviews the opportunity to undertake equity financing when appropriate.

With the completion of the latest private placement in October 2020, which raised gross proceeds of RM710 million to fund the acquisition of The Pinnacle Sunway and the expansion of Sunway Carnival Shopping Mall, the total borrowings of Sunway REIT remained largely unchanged at RM3.4 billion during the financial period. The equity fund strengthened the balance sheet of Sunway REIT, providing large debt headroom of about RM1.2 billion to fund investment opportunities before the gearing reaches the limit of 50%.

2 BALANCED DEBT PORTFOLIO

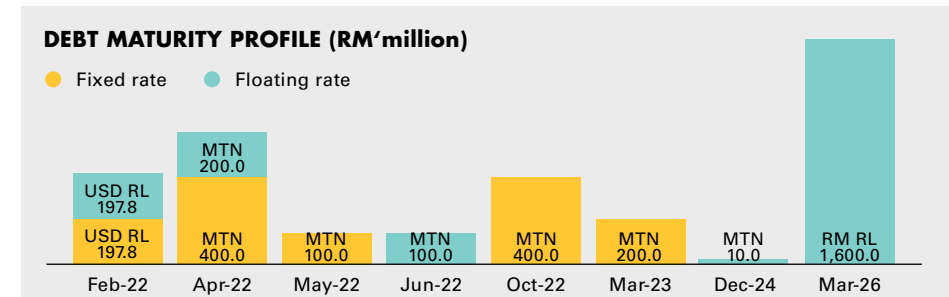


Sunway REIT closed FP2021 with an improved average cost of debt of 2.79%. The ongoing uncertainties surrounding the dynamics of the pandemic during the financial period has prompted the Manager to re-visit its strategy and reduced the fixed rate borrowings of Sunway REIT to 38%.

The Manager envisages to maintain a manageable level of floating rate borrowings to allow Sunway REIT to

3 DYNAMIC AND WELL-DIVERSIFIED FINANCING PROFILE

The Manager has successfully refinanced all the borrowings of Sunway REIT which matured during the financial period on the respective maturity dates. As at 31 December 2021, the weighted average debt maturity of Sunway REIT was approximately 2.3 years.



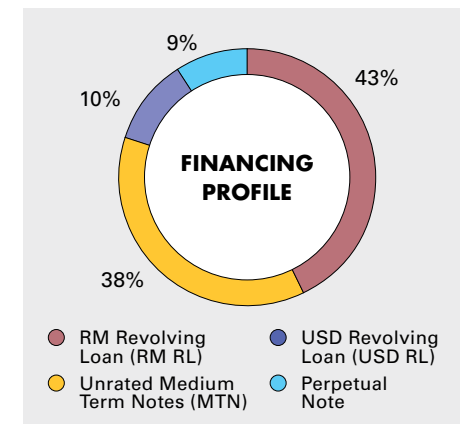
The Manager continued with its agile funding strategy during the financial period to capitalise on market interest rates over short and mid-term horizons. The USD revolving loan (USD RL) was fully hedged with cross currency swap contracts to manage the exposure to foreign currency and interest rate fluctuations. Refinancing risk was moderated by Sunway REIT's adequate credit profile and robust balance sheet, supported by the financial institutions. Sunway REIT recorded interest service cover ratio of 2.8 times for FP2021, well above the covenant level.

The resilient capital management of Sunway REIT is premised on a diversified and balanced financing profile. During the financial period, Sunway REIT established and issued the inaugural Sustainability-Linked Bond (SLB) under the existing unrated medium term notes (MTN) programme of SUNREIT Unrated Bond Berhad, being the first M-REIT to venture

benefit from the interest rate adjustments in view of the accommodative and supportive national monetary policy overseen by Bank Negara Malaysia (BNM), which has continued to yield returns to unitholders over the years.

The Manager will also continue to monitor the interest rate environment for opportunities to lock in favourable fixed rates, including opportunities to hedge through interest rate swap contracts.

into sustainability financing sphere. Besides providing access to diverse financing sources, sustainability financing allows Sunway REIT to enjoy financing cost savings when the sustainability targets are met, providing tangible positive environmental impact. Malaysian Rating Corporation Berhad (MARC) assigned a Silver Impact Bond assessment to the SLB Framework.



FINANCIAL REVIEW

	FP2021 RM'000	12MFP2021 ² RM'000	FY2020 RM'000
Gross revenue ¹	655,974	410,873	539,945
Net property income ¹	437,492	263,466	399,879
Profit for the period/year (realised)	251,824	138,123	248,393
Income available for distribution (realised)	221,907	118,233	228,902
EPU (realised) (sen)	6.68	3.62	7.76
DPU (sen)	6.10	3.30	7.33

Property	Gross Revenue ¹				Net Property Income ¹			
	FP2021 RM'000	12M FP2021 ² RM'000	FY2020 RM'000	Change ³ %	FP2021 RM'000	12M FP2021 ² RM'000	FY2020 RM'000	Change ³ %
Sunway Pyramid Shopping Mall	302,131	178,190	278,982	-36.1%	184,730	98,095	204,825	-52.1%
Sunway Carnival Shopping Mall	45,064	31,556	39,725	-20.6%	21,842	15,830	22,265	-28.9%
SunCity Ipoh Hypermarket	4,504	2,952	3,745	-21.2%	4,438	2,841	3,423	-17.0%
Sunway Putra Mall	52,348	34,041	42,201	-19.3%	18,887	10,777	18,025	-40.2%
Total for Retail Segment	404,047	246,739	364,653	-32.3%	229,897	127,543	248,538	-48.7%
Sunway Resort Hotel ⁴	732	523	19,163	-97.3%	(1,981)	(1,053)	17,455	> -100%
Sunway Pyramid Hotel	1,147	823	13,219	-93.8%	140	148	12,571	-98.8%
Sunway Clio Property	29,851	21,014	21,092	-0.4%	26,678	18,875	18,808	0.4%
Sunway Hotel Seberang Jaya	425	58	2,721	-97.9%	162	(126)	2,553	> -100%
Sunway Putra Hotel	14,526	9,010	9,684	-7.0%	12,507	7,628	8,422	-9.4%
Sunway Hotel Georgetown	3,134	2,370	2,651	-10.6%	2,833	2,171	2,448	-11.3%
Total for Hotel Segment	49,815	33,798	68,530	-50.7%	40,339	27,643	62,257	-55.6%
Menara Sunway	26,201	17,596	18,143	-3.0%	18,197	12,091	12,357	-2.2%
Sunway Tower	6,615	4,684	4,396	6.6%	897	808	251	> 100%
Sunway Putra Tower	18,190	12,125	12,409	-2.3%	11,210	7,678	7,851	-2.2%
Wisma Sunway	10,421	6,973	6,731	3.6%	5,729	3,797	3,542	7.2%
The Pinnacle Sunway ⁵	40,207	22,228	-	N/A	30,745	17,176	-	N/A
Total for Office Segment	101,634	63,606	41,679	52.6%	66,778	41,550	24,001	73.1%
Sunway Medical Centre (Tower A & B)	37,885	25,113	24,263	3.5%	37,885	25,113	24,263	3.5%
Sunway university & college campus	53,356	35,459	34,662	2.3%	53,356	35,459	34,662	2.3%
Total for Services Segment	91,241	60,572	58,925	2.8%	91,241	60,572	58,925	2.8%
Sunway REIT Industrial - Shah Alam 1	9,237	6,158	6,158	0.0%	9,237	6,158	6,158	0.0%
Total for Industrial & Others Segment	9,237	6,158	6,158	0.0%	9,237	6,158	6,158	0.0%
Total Portfolio	655,974	410,873	539,945	-23.9%	437,492	263,466	399,879	-34.1%

¹ Excluded unrealised income in relation to unbilled lease income receivable pursuant to MFRS 16 Leases.

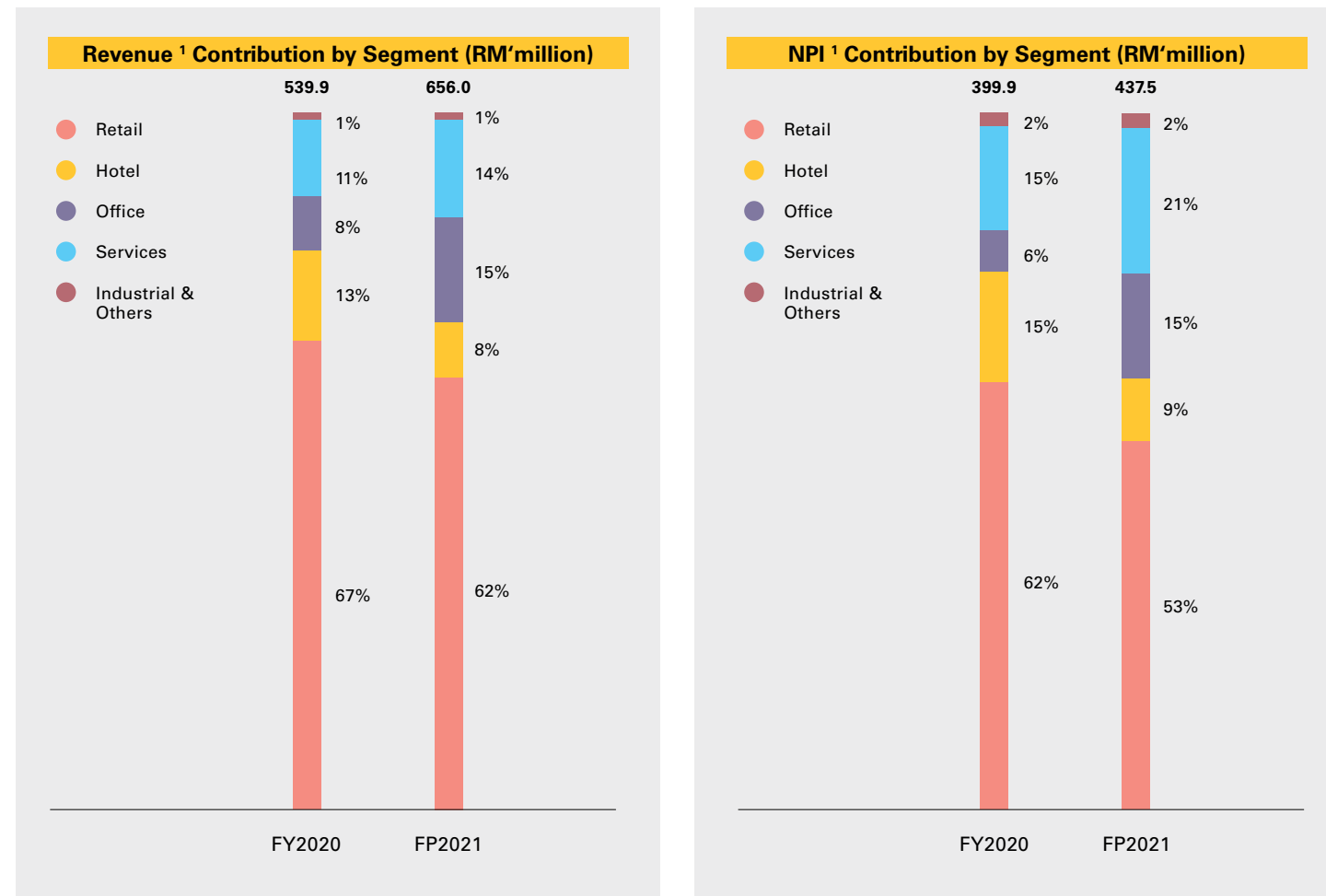
² Results for 12-month financial period ended 30 June 2021 (12MFP2021) have been included for comparison with FY2020.

³ Comparison between 12MFP2021 and FY2020.

⁴ Closed for refurbishment commencing from July 2020 with expected phased reopening in 1H FY2022.

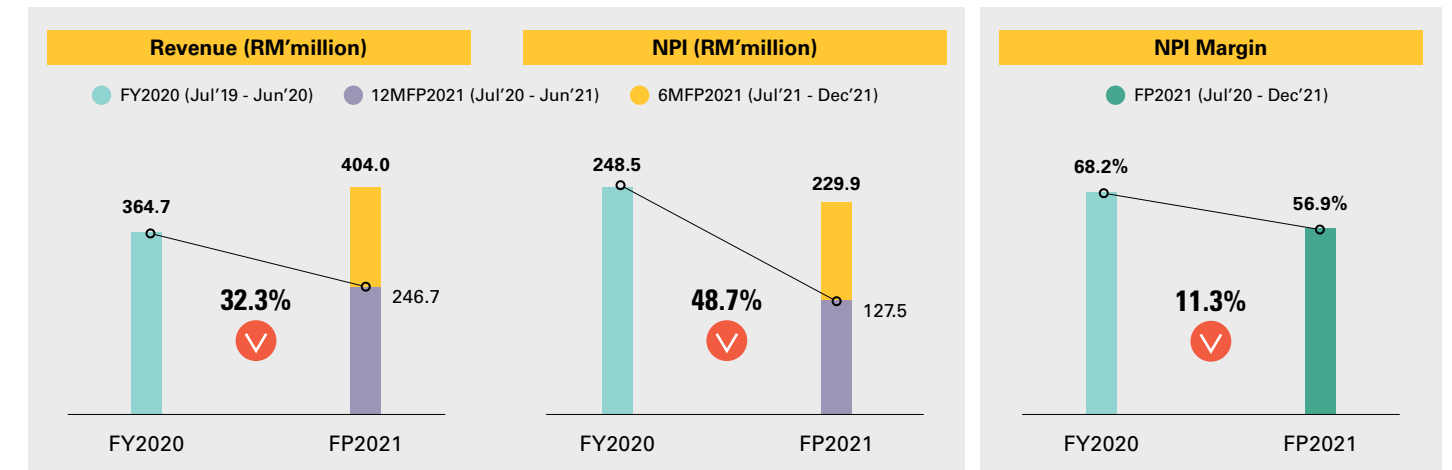
⁵ Acquired on 20 November 2020.

Two core segments of Sunway REIT, namely the Retail and Hotel segments, continued to be adversely impacted by the pandemic, leading to a drop in contribution from those segments in FP2021. The performance of Sunway REIT was cushioned by the contributions from the Office, Services and Industrial & Others segments, which recorded an increase in overall performance mainly due to new contribution from The Pinnacle Sunway, acquired on 20 November 2020, and contractual rental uplifts from the Services and Industrial & Others segments in accordance with their lease agreements.



¹ Excluded unrealised income in relation to unbilled lease income receivable pursuant to MFRS 16 Leases.

RETAIL SEGMENT



The Retail segment remained the key contributor to the revenue and NPI of Sunway REIT, contributing 62% (FY2020: 67%) and 53% (FY2020: 62%) of its total revenue and NPI, respectively. The segment showed encouraging recovery in the first quarter following the easing of movement restrictions coupled with several festive celebrations, before retracting subsequently with the resurgence of COVID-19 cases in Malaysia since September 2020. This led to the reintroduction of targeted restriction movement measures for almost one year, until September 2021. Thereafter, the segment enjoyed a promising recovery

in retail sales and footfall during the last quarter of the financial period. The average occupancy rate of the Retail segment for FP2021 remained stable at 97% (FY2020: 95%).

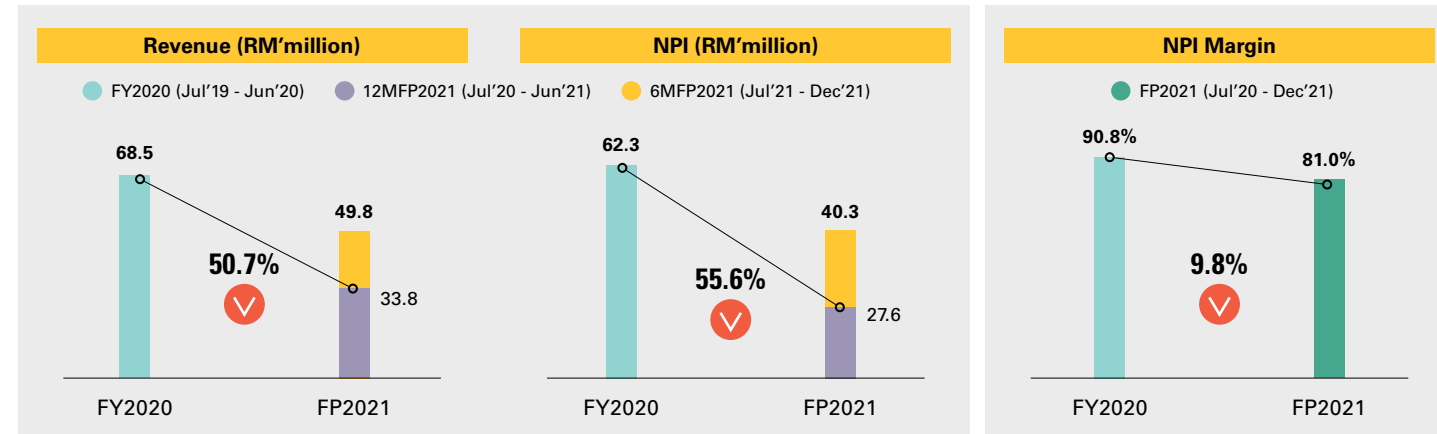
The Retail segment recorded revenue of RM404.0 million and NPI of RM229.9 million for FP2021, after consideration of rental support provided on a case-to-case basis to affected tenants. Revenue and NPI for the 12-month financial period ended 30 June 2021 contracted by 32.3% and 48.7%, respectively, over a longer movement restriction period compared to FY2020.

Sunway Pyramid Shopping Mall being the crown jewel of Sunway REIT, maintained its position as the major contributor with revenue and NPI contributions for the 12-month financial period ended 30 June 2021 of RM178.2 million (FY2020: RM279.0 million) and RM98.1 million (FY2020: RM204.8 million), respectively. The average occupancy rate was fairly stable at 98% for FP2021 (FY2020: 98%).

Sunway Carnival Shopping Mall's revenue declined to RM31.6 million (FY2020: RM39.7 million) and its NPI fell to RM15.8 million (FY2020: RM22.3 million) for the 12-month financial period ended 30 June 2021, while the average occupancy rate for FP2021 closed slightly lower at 95% (FY2020: 96%).

Sunway Putra Mall recorded a drop in revenue to RM34.0 million (FY2020: RM42.2 million) and experienced a corresponding decrease in NPI to RM10.8 million (FY2020: RM18.0 million) for the 12-month financial period ended 30 June 2021. The average occupancy rate remained stable at 93% for FP2021 (FY2020: 93%).

HOTEL SEGMENT



As the hotel industry was one of the worst-hit economic sectors, the Hotel segment's contributions to Sunway REIT's total revenue and NPI decreased to 8% (FY2020: 13%) and 9% (FY2020: 15%), respectively. The segment registered an average occupancy rate of 32% for FP2021, excluding Sunway Resort Hotel which was closed for refurbishment (FY2020: 53%). The Manager took advantage of the lull period to refurbish and upgrade the Sunway Resort Hotel in phases in order to position it for the uptick in demand following the recovery from the pandemic. This transformational refurbishment, which will be completed in phases in 1H FY2022, is expected to provide a whole new experience for both business and leisure travellers.

The Hotel segment recorded gross revenue of RM49.8 million for FP2021, largely supported by guaranteed income from Sunway Clio Property, Sunway Putra Hotel and Sunway Hotel Georgetown amid the enforcement of various movement control orders in Malaysia. The NPI stood at RM40.3 million after the property operating expenses of RM9.5 million, mainly comprising quit rent, assessment and insurance for the hotel properties and the operating expenses of Sunway Clio Retail. For the 12-month financial period ended 30 June 2021, the revenue and NPI were halved to RM33.8 million (FY2020: RM68.5 million) and RM27.6 million (FY2020: RM62.3 million), respectively.

The hotel master leases for Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Putra Hotel and Sunway Hotel Seberang Jaya were renewed during the financial period for a lease period of 10 years, with the rent at 90% of the hotels' gross operating profits for the respective fiscal years.

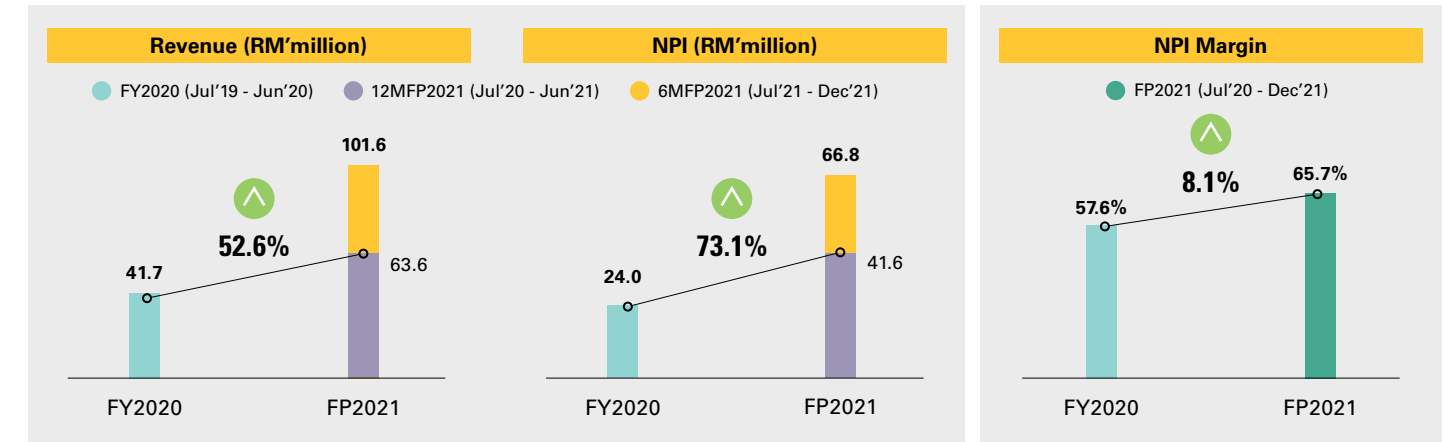
Sunway Resort Hotel was closed for refurbishment from July 2020 in view that Sunway REIT has sufficient capacity in Sunway City, supported by the room inventories at Sunway Pyramid Hotel and Sunway Clio Hotel, to cater for the gradual recovery in demand from domestic travellers while international borders remained closed. The revenue for FP2021 was contributed by the multistorey annexe building within Sunway Resort Hotel's land known as the Pinnacle Annexe.

Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya recorded minimal revenue and NPI for the 12-month financial period ended 30 June 2021, resulting from low gross operating profits earned by the hotels, while both hotels were cushioned by guaranteed rent in FY2020. Nevertheless, Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya attained an average occupancy rate for FP2021 of 29% (FY2020: 59%) and 43% (FY2020: 51%), respectively.

Sunway Clio Property, Sunway Putra Hotel and Sunway Hotel Georgetown's incomes during the financial period were largely protected by guaranteed rent in accordance with the hotel master lease agreements. The top-up for guaranteed rent of Sunway Clio Hotel, Sunway Putra Hotel and Sunway Hotel Georgetown were RM5.6 million, RM10.4 million and RM2.4 million respectively in FP2021. In addition, the top-up for guaranteed NPI of Sunway Clio Property amounted to RM12.3 million for FP2021. Total effect of the top-up for guaranteed income on DPU was approximately 0.90 sen.

Of the three, Sunway Clio Hotel achieved the highest average occupancy rate for FP2021 of 42% (FY2020: 58%), benefiting from the use of the hotel as a quarantine centre, while Sunway Putra Hotel and Sunway Hotel Georgetown reported lower average occupancy rates for FP2021 of 29% (FY2020: 48%) and 20% (FY2020: 53%), respectively, as the hotels were heavily dependent on international tourists, especially from China and India.

OFFICE SEGMENT



The Office segment remained resilient with a largely stable average occupancy rate. The revenue and NPI for the segment were boosted by the new contribution from The Pinnacle Sunway, acquired on 20 November 2020. The average occupancy rate of the Office segment for FP2021 also inched up to 84% (FY2020: 78%) with the inclusion of The Pinnacle Sunway.

Menara Sunway enjoyed a stable average occupancy rate of 97% in FP2021 (FY2020: 97%), being the headquarters of the Sunway Group. For the 12-month financial period ended 30 June 2021, revenue was marginally reduced by 3.0% to RM17.6 million (FY2020: RM18.1 million), mainly due to the cessation of recoupment of capital enhancement from tenants, while the NPI correspondingly declined by 2.2% to RM12.1 million (FY2020: RM12.4 million).

Sunway Tower's performance was commendable with an increase in revenue of 6.6% to RM4.7 million (FY2020: RM4.4 million) and NPI almost tripled from RM0.3 million in FY2020 to RM0.8 million for the 12-month financial period ended 30 June 2021. The average occupancy rate was 32% for FP2021 (FY2020: 33%).

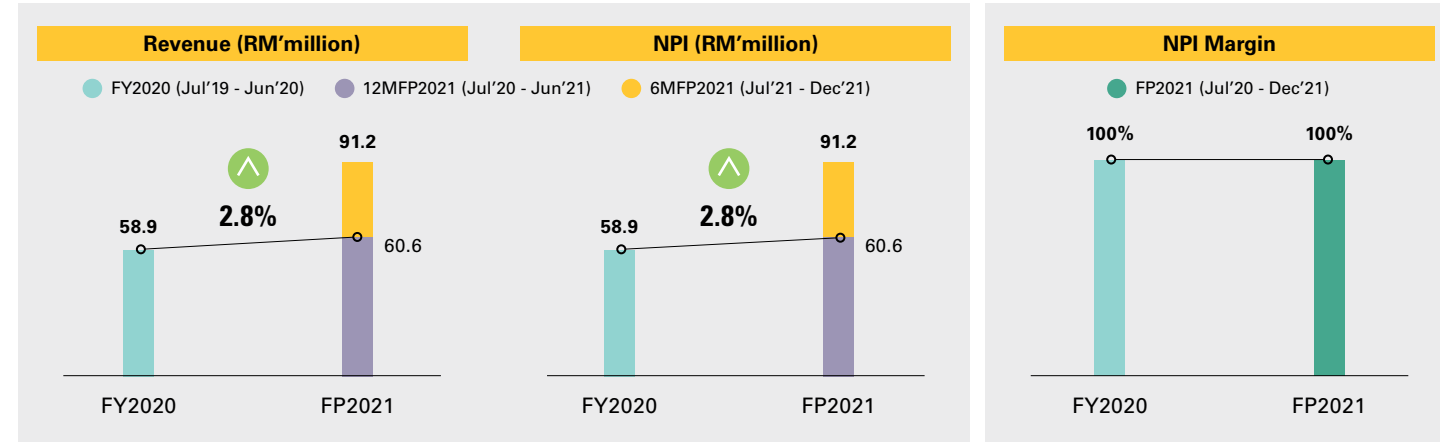
Sunway Putra Tower registered a marginal decline in average occupancy rate from 86% in FY2020 to 83% in FP2021 due to downsizing of an existing tenant in June 2020. The revenue and NPI for the 12-month financial period ended 30 June 2021 correspondingly reduced by 2.3% to RM12.1 million (FY2020: RM12.4 million) and 2.2% to RM7.7 million (FY2020: RM7.9 million), respectively.

Wisma Sunway remained at full occupancy rate and enjoyed a higher revenue of RM7.0 million (FY2020: RM6.7 million) and a higher NPI of RM3.8 million (FY2020: RM3.5 million) for the 12-month financial period ended 30 June 2021, with renewals at a higher average rental rate.

The Pinnacle Sunway contributed revenue and NPI of RM22.2 million and RM17.2 million, respectively, for the 12-month financial period ended 30 June 2021, with a steady average occupancy rate of 97% for FP2021.

**FINANCIAL
REVIEW**

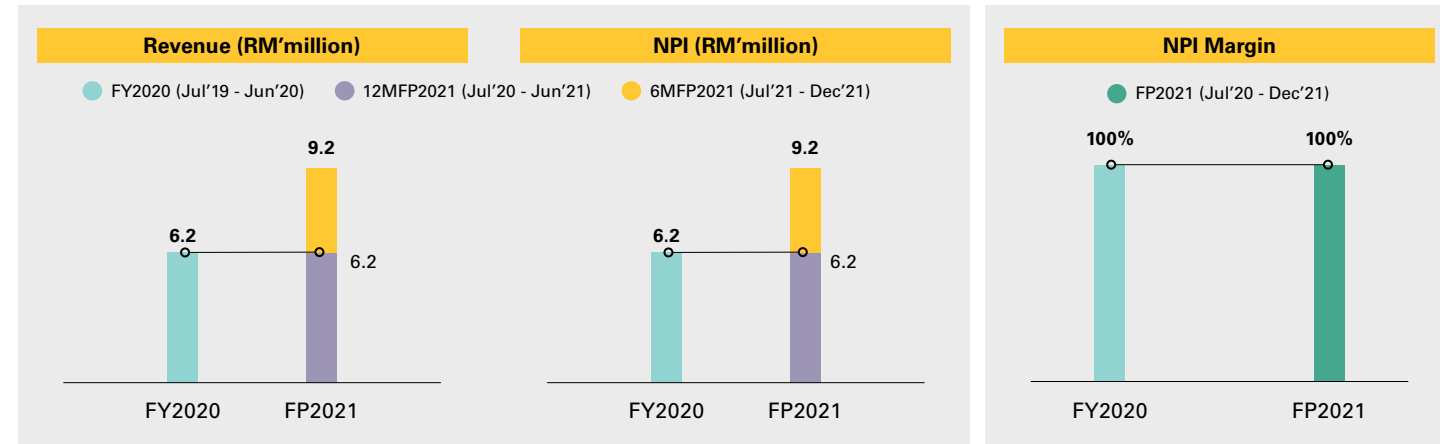
SERVICES SEGMENT



The Services segment consists of Sunway Medical Centre (Tower A & B) and Sunway university & college campus, which are medical and education assets respectively, on a triple-net master lease with fixed rentals and predetermined annual rental reversion.

The segment registered revenue and NPI of RM91.2 million for FP2021. The revenue and NPI for the 12-month financial period ended 30 June 2021 stood at RM60.6 million, an increase of 2.8% or RM1.7 million compared to FY2020, due to annual rental reversions in accordance with the master lease agreements.

INDUSTRIAL & OTHERS SEGMENT

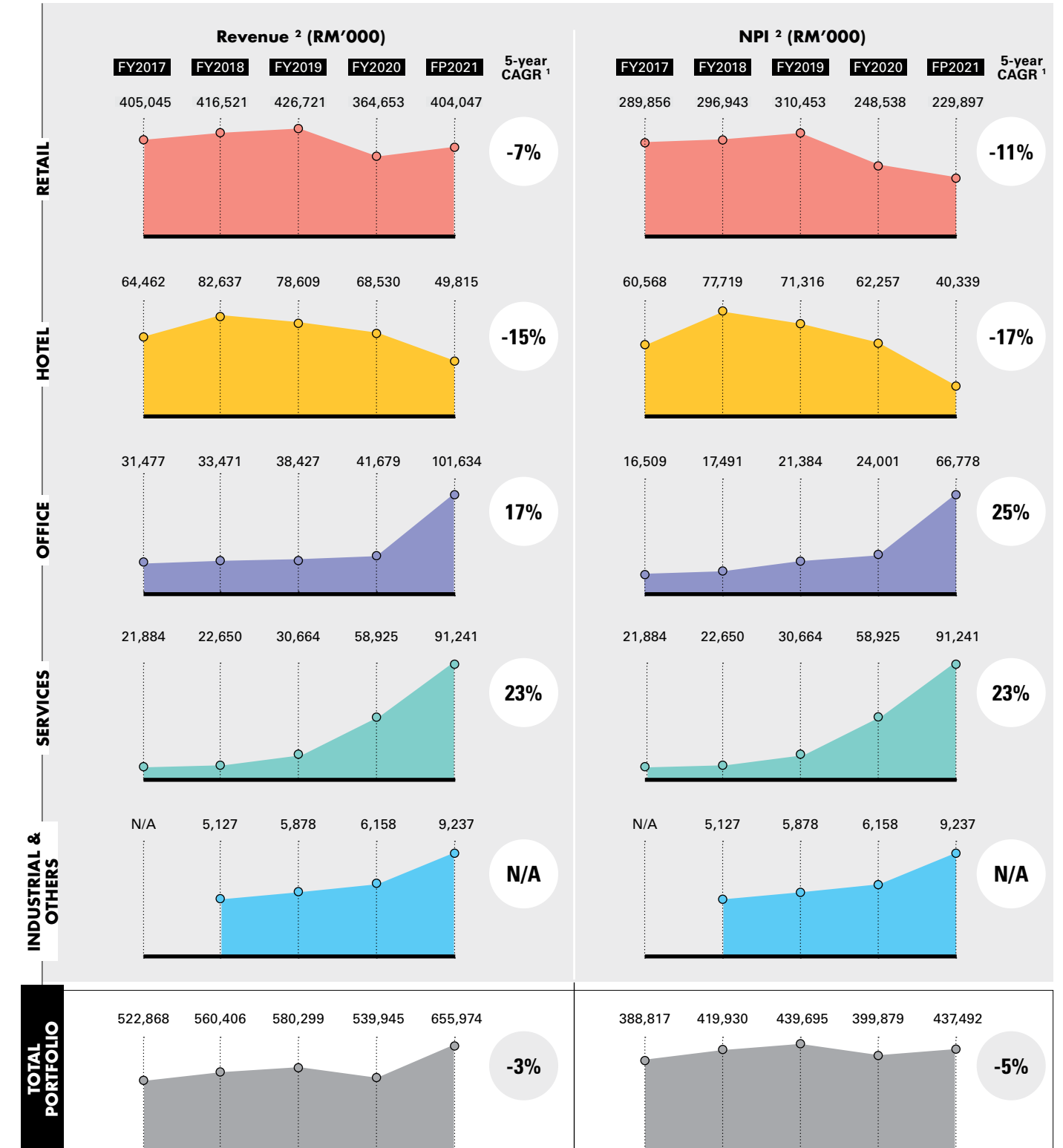


The Industrial & Others segment comprises Sunway REIT Industrial – Shah Alam 1, which is an industrial property under a triple-net master lease with a fixed rental and subject to a rental review every three years. The next rental review is due on 1 January 2022.

The segment delivered a stable rental of approximately RM1.5 million per quarter in accordance with the lease agreement and contributed RM9.2 million to revenue and NPI for FP2021. The revenue and NPI for the 12-month financial period ended 30 June 2021 was RM6.2 million, the same as in FY2020 following the last rental review on 1 January 2019.

**FINANCIAL
REVIEW**

SEGMENTAL PERFORMANCE

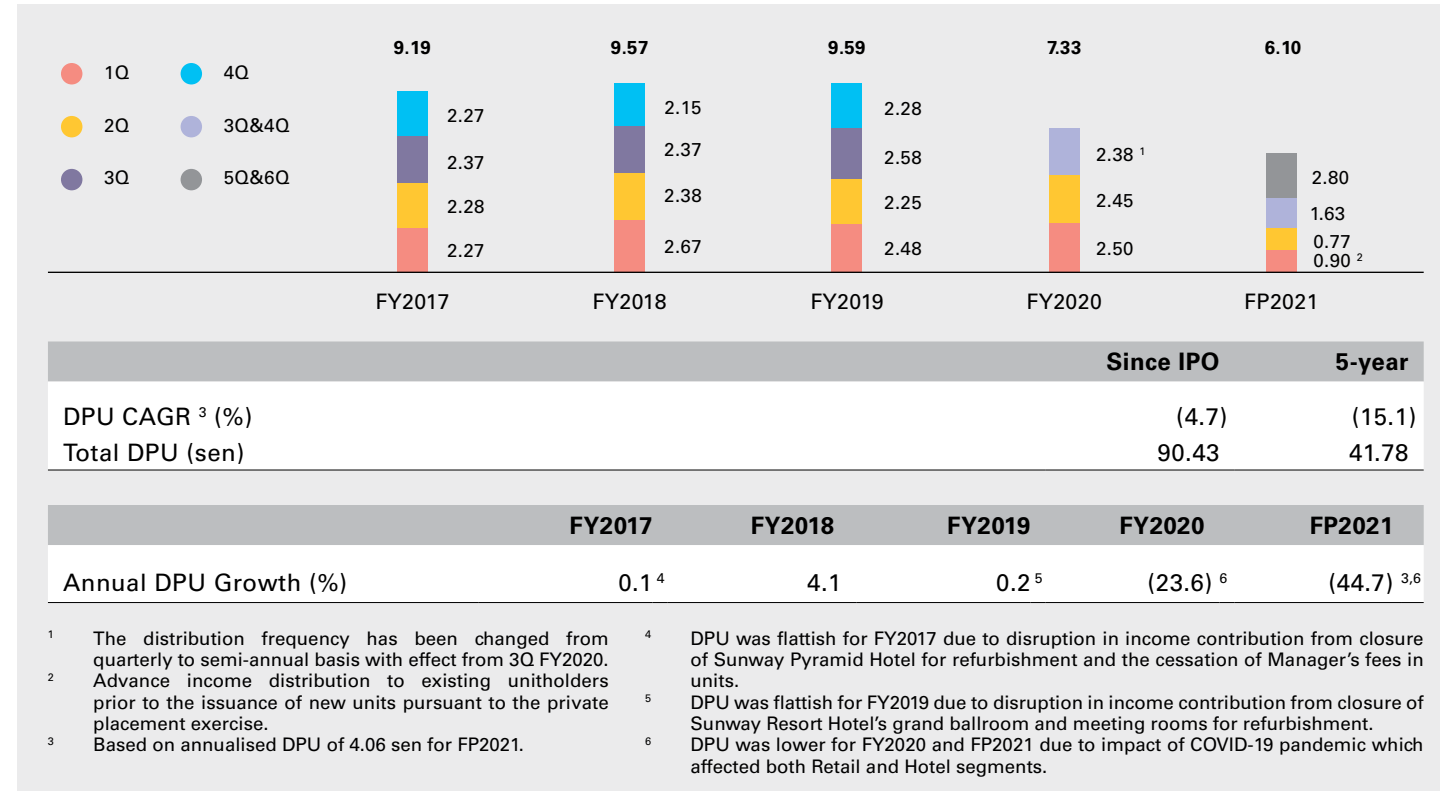


¹ Based on annualised revenue and NPI for FP2021.

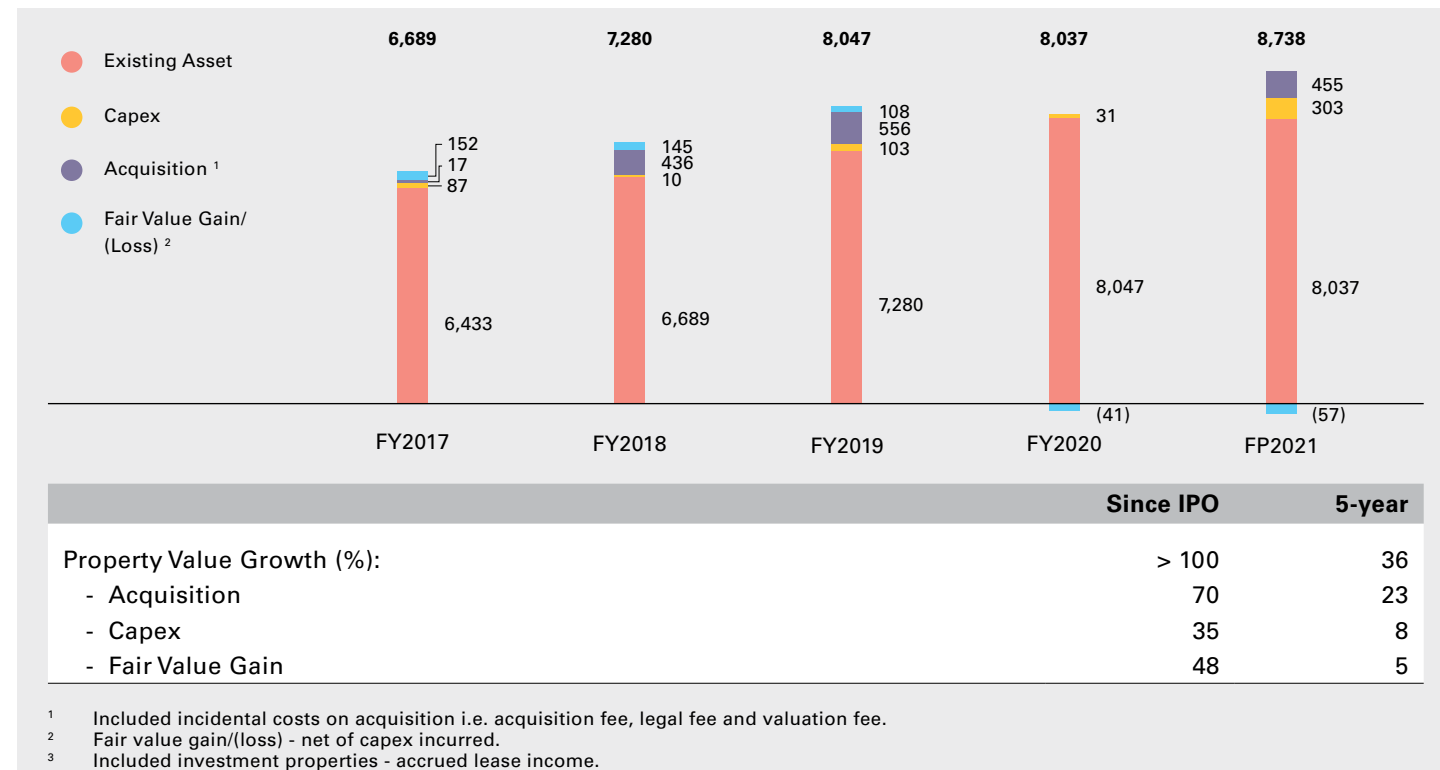
² Excluded unrealised income in relation to unbilled lease income receivable pursuant to MFRS 16 Leases (from FY2020 onwards).

**FINANCIAL
REVIEW**

DISTRIBUTION PER UNIT (SEN)

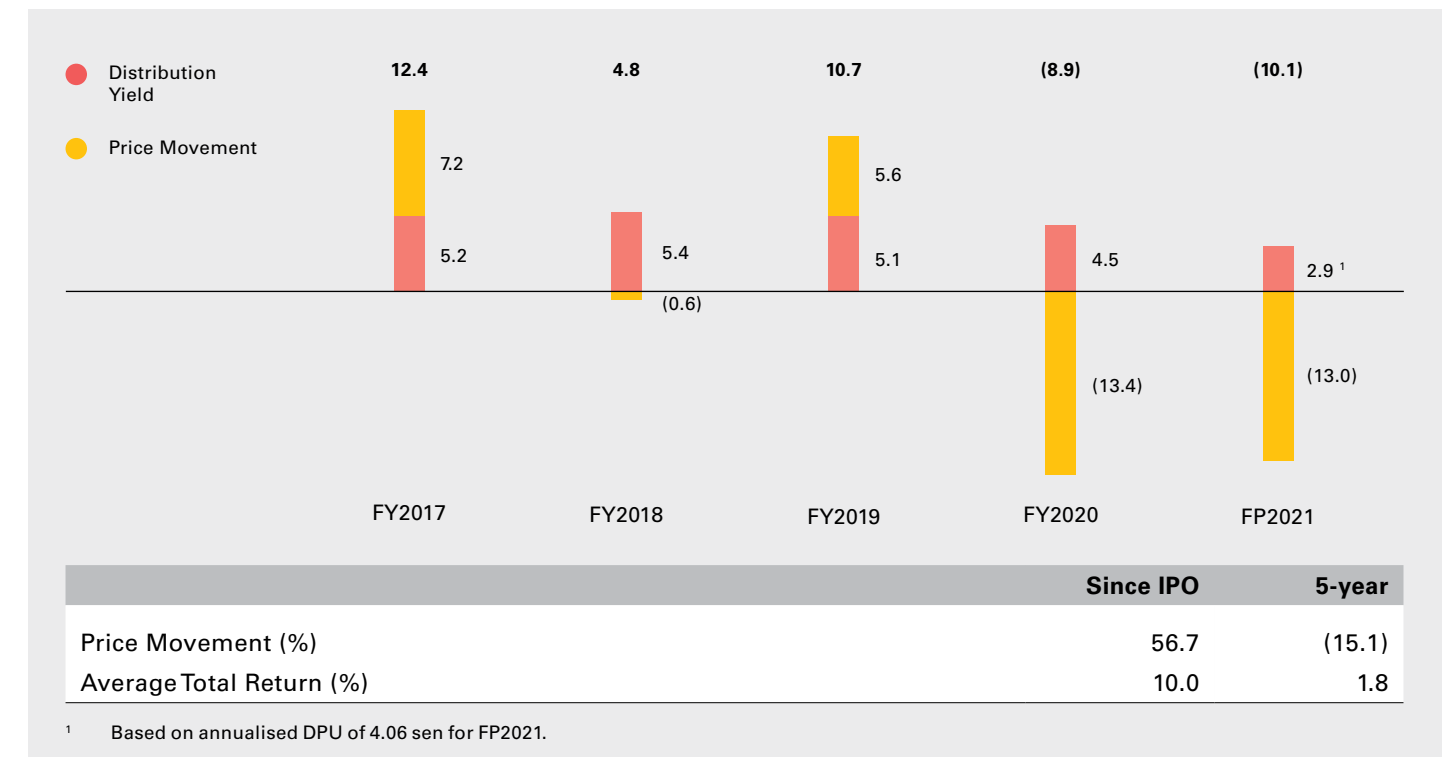


PROPERTY VALUE³ (RM'MILLION)

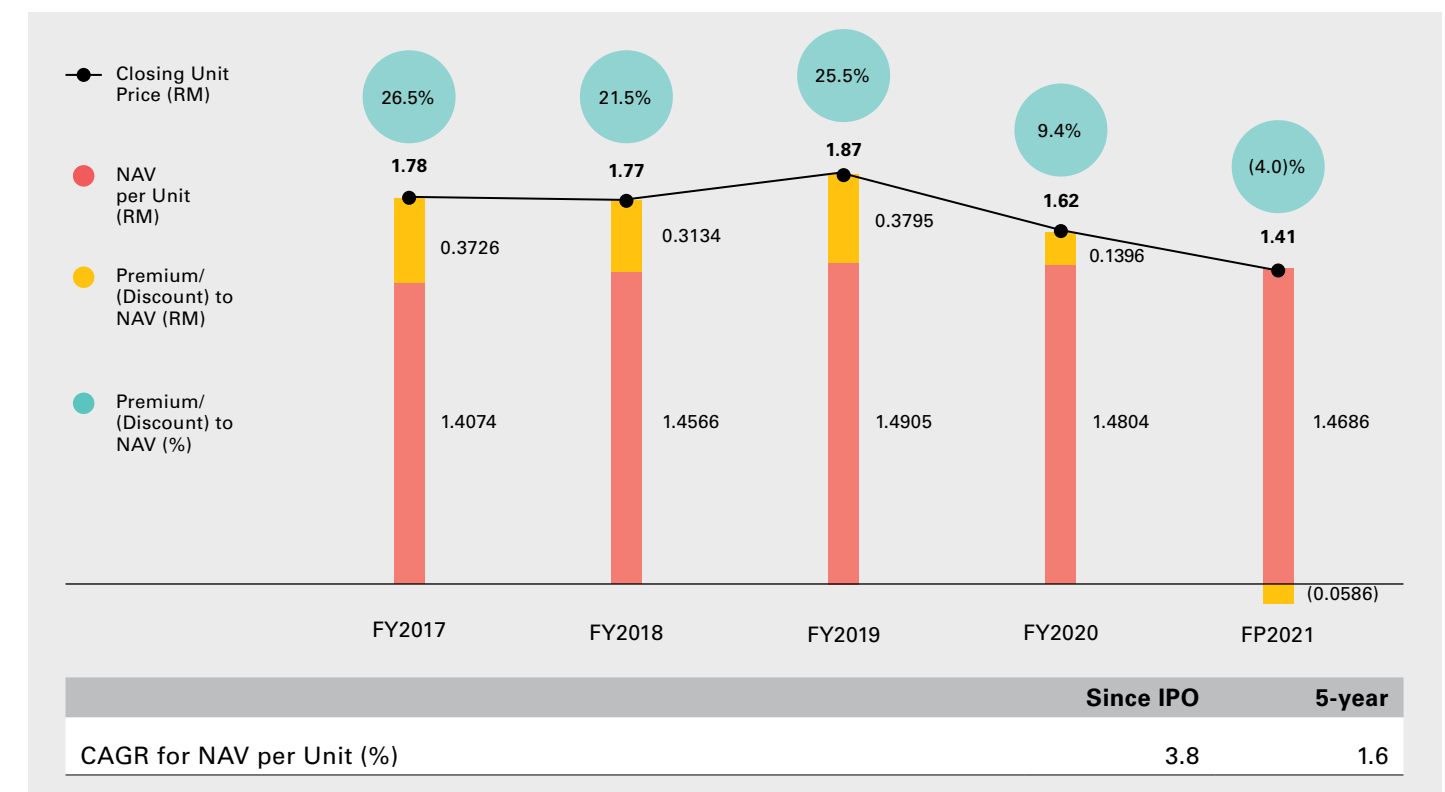


**FINANCIAL
REVIEW**

DISTRIBUTION YIELD & TOTAL RETURN (%)



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



TRADING PERFORMANCE

5-YEAR TRADING PERFORMANCE OF SUNWAY REIT

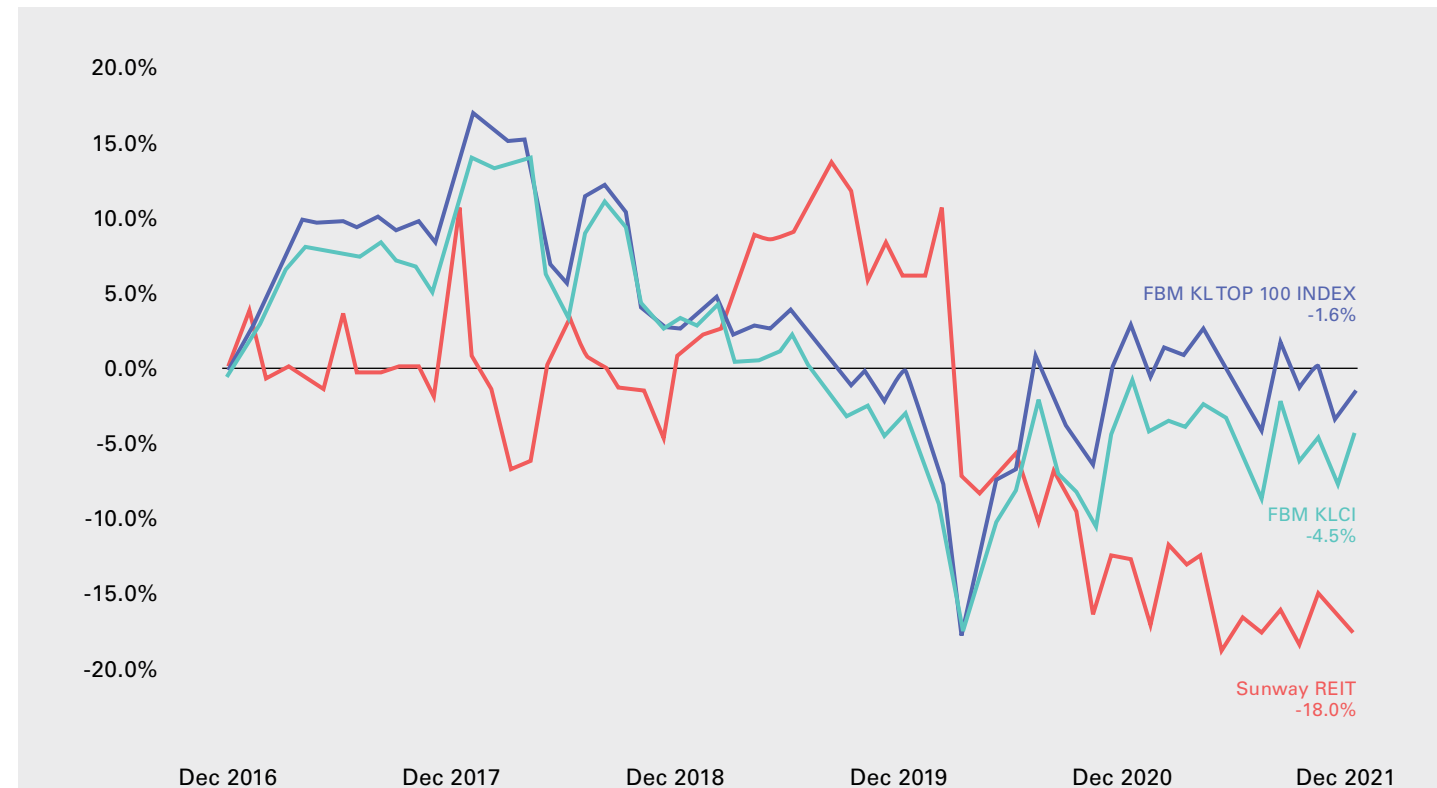
Trading Summary	FY2017	FY2018	FY2019	FY2020	FP2021 ¹
Closing Unit Price (RM)	1.78	1.77	1.87	1.62	1.41
52-Week Highest Traded Price (RM)	1.84	1.90	1.97	1.92	1.72
52-Week Lowest Traded Price (RM)	1.63	1.48	1.61	1.50	1.67
Price Movement (%)	7.2	(0.6)	5.6	(13.4)	(13.0)
Total Return (%)	12.4	4.8	10.7	(8.9)	(10.1) ²
Number of Units in Circulation (unit '000)	2,945,078	2,945,078	2,945,078	2,945,078	3,424,808
Market Capitalisation (RM'000)	5,242,239	5,212,788	5,507,296	4,771,026	4,828,979
Free Float (%)	62.7	59.1	59.1	59.1	59.1
Free Float (unit '000)	1,845,386	1,741,130	1,741,130	1,741,130	2,024,513

Source: Sunway REIT, Bloomberg

¹ 18-month financial period ended 31 December 2021

² Total return derived from the price movement for the period and annualised distribution yield

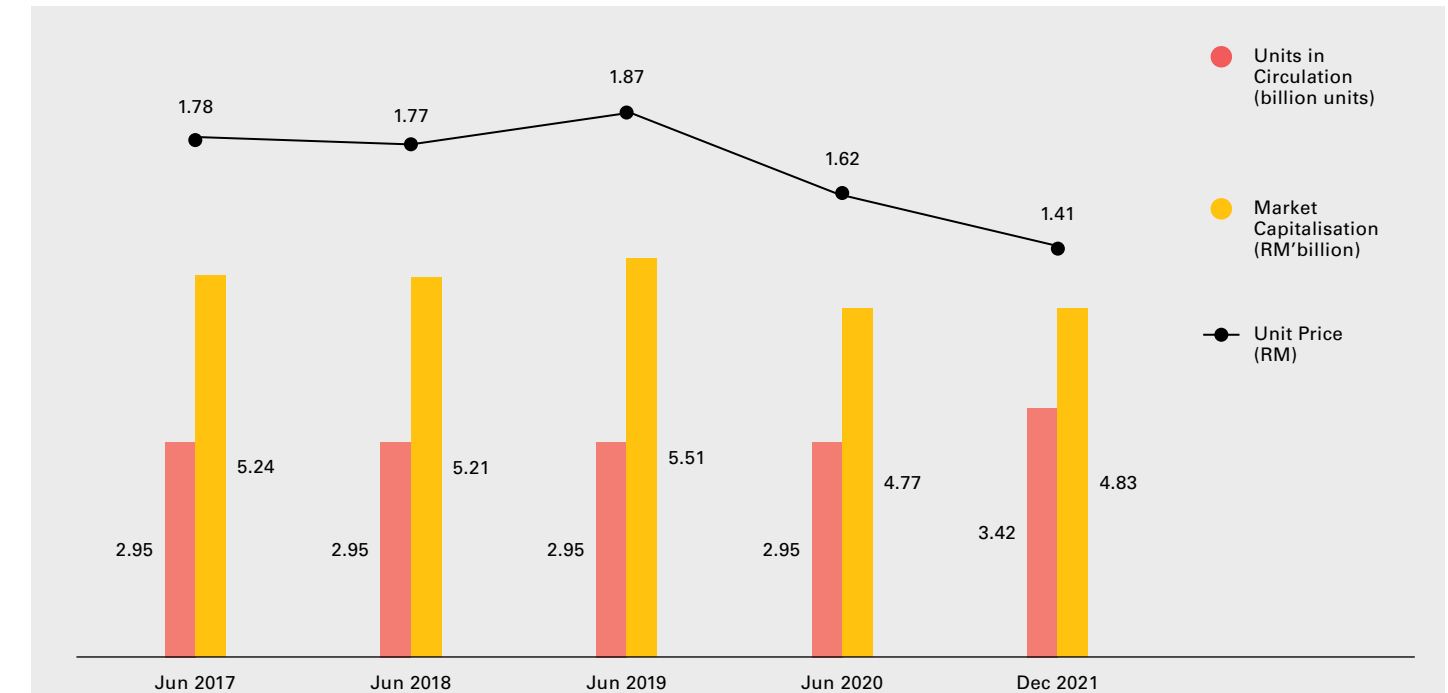
UNIT PRICE PERFORMANCE OF SUNWAY REIT VERSUS FTSE BURSA MALAYSIA KLCI INDEX AND FTSE BURSA MALAYSIA TOP 100 INDEX



Source: Sunway REIT, Bloomberg

TRADING PERFORMANCE

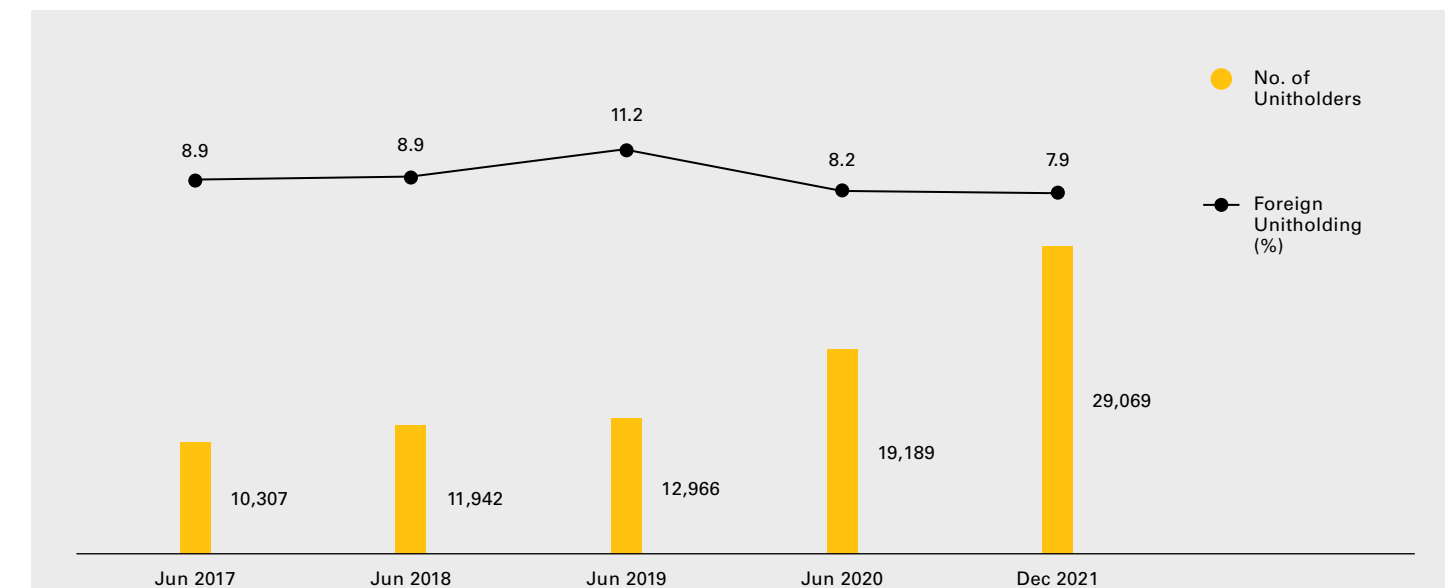
MARKET CAPITALISATION, UNIT PRICE AND UNITS IN CIRCULATION



Note: The financial year end of Sunway REIT was changed from 30 June to 31 December

Source: Sunway REIT, Bloomberg

UNITHOLDERS STATISTICS

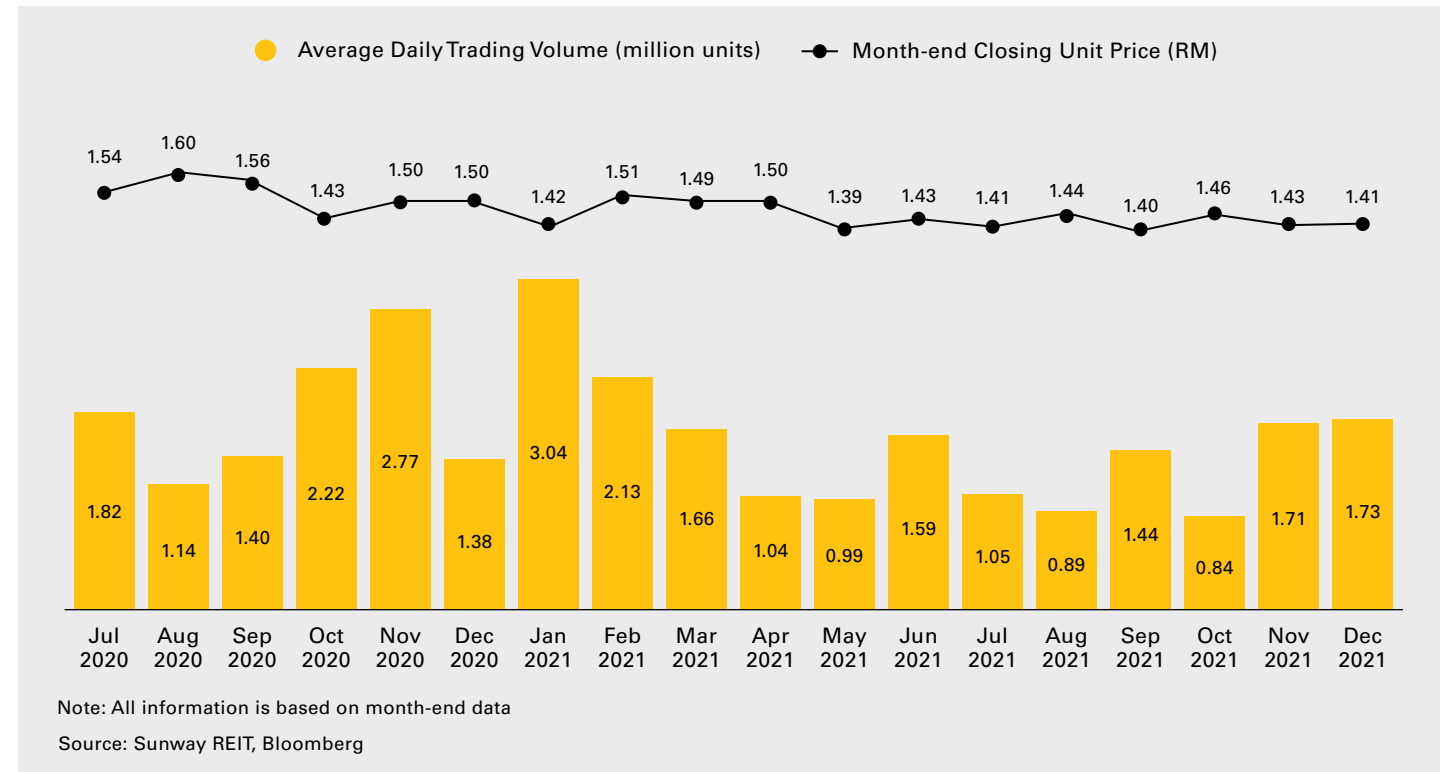


Note: The financial year end of Sunway REIT was changed from 30 June to 31 December

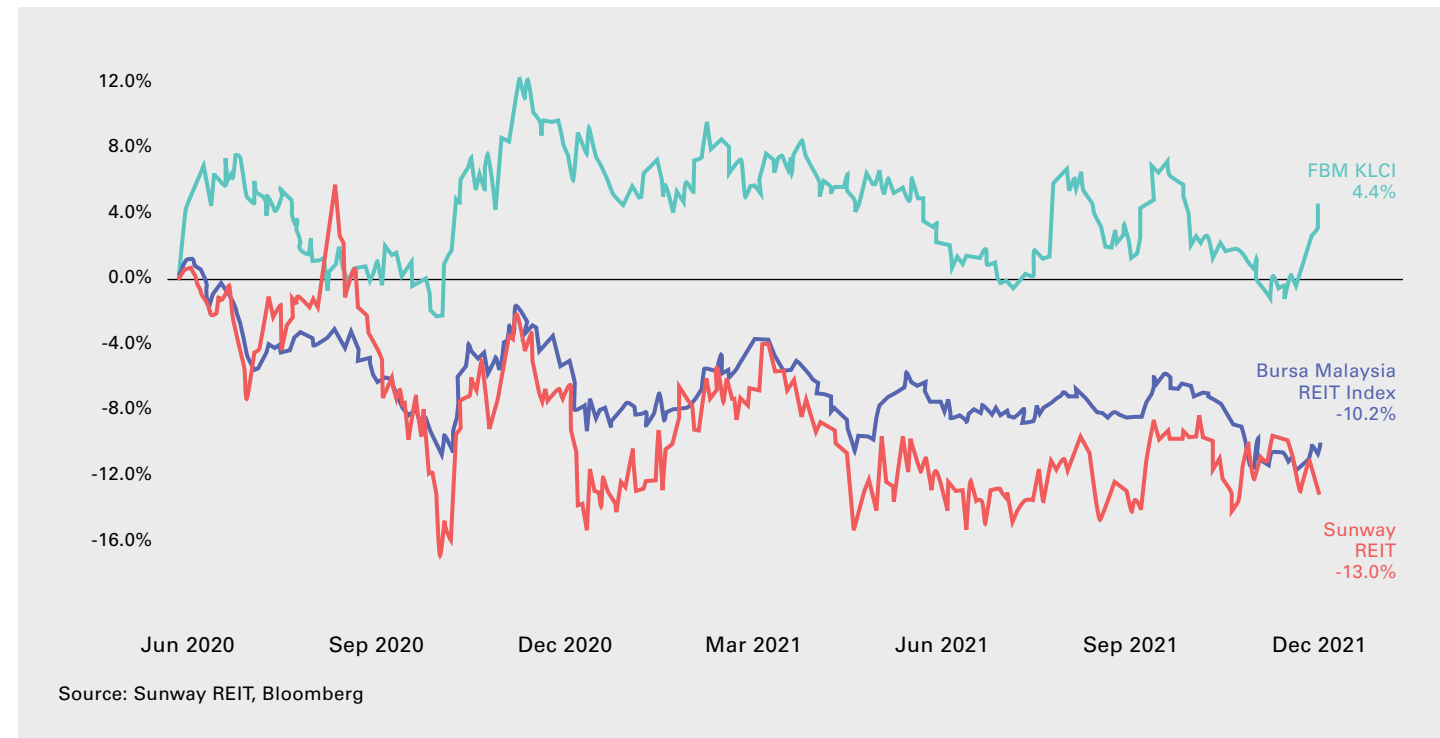
Source: Sunway REIT, Bloomberg

TRADING PERFORMANCE

SUNWAY REIT'S MONTHLY TRADING PERFORMANCE (FP2021)

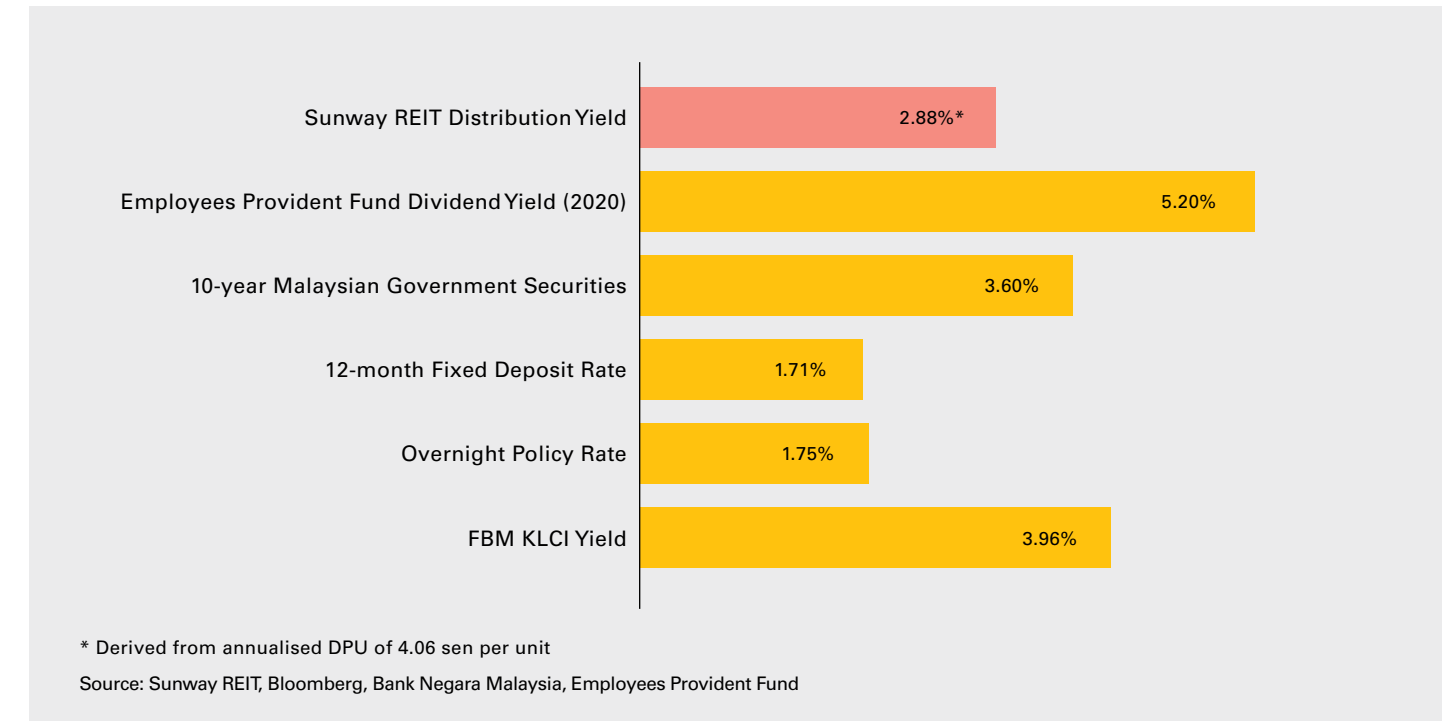


UNIT PRICE PERFORMANCE OF SUNWAY REIT VERSUS FTSE BURSA MALAYSIA KLCI INDEX AND BURSA MALAYSIA REAL ESTATE INVESTMENT TRUST (REIT) INDEX (FP2021)

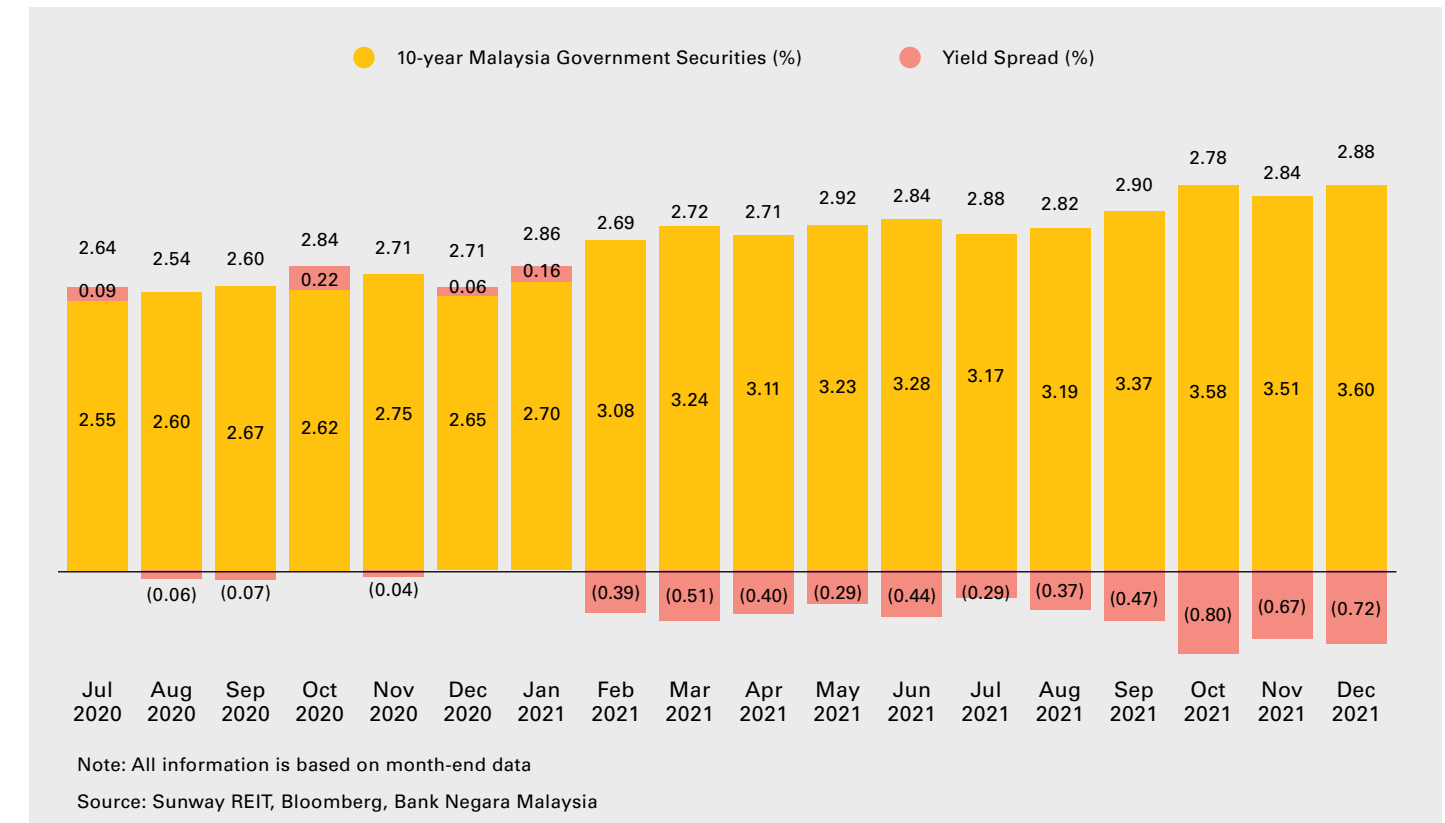


TRADING PERFORMANCE

COMPARATIVE YIELDS (AS AT 31 DECEMBER 2021)



SUNWAY REIT MONTHLY YIELD COMPARISON (FP2021)

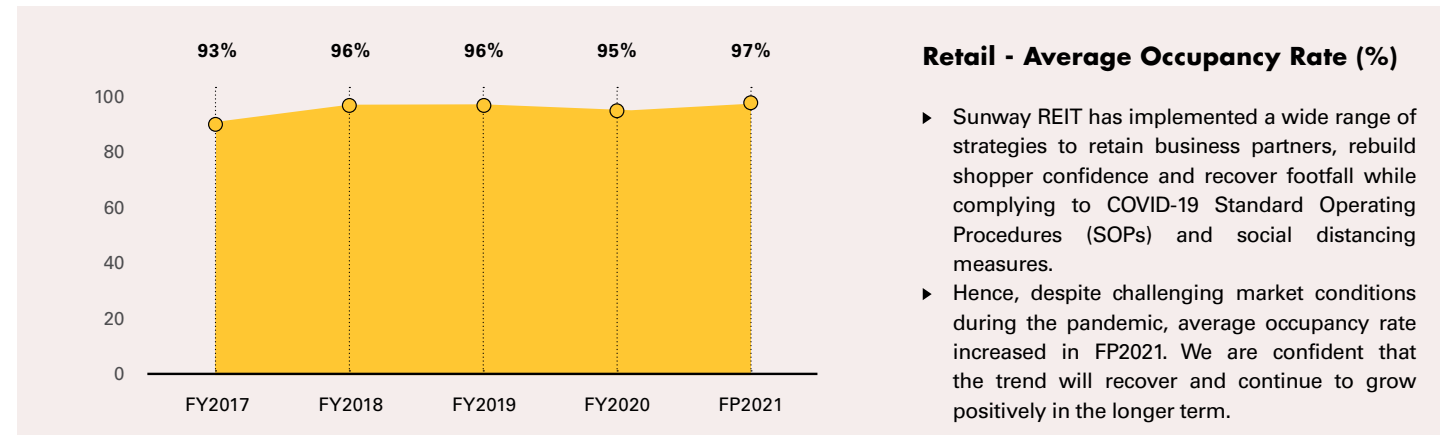


KPI HIGHLIGHTS

2020 and 2021 have certainly been challenging years, but Sunway REIT is prepared for a stronger recovery ahead. Holding firm to our core principles and long-term targets, we are fully committed to delivering sustainable results across the operation and fund levels of Sunway REIT.

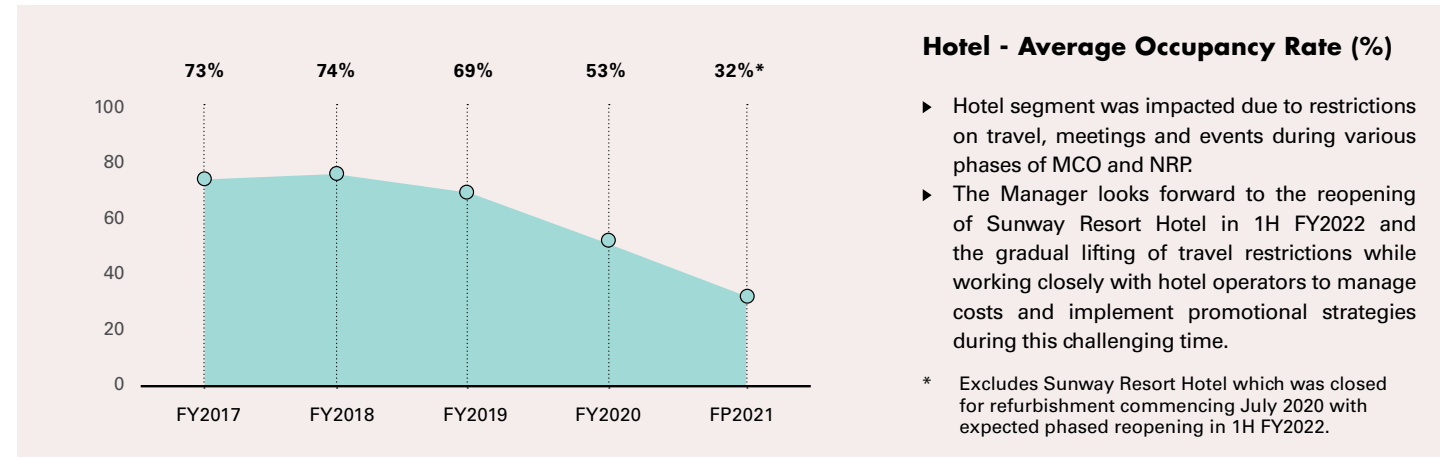
OPERATION-LEVEL KPIS

Our assets remain promising, despite the unprecedented impact brought about by the pandemic and various phases of MCO and NRP. Therefore, we are in good position to leverage on the qualities of our assets and established brand image to springboard towards future success.



Retail - Average Occupancy Rate (%)

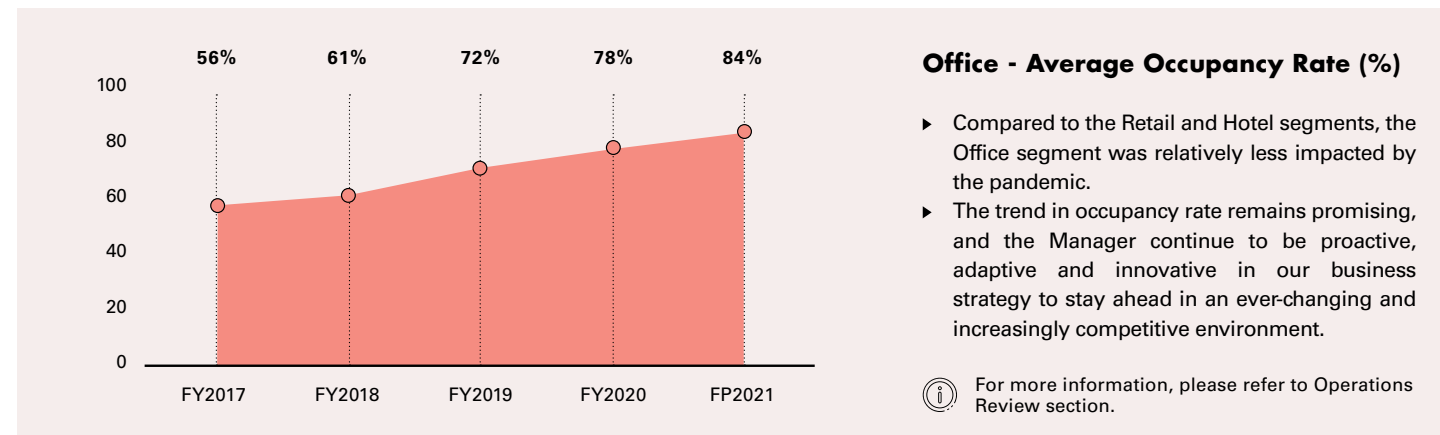
- Sunway REIT has implemented a wide range of strategies to retain business partners, rebuild shopper confidence and recover footfall while complying to COVID-19 Standard Operating Procedures (SOPs) and social distancing measures.
- Hence, despite challenging market conditions during the pandemic, average occupancy rate increased in FP2021. We are confident that the trend will recover and continue to grow positively in the longer term.



Hotel - Average Occupancy Rate (%)

- Hotel segment was impacted due to restrictions on travel, meetings and events during various phases of MCO and NRP.
- The Manager looks forward to the reopening of Sunway Resort Hotel in 1H FY2022 and the gradual lifting of travel restrictions while working closely with hotel operators to manage costs and implement promotional strategies during this challenging time.

* Excludes Sunway Resort Hotel which was closed for refurbishment commencing July 2020 with expected phased reopening in 1H FY2022.



Office - Average Occupancy Rate (%)

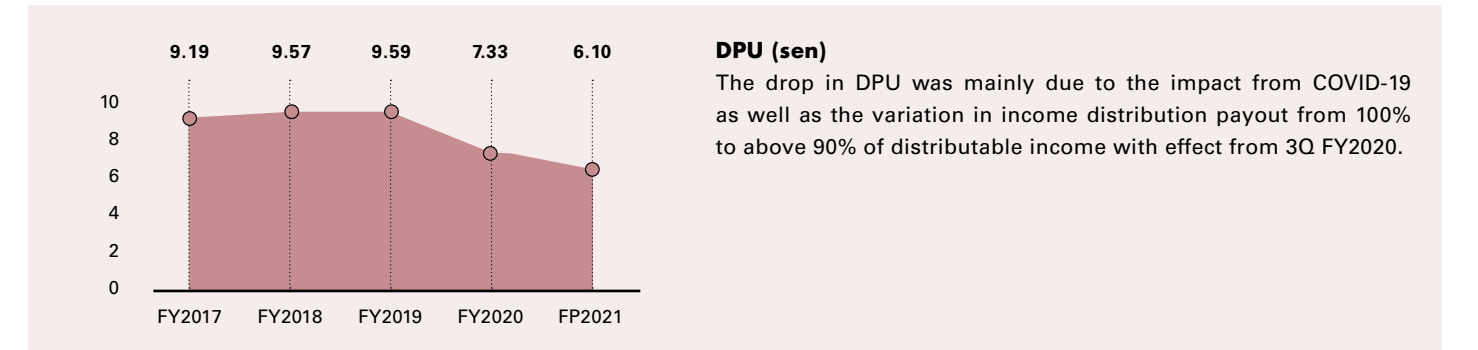
- Compared to the Retail and Hotel segments, the Office segment was relatively less impacted by the pandemic.
- The trend in occupancy rate remains promising, and the Manager continue to be proactive, adaptive and innovative in our business strategy to stay ahead in an ever-changing and increasingly competitive environment.

For more information, please refer to Operations Review section.

KPI HIGHLIGHTS

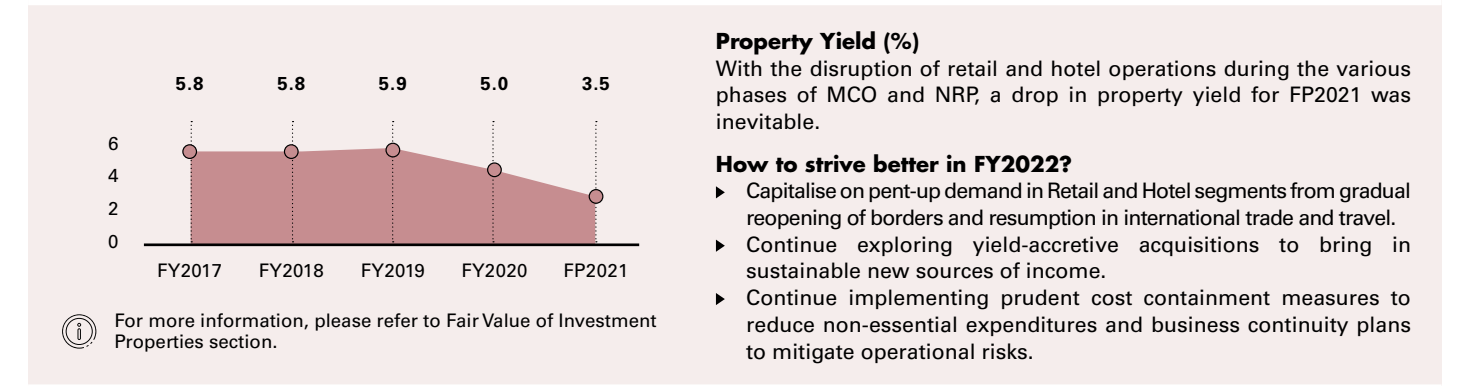
FUND-LEVEL KPIS

At the fund level, the Manager remains fully committed in delivering sustainable, long-term returns to unitholders. Through prudent capital management and yield-accretive acquisitions, the Manager strives to position Sunway REIT as the leading diversified REIT in Malaysia.



DPU (sen)

The drop in DPU was mainly due to the impact from COVID-19 as well as the variation in income distribution payout from 100% to above 90% of distributable income with effect from 3Q FY2020.



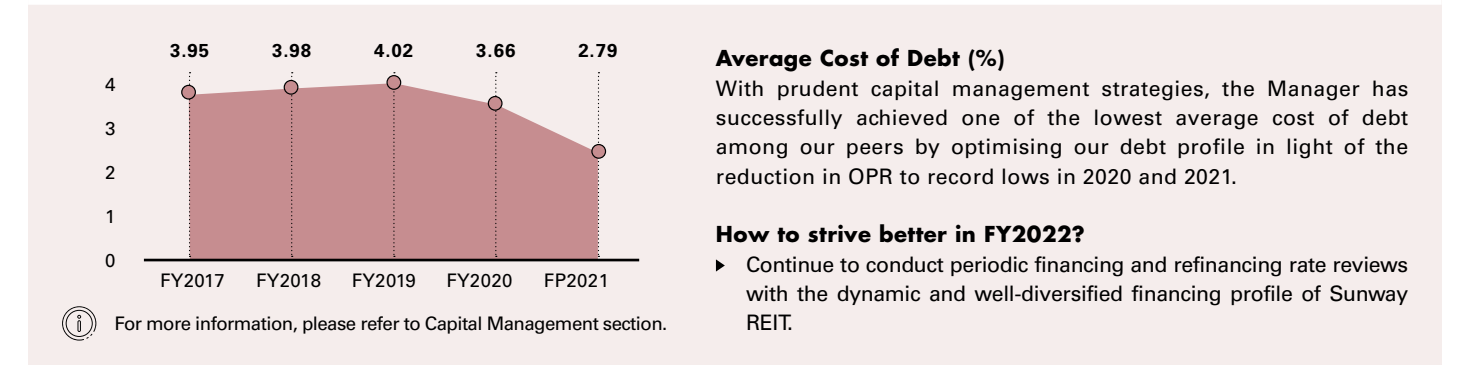
Property Yield (%)

With the disruption of retail and hotel operations during the various phases of MCO and NRP, a drop in property yield for FP2021 was inevitable.

How to strive better in FY2022?

- Capitalise on pent-up demand in Retail and Hotel segments from gradual reopening of borders and resumption in international trade and travel.
- Continue exploring yield-accretive acquisitions to bring in sustainable new sources of income.
- Continue implementing prudent cost containment measures to reduce non-essential expenditures and business continuity plans to mitigate operational risks.

For more information, please refer to Fair Value of Investment Properties section.



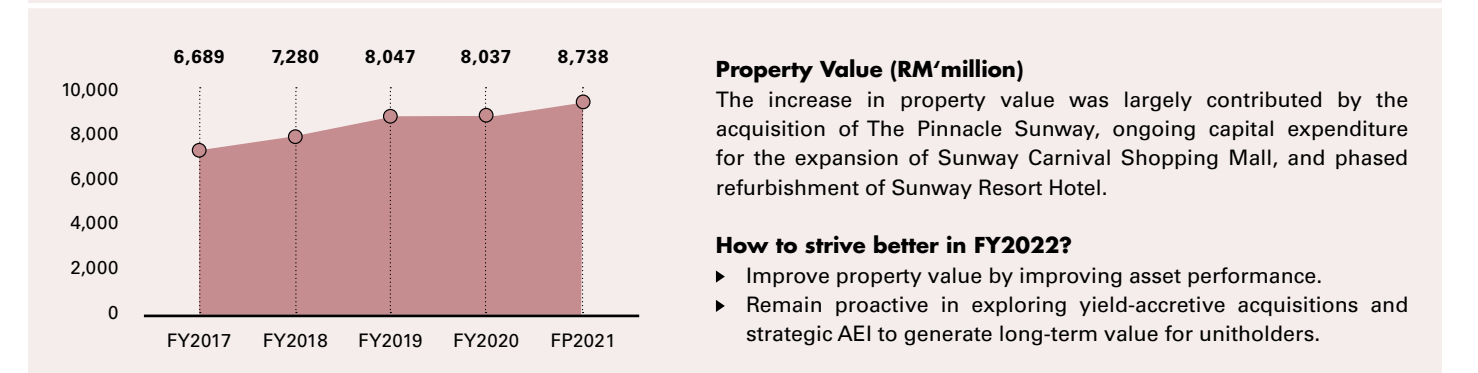
Average Cost of Debt (%)

With prudent capital management strategies, the Manager has successfully achieved one of the lowest average cost of debt among our peers by optimising our debt profile in light of the reduction in OPR to record lows in 2020 and 2021.

How to strive better in FY2022?

- Continue to conduct periodic financing and refinancing rate reviews with the dynamic and well-diversified financing profile of Sunway REIT.

For more information, please refer to Capital Management section.



Property Value (RM'million)

The increase in property value was largely contributed by the acquisition of The Pinnacle Sunway, ongoing capital expenditure for the expansion of Sunway Carnival Shopping Mall, and phased refurbishment of Sunway Resort Hotel.

How to strive better in FY2022?

- Improve property value by improving asset performance.
- Remain proactive in exploring yield-accretive acquisitions and strategic AEI to generate long-term value for unitholders.

OPERATIONS REVIEW



Segment Contribution by Revenue for FP2021
62% (FY2020: 67%)

Segment Contribution by Property Value for FP2021
58% (FY2020: 62%)

Occupancy as at 31 December 2021
97% (30 June 2020: 97%)

Awards and Achievements/Key Milestones

Sunway Pyramid Shopping Mall

1. EdgeProp Best Managed Property & Sustainable Awards 2021
2. Best Managed Property in Retail Category (10 years and above)
3. Selangor Innovation Award 2021 (1st Runner Up) for Sunway Smart Parking

Sunway Carnival Shopping Mall

Penang State COVID-19 Safety Accreditation

Sunway Putra Mall

- | | |
|--|--|
| 01 Social Media Excellence Award – Community and Social Welfare | 02 Malaysia Shopping Malls Association's (PPK) Best Experiential Marketing Awards 2019 (Gold Award) in Category B |
|--|--|

For the "Autsume is Awesome" initiative:

- | | |
|--|---|
| 03 Advertising + Marketing Magazine Marketing Excellence Award – Excellence in Corporate Social Responsibility (Bronze) | 04 ICSC Asia Pacific Shopping Centre Awards in Cause-Related Marketing category (Silver) |
|--|---|

SUSTAINABILITY INITIATIVES



ENVIRONMENT

- ▶ Provided and promoted recycling efforts, including of e-waste at Sunway Putra Mall and Sunway Carnival Shopping Mall and food waste composting at Sunway Pyramid Shopping Mall
- ▶ Replacement of fluorescent lighting with energy-efficient LED lights
- ▶ Decreased electricity consumption at Sunway Putra Mall by optimising AHU and FCU functions and reducing their running hours
- ▶ Installation of Building-Integrated Photovoltaic (PV) solar panels and rainwater harvesting system (RWHS) at Sunway Pyramid Shopping Mall
- ▶ Implemented Building Energy Management System (BEMS) to control, monitor, measure and optimise building technical services and energy consumption at Sunway Pyramid Shopping Mall



SOCIAL

- ▶ Contributed to flood relief aid in partnership with the Malaysian Red Crescent Society
- ▶ Established a food bank in support of the Merdeka month campaign
- ▶ Donated 225 oximeters to the Penang State Government
- ▶ Participated in the Mask for A Mask Charity event to purchase essential items such as face masks, hand sanitisers and disinfectant sprays for Yayasan Chow Kit, Pusat Kebajikan Mary and Shelter Home PJ
- ▶ Distributed packed meals to healthcare frontliners at Pejabat Kesihatan Kepong
- ▶ Distributed more than 2,000kg of food and baby items in collaboration with The Lost Food Project to benefit 200 families in the Klang Valley impacted by the pandemic

OPERATIONS REVIEW



Sunway Pyramid Convention Centre as a vaccination centre in support of the National COVID-19 Immunisation Programme

PROPOSED STRATEGIES AND ACTION PLANS TO RESPOND TO MEGATRENDS

SHORT TERM

Updating mall offerings to meet changing retail trends and consumer preferences, including:

- ▶ Potentially exploring shorter lease periods with tenants
- ▶ Sourcing regional/Asian brands from China, Japan, Korea and Thailand to supplement international/Western brands
- ▶ Enhancing health and safety measures with the "Your Safe Space, Our Safe Space" initiative, including installing high-accuracy thermal cameras and conducting regular sanitisation and disinfection
- ▶ Omnichannel marketing with Sunway eMalls platform and dedicated Online Order & Collect service
- ▶ Increasing F&B options to capitalise on pent-up demand for dining in and to cater to different groups of customers

MID/LONG TERM

- ▶ Realigning Sunway Pyramid Convention Centre's purpose and strategies to complement Sunway Pyramid Shopping Mall by actively hosting events that attract footfall and spending
- ▶ Enhancing experiential lifestyle offerings to attract younger generations of shoppers

- ▶ Potential expansion of Sunway Pyramid Shopping Mall (Phase 4) with 1 million sq.ft. GFA, comprising:
 - Exhibition centre/Meeting rooms: 100,000 to 120,000 sq.ft. NLA
 - New Sunway Pyramid Convention Centre: 20,000 to 30,000 sq.ft. NLA
 - Retail space: 100,000 sq.ft. NLA
 - Proposed office tower: 500,000 to 600,000 sq.ft. NLA
 - Car park: More than 2,000 bays

BUSINESS STRATEGIES

- ▶ Realignment of shopfronts to increase space, exposure and rent
- ▶ Securing "winner" brands that will yield higher rents through additional turnover rents
- ▶ Improving footfall by targeting Gen Z consumers and interstate visitors through innovative marketing campaigns, collaborations and partnerships
- ▶ Identifying gaps in trade mix and replacing underperforming brands
- ▶ Forging sustainable landlord-tenant partnerships via regular meetings, engagements and relationship-building
- ▶ Promotion of pop-up stores/pushcarts with shorter-term tenancies for more flexible entry to fill up vacancies

TECHNOLOGICAL INNOVATIONS

Various digital transformation initiatives were implemented in FP2021, including shopper data analytics, a unified payment platform, cashless parking, smart toilets, and a RetailTECH App to improve the engagement process with business partners and increase tenant productivity.

Further initiatives will include:

- ▶ Licence Plate Recognition and Cashless Parking systems to ease queues
- ▶ A revamp of the mobile app improved user experience
- ▶ Continued provision and promotion of recycling facilities
- ▶ Ongoing replacement of light tubes with LEDs
- ▶ Ongoing installation of natural gas, solar panels and rainwater harvesting systems

MAIN BUSINESS CHALLENGES FACED DURING THE COVID-19 PANDEMIC

- ▶ Growth in e-commerce and food delivery and changes in consumer preferences
- ▶ Defending occupancy, rent and reversionary rates
- ▶ Gaining shopper confidence by addressing public concerns about hygiene and safety
- ▶ Oversupply of retail space in the Klang Valley
- ▶ Pressure on rent collection and capital expenditure ROI recovery

PROSPECTS AND OUTLOOK

- ▶ Increased adoption of omnichannel strategies to complement physical/offline retail
- ▶ Increased focus on social, experiential and service-based offerings that will continue to be in demand despite the rise in e-commerce and food delivery apps
- ▶ Pent-up demand from “revenge spending” is expected in the near term, but longer-term recovery will depend on the gradual reopening of borders and resumption of international trade and travel
- ▶ A shift towards more agile, optimised and data-driven operations to mitigate risks from shorter tenancies and a softer outlook in rental reversions due to business uncertainties
- ▶ The trend of sizeable malls in vibrant townships with big population catchments and established brand recognition will continue to remain robust despite an increasingly competitive landscape with ample existing and incoming retail space

BUSINESS RECOVERY STRATEGIES

- ▶ Safety and Hygiene as a key brand image
- ▶ Sunway Pyramid Shopping Mall was the first in the country to only allow fully vaccinated shoppers for public safety and confidence – this precautionary measure was extended to all malls in our portfolio and is currently still in place
- ▶ Additional SOPs and safety measures across four main themes – enhanced screening and safety checks, intensified hygiene at premises, holistic education and training and heightened social distancing
- ▶ Installation of thermal scanners, contactless thermometers and UV sterilisers at concierges and sanitising stations at entrances, lifts and washrooms
- ▶ Social Distancing Officers to assist in managing queues and crowds
- ▶ Encouraging tenants to utilise crowd management measures such as assigning queue numbers and time slots for customers
- ▶ Retaining business partners through:
 - Adjusting rentals for non-essential tenants based on business/sales performance and payment track record
 - Flexible operating hours of at least eight hours per day
 - A flexible rental repayment scheme
 - Waiver of interest on late rental payments for qualified tenants
 - Event, advertising, digital platform and social media support for retainers
 - Publicity shout-outs for newly opened flagship stores
- ▶ Omnichannel marketing with Sunway eMalls platform and dedicated Online Order & Collect service as a safer and more convenient way for customers to shop, with F&B dine-in vouchers to encourage customers to use the service and visit the mall in the future
- ▶ Value-added retailing collaborations such as exclusive sales for Sunway Pals members, free parking, free gifts and vouchers
- ▶ Personalised shopping experience with pocket concierges, chatbots and mobile apps
- ▶ Festive themes to attract footfall during holiday seasons, e.g. Christmas and Chinese New Year

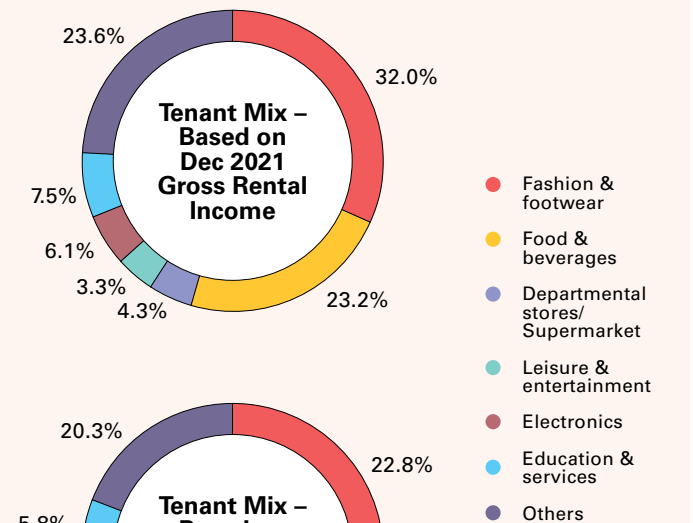
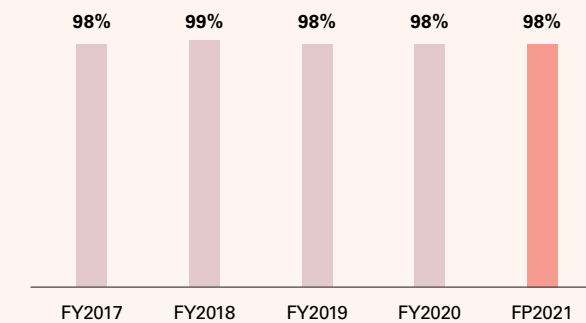
PROPERTY KPIs

SUNWAY PYRAMID SHOPPING MALL

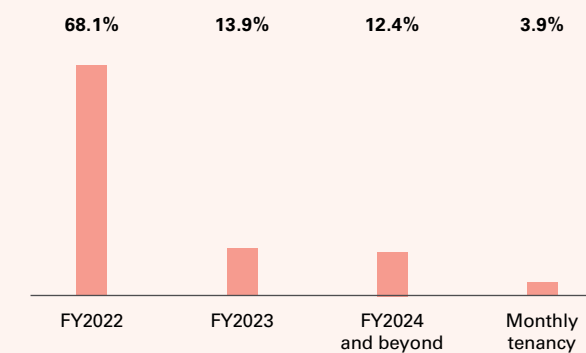
Occupancy as at 31 December 2021

98%

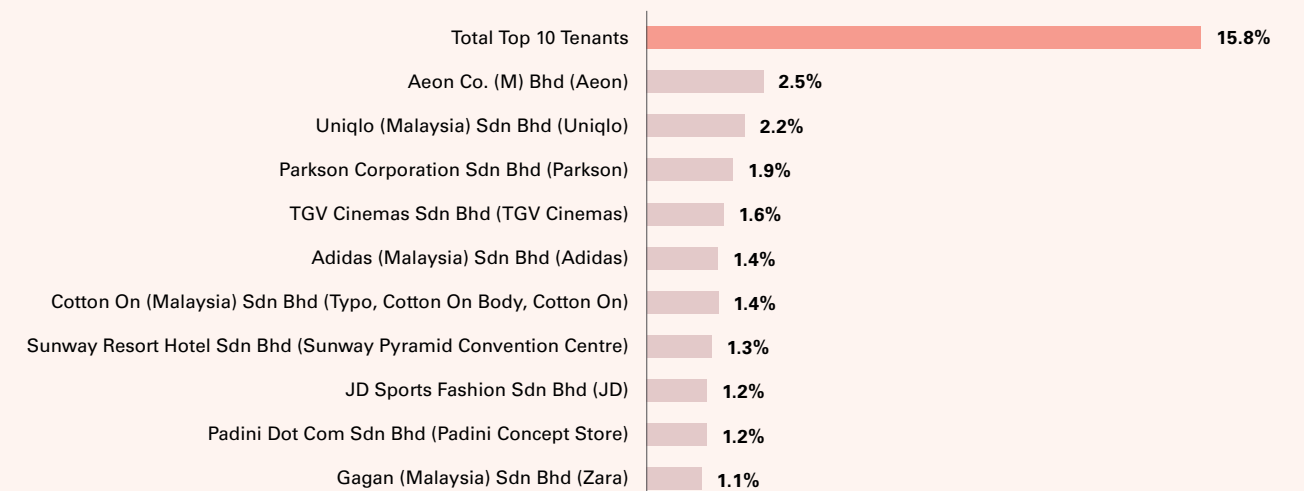
Average Occupancy Rate



Lease Expiry Schedule (expiring tenancies as % of total NLA)



Top 10 Tenants (based on gross rental income of December 2021)



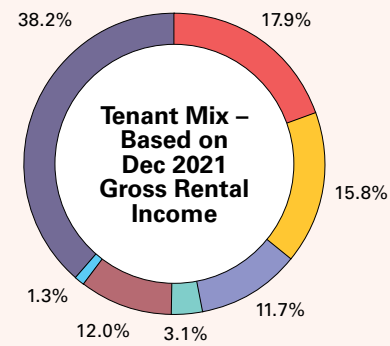
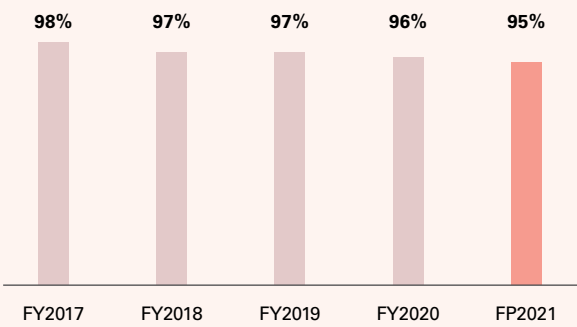
Weighted Average Lease Expiry (year) 0.96

SUNWAY CARNIVAL SHOPPING MALL

Occupancy as at 31 December 2021

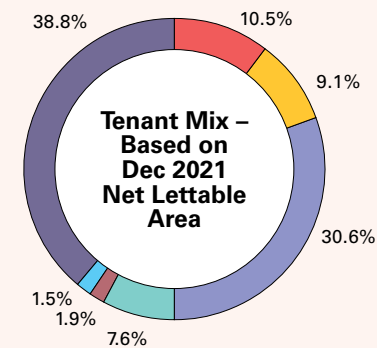
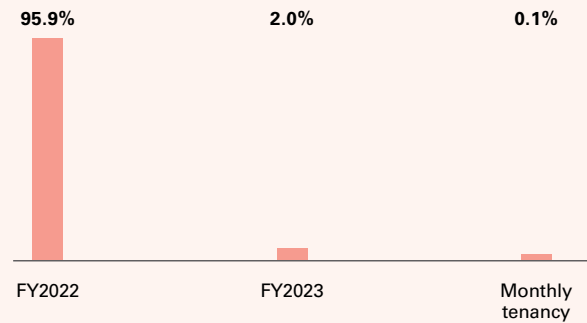
98%

Average Occupancy Rate



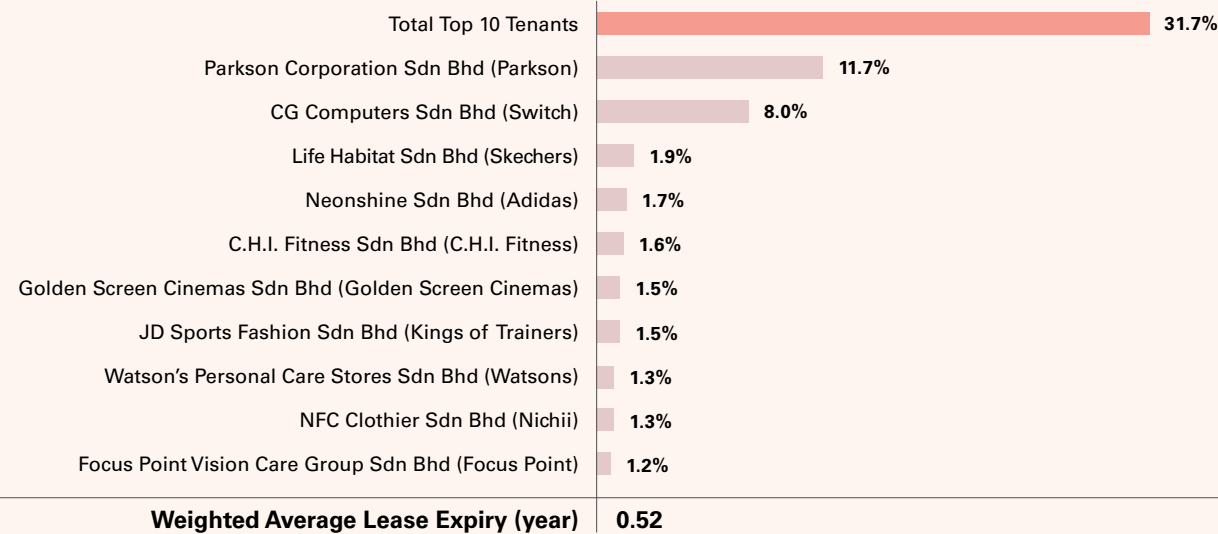
- Fashion & footwear
- Food & beverages
- Departmental stores/ Supermarket
- Leisure & entertainment
- Electronics
- Education & services
- Others

Lease Expiry Schedule (expiring tenancies as % of total NLA)



- Fashion & footwear
- Food & beverages
- Departmental stores/ Supermarket
- Leisure & entertainment
- Electronics
- Education & services
- Others

Top 10 Tenants (based on gross rental income of December 2021)

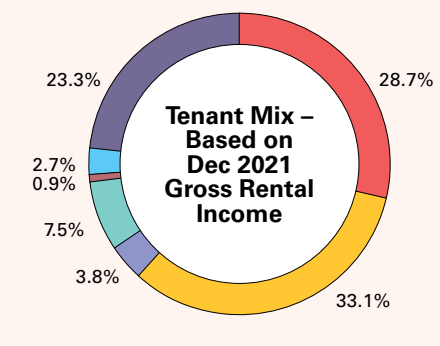
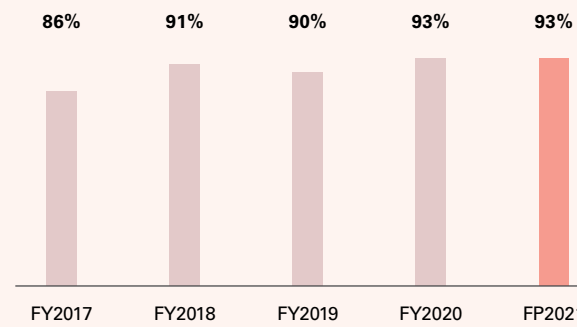


SUNWAY PUTRA MALL

Occupancy as at 31 December 2021

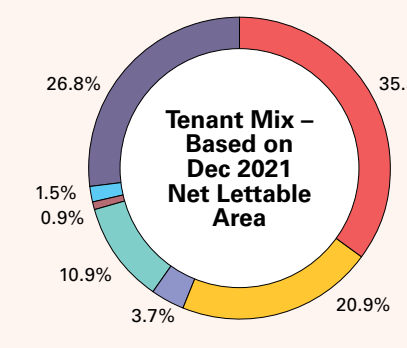
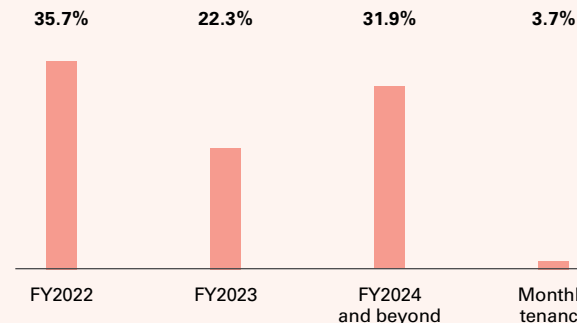
94%

Average Occupancy Rate



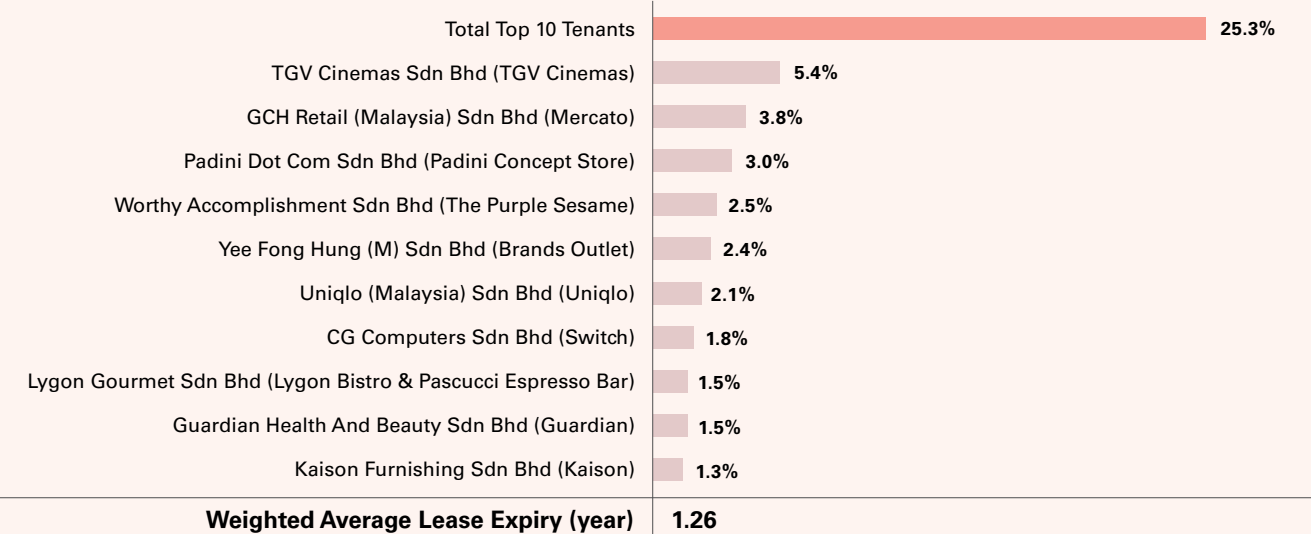
- Fashion & footwear
- Food & beverages
- Departmental stores/ Supermarket
- Leisure & entertainment
- Electronics
- Education & services
- Others

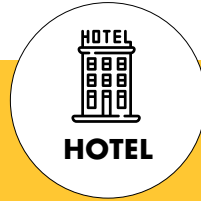
Lease Expiry Schedule (expiring tenancies as % of total NLA)



- Fashion & footwear
- Food & beverages
- Departmental stores/ Supermarket
- Leisure & entertainment
- Electronics
- Education & services
- Others

Top 10 Tenants (based on gross rental income of December 2021)





Segment Contribution by Revenue for FP2021
8% (FY2020: 13%)

Segment Contribution by Property Value for FP2021
19% (FY2020: 20%)

Average Occupancy FP2021
32%* (FY2020: 53%)

Awards and Achievements/Key Milestones

Sunway Pyramid Hotel

- ▶ Agoda Customer Review Award (2021)
- ▶ Booking.com Traveller Review Award (2021)
- ▶ TripAdvisor Traveller's Choice Award (2020 and 2021)

Sunway Hotel Georgetown & Sunway Hotel Seberang Jaya

- ▶ TripAdvisor Traveller's Choice Award (2020)
- ▶ Clean & Safe Malaysia Certification (2020)
- ▶ Penang Lawan COVID-19 Certified (2020)

Sunway Putra Hotel

- ▶ Agoda Customer Review Award (2020 and 2021)
- ▶ Booking.com Traveller Review Award (2020 and 2021)
- ▶ Loved by Guests Award by Hotels.com (2020 and 2021)
- ▶ TripAdvisor Traveller's Choice Award (2020)
- ▶ Best Travelers' Experience by Traveloka (2020)
- ▶ The Best Hotels of 2020 by KAYAK

Sunway Clio Hotel

- ▶ Agoda Customer Review Award (2021)
- ▶ Booking.com Traveller Review Award (2021)
- ▶ TripAdvisor Traveller's Choice Award (2020 and 2021)

* Excludes Sunway Resort Hotel which was closed for refurbishment commencing July 2020 with expected phased reopening in 1H FY2022

SUSTAINABILITY INITIATIVES



ENVIRONMENT

- ▶ Lighting replacement programmes to install more energy-efficient LEDs
- ▶ Rainwater harvesting system to irrigate plants and for cleaning purposes
- ▶ Ongoing waste collection and segregation for composting where possible
- ▶ Recycling of cooking oil through FatHopes Energy to properly dispose of used cooking oil and reduce sewage pollution
- ▶ Innovative energy-saving solutions such as the implementation of solar panels as well as motion sensors in hallways to control lighting
- ▶ Replacement of existing single-use plastic amenities with sustainable, eco-friendly and natural products
- ▶ Planting a herb garden at Sunway Putra Hotel for fresh and organic herbs used in meal preparation
- ▶ Participating in World Cleanup Day 2020 and 2021 in support of managing and ending global waste for a cleaner planet



SOCIAL

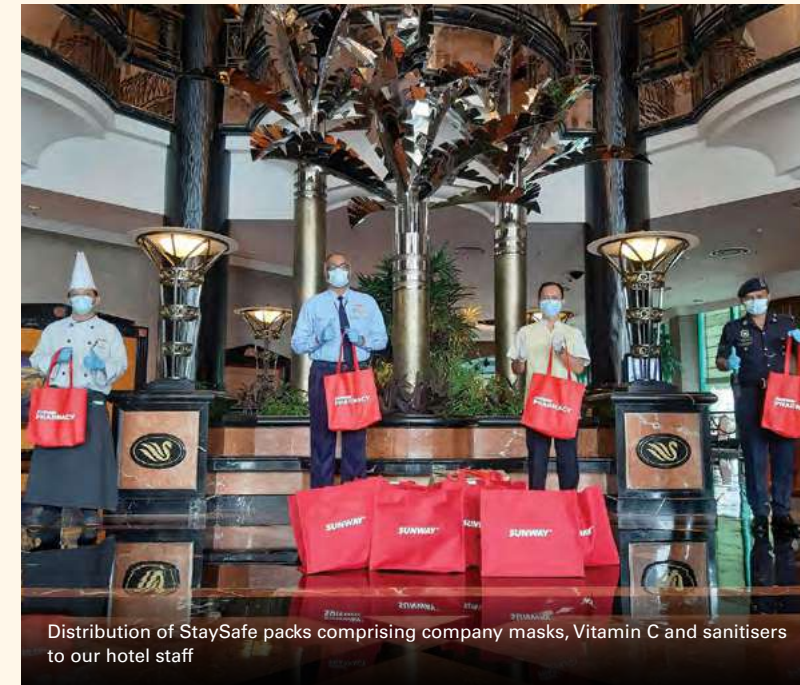
- ▶ Donation of drinking water to frontline police officers, Penang Prison and Seberang Jaya Prison
- ▶ Distribution of meals to vaccination centre (PPV) volunteers at Seberang Perai Arena Convention Centre and Putra World Trade Centre
- ▶ Distribution of 200 packets of Deepavali coconut candies to Yayasan Chow Kit, Pusat Kebajikan Mary and Shelter Home PJ
- ▶ Donation of 600 soft drinks to refugee and orphanage homes via What-A-Waste and Yayasan Sunbeams Home during Year-End Festive season

SDG 2: ZERO HUNGER

- ▶ Distribution of 2,000 packets of bubur lambuk to the B40 community in Penang
- ▶ Donation of surplus food from buffet dinners to Kechara Soup Kitchen to help feed the homeless and urban poor in Malaysia
- ▶ Donation of pre-packed breakfasts and surplus food from staff cafeteria in partnership with What-A-Waste

SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

- ▶ Donation of over 2,600 repurposed Soapful bars to underprivileged families, aid organisations, juvenile centres and prisons
- ▶ Recycling of used linen, blankets, pillows and towels in collaboration with Kloth Malaysia
- ▶ Donation of more than 200 items of furniture to orphanages in Selangor in partnership with the Selangor Youth Community (SAY), as well as to flood victims in Pahang (February 2021)
- ▶ Recycled more than 13 tonnes of used cooking oil via FatHopes Energy between July 2020 and December 2021 across Sunway REIT hotel asset portfolio



Distribution of StaySafe packs comprising company masks, Vitamin C and sanitisers to our hotel staff

MAIN BUSINESS CHALLENGES FACED DURING THE COVID-19 PANDEMIC

In 2020 and 2021, the Hotel segment was adversely impacted by various phases of the MCO and NRP, as well as restrictions on international business and leisure travel. This presented a number of challenges, including:

- ▶ A decline in room occupancy rates and corporate bookings due to postponements or outright cancellations
- ▶ A decline in banqueting, events, meetings and functions due to social distancing norms and requirements
- ▶ A reduction in the capacity and service levels of hotels and their temporary closure due to MCO/NRP restrictions and business considerations

BUSINESS STRATEGIES IN RESPONDING TO THE COVID-19 PANDEMIC

Since the beginning of the pandemic, our hotel Business Unit Management Team has continued to implement the Contagious Disease Protocol and Business Continuity Plan to safeguard the health and safety of guests and staff.

Our hotel Business Unit Management Team has also initiated the following measures to weather operational, business and financial challenges:

- ▶ Prudent cost containment across all hotels, i.e. to only spend on essentials, with close monitoring
- ▶ Implementation of a rooms-only model at Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya that emphasises cleanliness, comfort, safety, security and effective rate positioning, while limiting hotel services such as housekeeping, laundry, reception and concierge
- ▶ Meticulous planning to reduce utility consumption, including the closure of floors, kitchens and freezers, dimming public area lighting and reduction of outlet operating hours
- ▶ Capitalising on government economic stimulus packages, including:
 - Deferral of monthly income tax instalments
 - Temporary exemption of levies payable to the Human Resources Development Fund (HRDF)
 - Exemption of service tax
 - Discounts on electricity tariffs
 - Personal income tax relief on domestic tourism-related expenditure for customers
 - Digital vouchers of up to RM100 per person for domestic flights, rail travel and hotel accommodation for all Malaysians

HUMAN CAPITAL

- ▶ Optimisation of essential operations workforce (i.e. security, housekeeping, F&B, front office) to ensure the provision of permissible facilities and services
- ▶ Hotel management staff were encouraged to work from home or pre-schedule their work on-site with strict SOPs to protect their well-being

INVENTORY CONTROL

- ▶ Tightening of inventory policies, including review of all service contracts and agreements to actively seek deferment of charges

PREVENTIVE MAINTENANCE

- ▶ Continued preventive maintenance work in back-of-house (associates) and guest-fronting areas (i.e. driveways, rooms, corridors, function rooms) in preparation for business recovery with the gradual reopening of borders
- ▶ Overhauling, resetting and testing of equipment (i.e. generators, lighting systems, AHUs) to ensure continued functionality

CAPITAL EXPENDITURE

- ▶ Deferment of non-critical capex to conserve cash flow without compromising the comfort and safety of guests

HEALTH AND SAFETY

- ▶ Sunway Clio Hotel served as quarantine centre for overseas returnees
- ▶ Training and preparation of staff to effectively manage any health incidents according to SOPs based on internationally recognised policies and benchmarked practices
- ▶ Ensuring commitment to social distancing guidelines and SOPs among guests and staff
- ▶ Provision of basic health and safety kits, including face masks and hand sanitisers to guests and staff
- ▶ Social distancing seating arrangements for meeting events
- ▶ Individual packed meals to replace conventional catering services

PROSPECTS AND OUTLOOK

- ▶ With the nationwide transition to Phase 4 of the NRP, the hospitality sector is expected to benefit in the near term from pent-up demand for domestic leisure travel and staycations, as well as reduced competition due to the closure of some hotels across the country
- ▶ Corporate bookings and MICE will also gain traction in line with economic recovery
- ▶ However, the longer-term trend will depend on the reopening of borders, normalisation of international trade and travel and reinstatement of full operating capacity, which may be affected by new variants and the global pandemic situation beyond Malaysia
- ▶ Hotels in mixed-use developments will potentially benefit from package deals and inter-asset synergies, while stand-alone hotels may adopt leaner and more agile strategies such as a rooms-only model to reduce costs while maintaining profitability in a challenging market environment
- ▶ A continued emphasis on hygiene, health and safety, as well as compliance with strict SOPs, will be key to alleviating fears of travelling
- ▶ Government stimulus programmes provide some degree of support but cost containment measures remain important to cushion the business and financial impact of the pandemic
- ▶ Strategically timed promotions will be important to attract guests and boost occupancy without compromising service quality
- ▶ The lull in business activity during the MCO and NRP presented opportunities for hotels to undertake AEI to better capitalise on post-pandemic recovery
- ▶ Overall, headwinds persist but the Manager remains hopeful while continuing to closely monitor and adapt based on the evolving situation



'Sunway Safe Stay' programme



Temperature check and hand sanitisation at Sunway Putra Hotel

PROPERTY KPIs

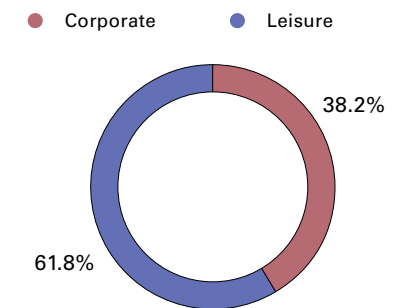
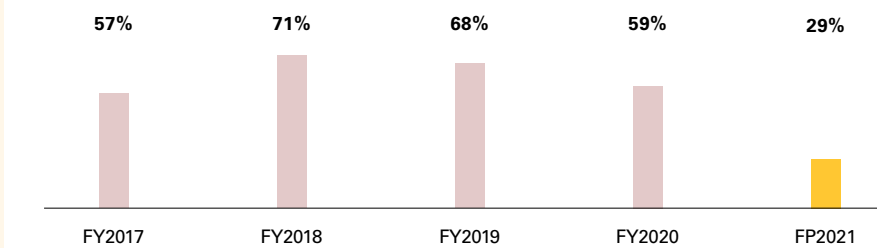
Average Occupancy Rate

Guest Profile by Room Revenue (FP2021)

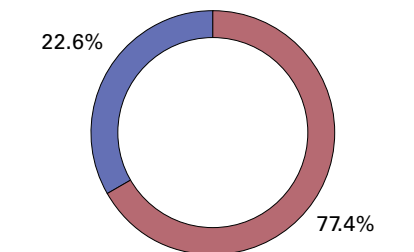
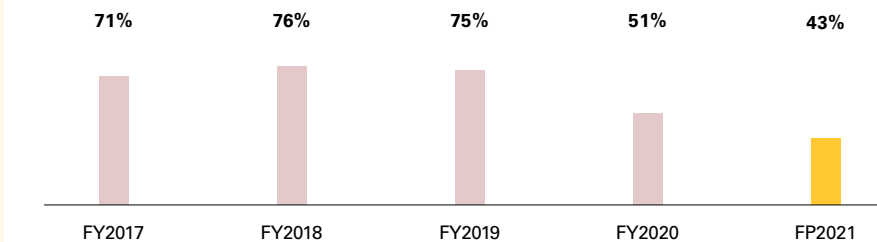
SUNWAY RESORT HOTEL

* Sunway Resort Hotel was closed for refurbishment commencing July 2020 with expected phased reopening in 1H FY2022.

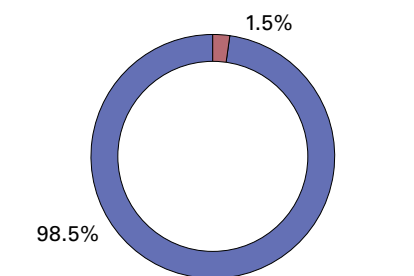
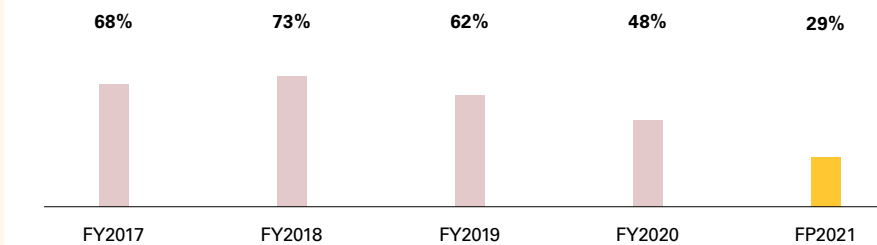
SUNWAY PYRAMID HOTEL



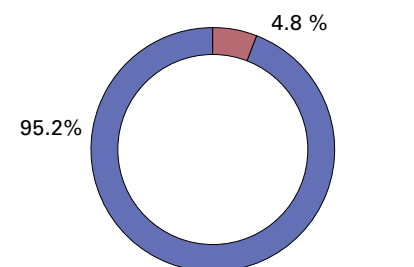
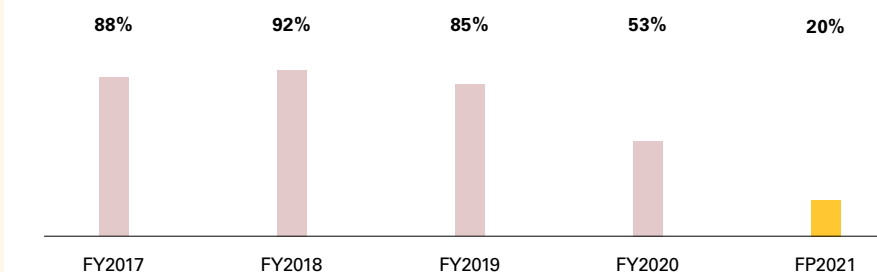
SUNWAY HOTEL SEBERANG JAYA



SUNWAY PUTRA HOTEL



SUNWAY HOTEL GEORGETOWN

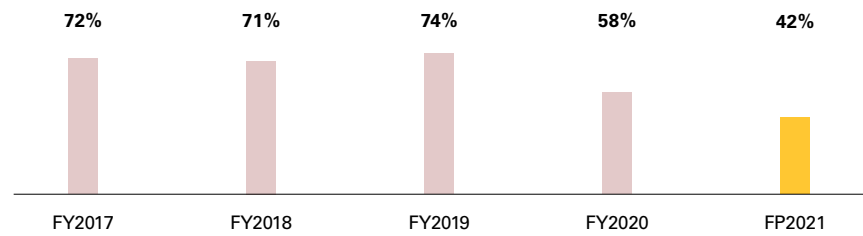


OPERATIONS REVIEW

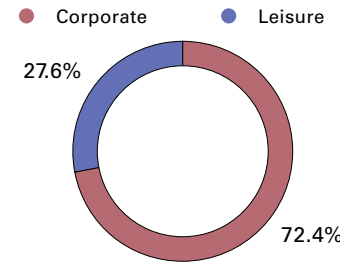
OPERATIONS REVIEW

Average Occupancy Rate

SUNWAY CLIO HOTEL



Guest Profile by Room Revenue (FP2021)

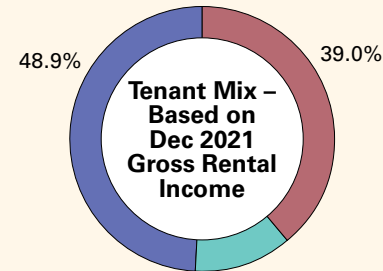
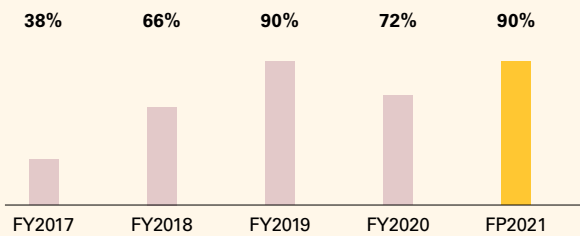


SUNWAY CLIO RETAIL

Occupancy as at 31 December 2021

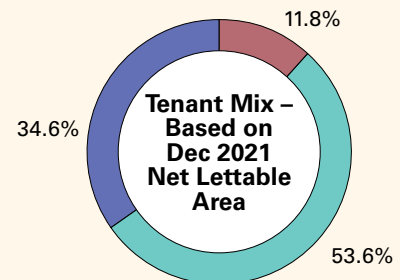
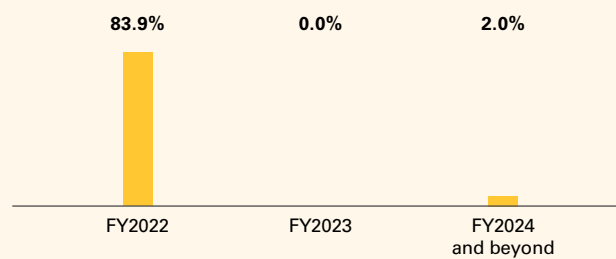
86%

Average Occupancy Rate



- Food & beverages
- Education & services
- Others

Lease Expiry Schedule (expiring tenancies as % of total NLA)



Top Tenants (based on gross rental income of December 2021)

Parenthood Venture Sdn Bhd (The Parenthood)	47.7%
Brew Pyramid Sdn Bhd (The Brew House)	10.3%
31 Kitchen Sdn Bhd (Hot Pot Kitchen)	9.5%
Sunway College (KL) Sdn Bhd (Sunway College KL)	7.2%
Miyabi F&B Sdn Bhd (Menya Miyabi Hokkaido Ramen)	6.7%
JJCI F&B Sdn Bhd (HK Boy Cart Noodle)	6.3%
Berjaya Starbucks Coffee Company Sdn Bhd (Starbucks Coffee)	6.2%
Sunway University Sdn Bhd (Sunway University)	4.8%

Weighted Average Lease Expiry (year) 0.67



Segment Contribution by Revenue for FP2021
15% (FY2020: 7%)

Segment Contribution by Property Value for FP2021
11% (FY2020: 6%)

Occupancy as at 31 December 2021
82% (30 June 2020: 79%)

MEGATRENDS IN THE OFFICE SEGMENT

- ▶ Continued oversupply of existing and incoming office floor space with increased competition in the city centre
- ▶ Closure of businesses due to various phases of the MCO and NRP and longer-term socio-economic/technological disruptions
- ▶ Increased adoption of Work-from-Home (WFH) and Work-from-Anywhere (WFA) arrangements
- ▶ A shift in demand towards shorter tenancies, pre-fitted units and flexible workspaces (i.e. co-working) with high-speed internet connectivity
- ▶ Relocations from older office spaces in central business districts (CBDs) to newer, tech-enabled buildings in suburban/satellite population catchments and transit-oriented developments (TODs)

SUSTAINABILITY INITIATIVES

Our primary goal is to have 40% of office waste diverted from landfills by 2030, through:

- ▶ Recycling used fabrics in collaboration with Kloth Malaysia
- ▶ Elimination of single-use plastics within offices
- ▶ A food waste composting machine
- ▶ Paper and e-waste recycling programmes

BUSINESS STRATEGIES

- ▶ Targeted cold calling
- ▶ Exploration of the new trend of co-working
- ▶ Cross-selling and following up on existing tenants' expansion plans across the office portfolio
- ▶ Virtual office tours for the convenience of prospects
- ▶ Search Engine Optimisation (SEO) and enhanced webpage content



Distribution of StaySafe packs comprising company masks, Vitamin C and sanitisers to our office staff

FACILITY ENHANCEMENTS ACROSS SUNWAY REIT OFFICE SEGMENT PORTFOLIO

MENARA SUNWAY

Completed:

- ▶ Licence Plate Recognition (LPR) system
- ▶ Improvement of Sunway Community apps

Planned:

- ▶ Replacement of basement fire tank

THE PINNACLE SUNWAY

Completed:

- ▶ LPR system
- ▶ Improvement of Sunway Community apps
- ▶ Installation of HVAC combination filters and air cleaners, achieving MERV 14 performance and complying with ASHRAE Indoor Air Quality guidelines
- ▶ New epoxy painting works at car parks

Planned:

- ▶ Gym and alfresco dining

SUNWAY PUTRA TOWER

Completed:

- ▶ Water tank cleaning
- ▶ Energy-saving LED lights at staircase and lift lobby

Planned:

- ▶ Replacement of elevators
- ▶ Magnetic fire doors for tenant lots
- ▶ Independent control valve in every AHU room
- ▶ Hand dryers in all common toilets to reduce paper wastage

SUNWAY TOWER

Completed:

- ▶ Water tank cleaning
- ▶ KERB parking system to generate additional income
- ▶ Energy-saving LED lights at indoor parking ramp and lift lobby

Planned:

- ▶ Washroom exhaust fan upgrading
- ▶ Inline cabinet fresh air fan to improve air quality
- ▶ Sunway XFarms (Urban Farming) at Levels 7, 8 and 9
- ▶ Food trucks to serve tenants and community

WISMA SUNWAY

Completed:

- ▶ Energy-saving LED lights at indoor parking ramp and car park
- ▶ KERB parking system for easy payment
- ▶ Replacement of AHU motorised valve

Planned:

- ▶ Canopy at ingress and egress points to provide shelter from rain
- ▶ Touch 'n Go as additional payment gateway

BUSINESS STRATEGIES IN RESPONDING TO THE COVID-19 PANDEMIC

Sunway REIT aims to maintain continuous operations across all office buildings in a safe and orderly manner for all stakeholders, including tenants, visitors and staff. As such, the Prevention, Preparedness, Response & Recovery model has been adopted, with the following objectives and action plans:

- ▶ Reducing transmission among staff, building occupants and service providers
- ▶ Identifying where and how employees may be exposed to COVID-19 within the office
- ▶ Actively encouraging sick staff, building occupants and workers to stay home by implementing:
 - Physical segregation of employees
 - Operations duty roster
 - The uploading of all essential documents to cloud storage to enable staff to continue working from home
 - Isolation areas for sick staff, building occupants and workers

- ▶ A Business Continuity Plan (BCP) management team to actively coordinate and manage any issue arising from the pandemic
- ▶ Regular checks of building ventilation to ensure proper functioning to maintain a healthy work environment
- ▶ Regular cleaning and sanitisation of high-risk areas
- ▶ Daily replenishment of hand sanitisers, handwash containers and other essential cleaning agents
- ▶ Markers and stickers in confined spaces and queueing areas to ensure social distancing practices are exercised
- ▶ Thermal cameras and temperature screening infrastructure installed at all entrances/exits
- ▶ Continuous monitoring and reduction of chiller operations where possible to conserve energy
- ▶ Turning off lighting in unused floors and car park basements during low occupancy to avoid wastage

PROSPECTS AND OUTLOOK

- ▶ The Office segment was generally less affected by the pandemic due to the resilience of Sunway REIT's mainly corporate and government tenants which remained financially robust and operational during the movement restriction periods via WFH and WFA arrangements
- ▶ SME tenants were also supported by the government through various economic stimulus packages
- ▶ However, in the longer term, WFH, WFA and hybrid work arrangements may lead to a reduction in space requirements, decentralisation from expensive CBDs to suburbs and satellite cities and a shift towards shorter and more flexible tenancies. The extent of these megatrends will depend on the post-pandemic corporate culture in Malaysia, where office rents and digital penetration are lower than in neighbouring countries such as Singapore
- ▶ Newer, tech-enabled offices with high-speed connectivity and supporting amenities and infrastructure will potentially benefit from relocations at the expense of older buildings
- ▶ The demand for strategic locations such as transit-oriented developments with access to high population catchments and professional talent pools will likely remain resilient despite increasing competition in city centres
- ▶ Health, hygiene and safety, as well as compliance with strict SOPs, will remain key in attracting tenants and restoring employee confidence to ensure smooth business operations
- ▶ Overall, the Manager expects the Office segment within Sunway REIT's asset portfolio to remain stable in FY2022

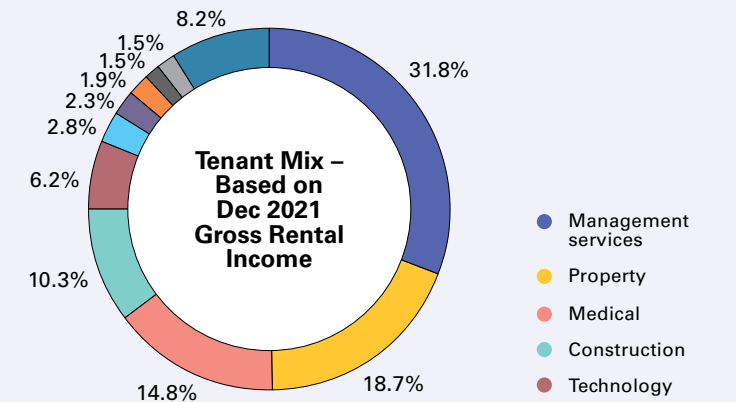
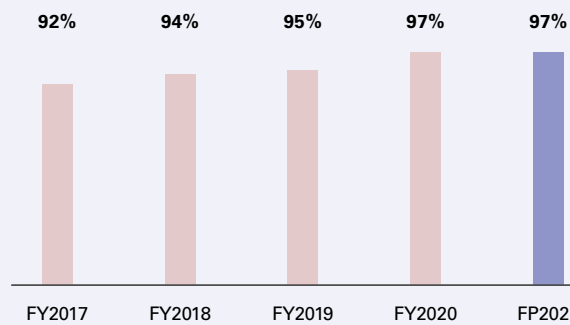
PROPERTY KPIs

MENARA SUNWAY

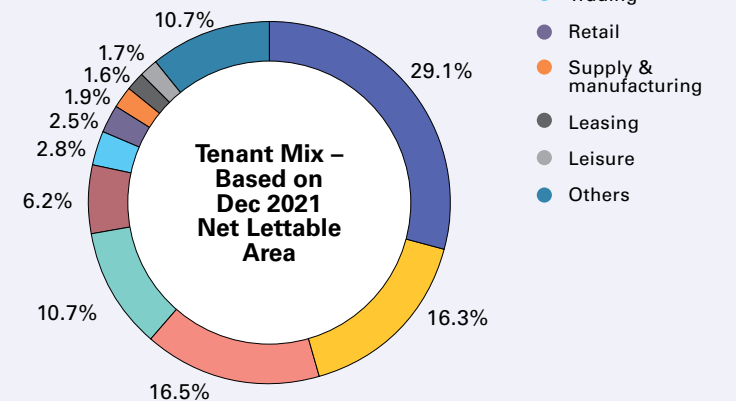
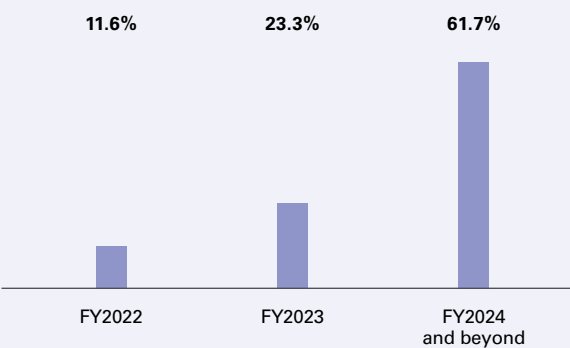
Occupancy as at 31 December 2021

97%

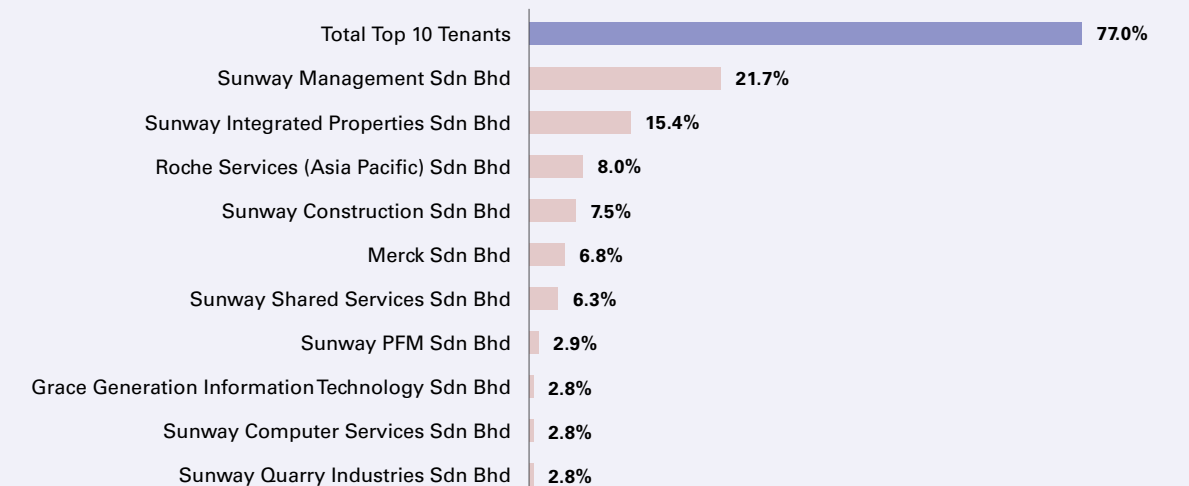
Average Occupancy Rate



Lease Expiry Schedule (expiring tenancies as % of total NLA)



Top 10 Tenants (based on gross rental income of December 2021)



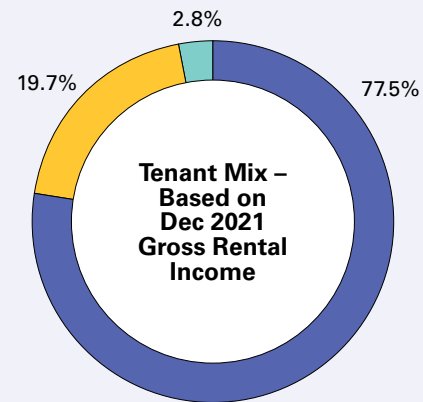
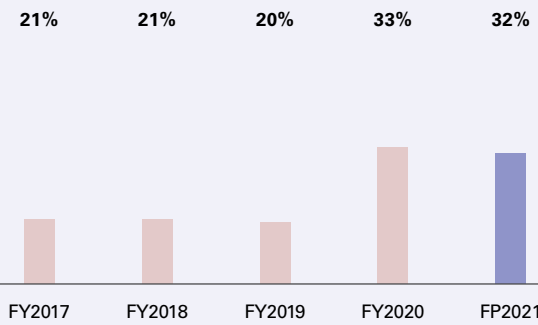
Weighted Average Lease Expiry (year) 2.17

SUNWAY TOWER

Occupancy as at 31 December 2021

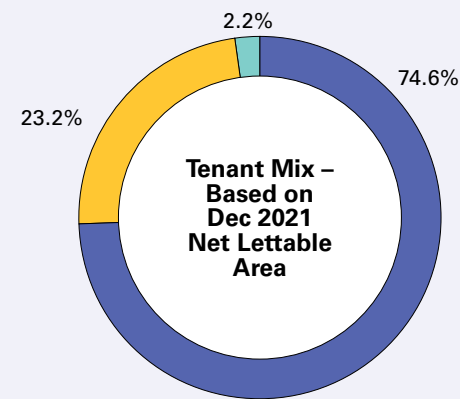
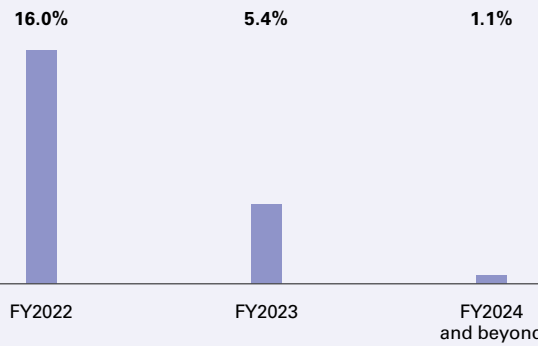
23%

Average Occupancy Rate

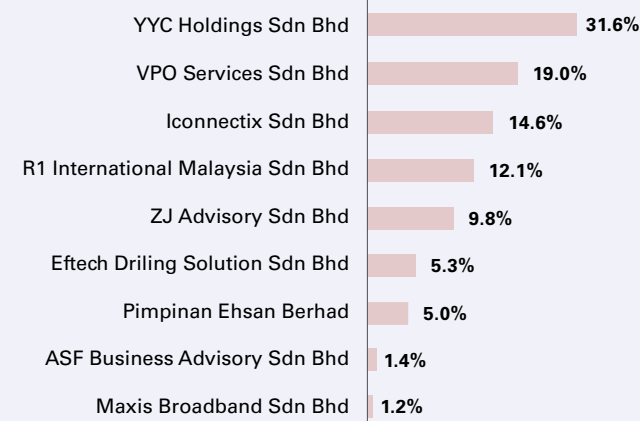


- Government agency
- Technology
- Others

Lease Expiry Schedule (expiring tenancies as % of total NLA)



Top Tenants (based on gross rental income of December 2021)



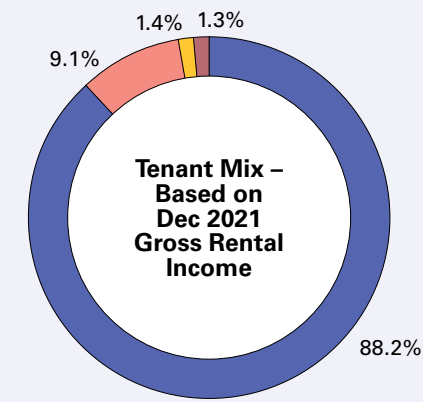
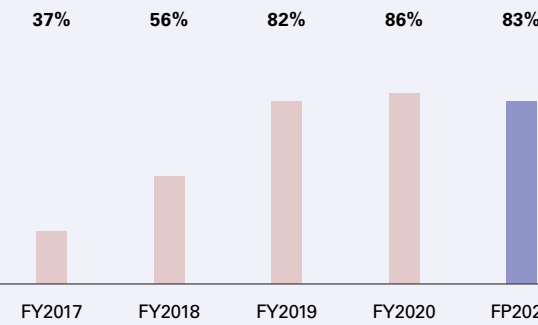
Weighted Average Lease Expiry (year) **0.74**

SUNWAY PUTRA TOWER

Occupancy as at 31 December 2021

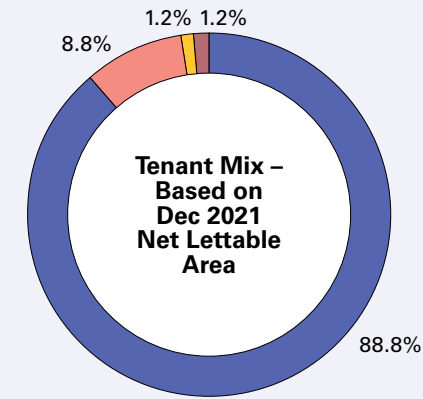
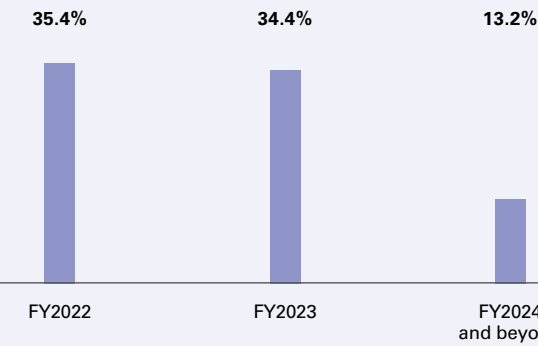
83%

Average Occupancy Rate

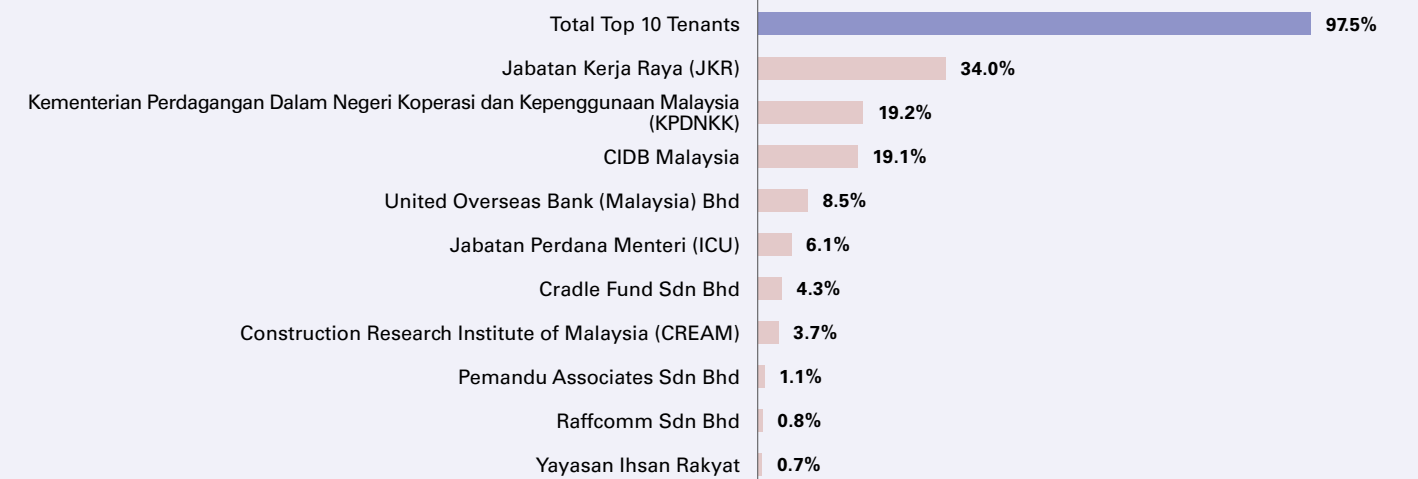


- Government agency
- Banking
- Communication
- Medical

Lease Expiry Schedule (expiring tenancies as % of total NLA)



Top 10 Tenants (based on gross rental income of December 2021)



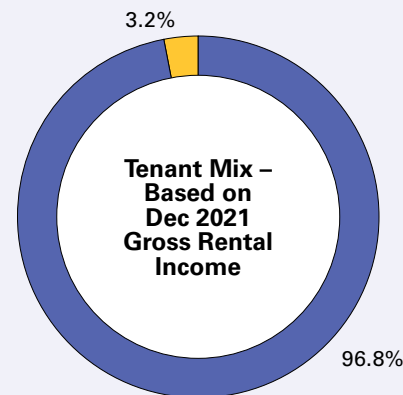
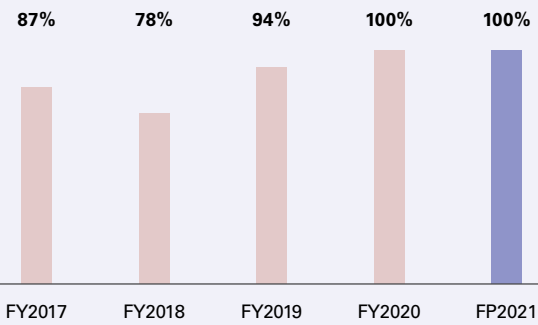
Weighted Average Lease Expiry (year) **1.25**

WISMA SUNWAY

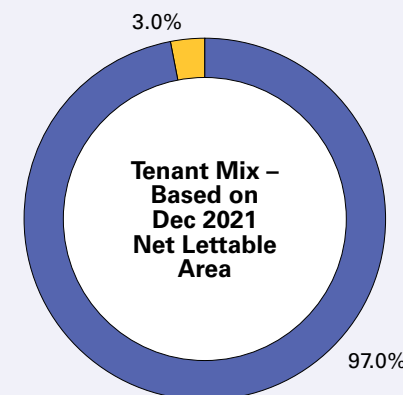
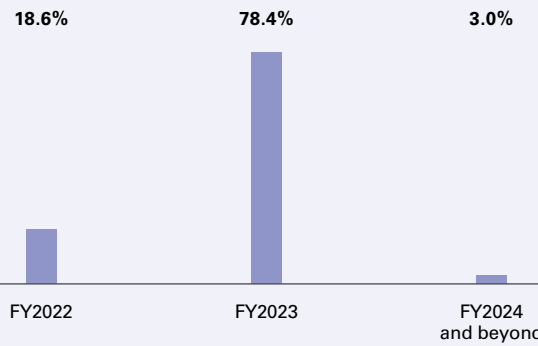
Occupancy as at 31 December 2021

100%

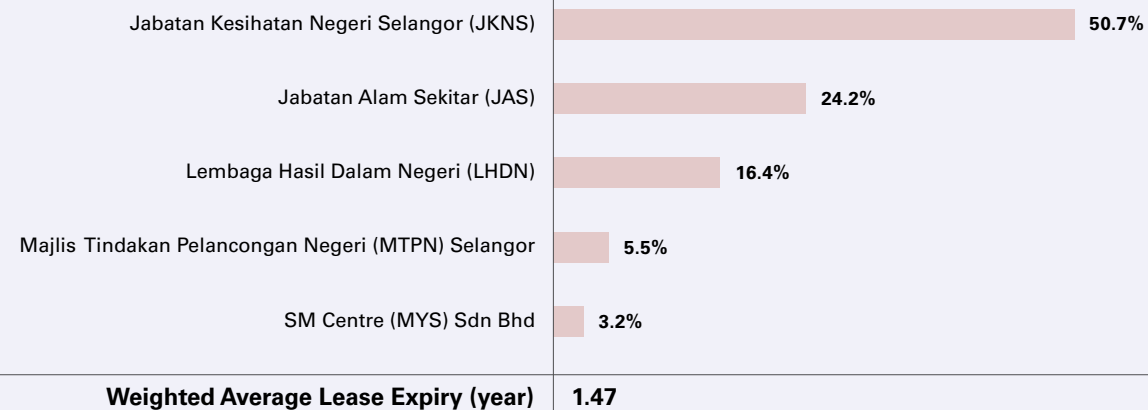
Average Occupancy Rate



Lease Expiry Schedule (expiring tenancies as % of total NLA)



Top Tenants (based on gross rental income of December 2021)

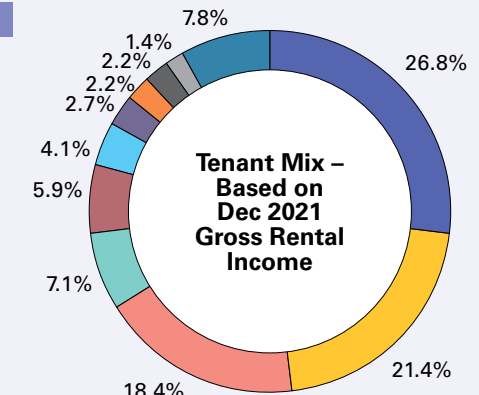
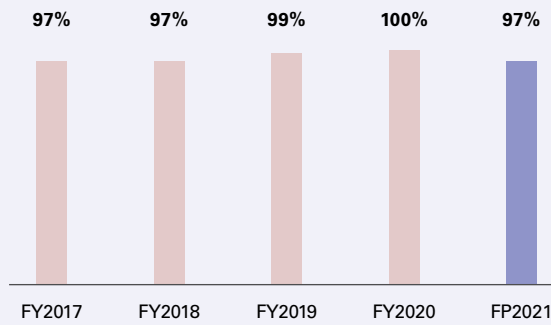


THE PINNACLE SUNWAY

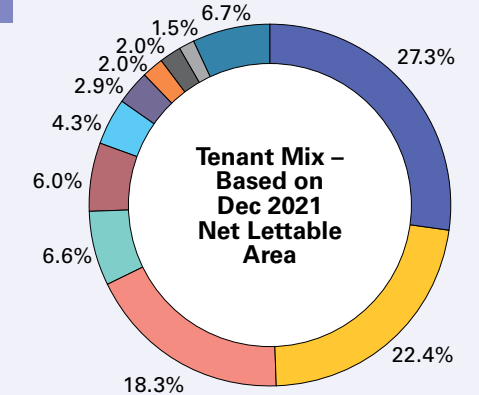
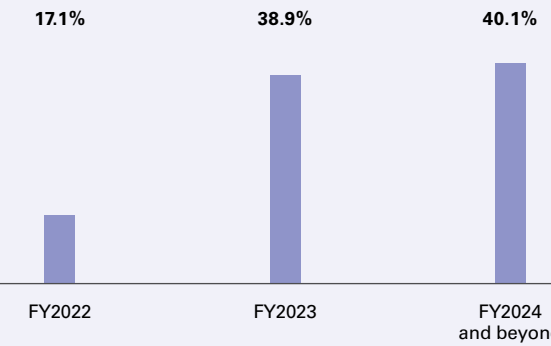
Occupancy as at 31 December 2021

96%

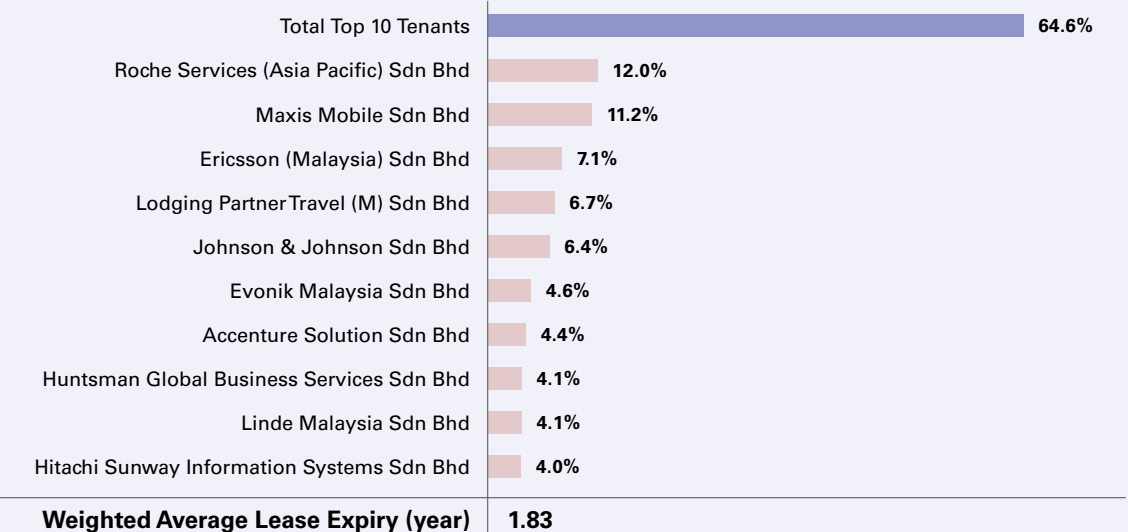
Average Occupancy Rate



Lease Expiry Schedule (expiring tenancies as % of total NLA)



Top 10 Tenants (based on gross rental income of December 2021)



OPERATIONS REVIEW

OPERATIONS REVIEW



SERVICES AND INDUSTRIAL & OTHERS

Segment Contribution by Revenue for FP2021

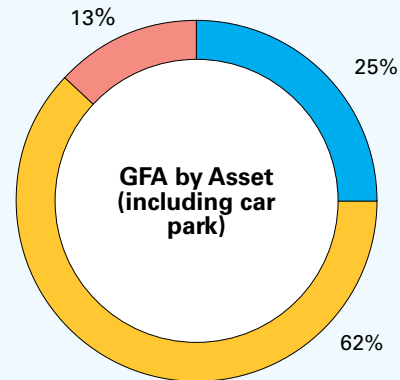
15% (FY2020: 12%)

Segment Contribution by Property Value for FP2021

12% (FY2020: 12%)

Average Occupancy FP2021

100% (FY2020: 100%)



Total:
3,047,700
sq.ft.

- Sunway Medical Centre (Tower A & B)
- Sunway university & college campus
- Sunway REIT Industrial - Shah Alam 1

Sunway Medical Centre (Tower A & B)

10 - year
master lease till December 2022

Sunway university & college campus

30 - year
master lease till November 2048

Sunway REIT Industrial - Shah Alam 1

17 - year
master lease till December 2034

Weighted Average Lease Expiry

17.5 years

Despite challenging market conditions, the stable long-term master leases of Services and Industrial & Others assets contributed consistent and sustainable income for Sunway REIT with steady rental reversions for years to come.



SunMed Convention Centre as a designated Vaccination Centre

Prospects and Outlook

Healthcare is an essential and emerging asset class which remains operational during the pandemic. Demand is expected to remain resilient due to:

- ✓ Aging population
- ✓ Increased demand for high quality private healthcare
- ✓ Increased health awareness as a result of the global pandemic
- ✓ Potential recovery in medical tourism with reopening of international borders

Education is a defensive, evergreen asset class with mid to long term growth supported by:

- ✓ Increased demand for high quality private tertiary education
- ✓ Increased focus on knowledge economy and professional workforce
- ✓ Potential recovery in international student enrolment with reopening of borders

Industrial is a sunrise asset class with long-term growth potential:

- ✓ Factories and manufacturing facilities continue to be in demand, especially in higher value industries
- ✓ Warehouses and logistics centres are increasingly sought after due to the adoption of e-commerce and globalisation of supply chains

Overall, the robust performance and long-term growth of our lessees in the Services and Industrial & Others segments contribute to the continued stability and positive rental reversions of the master leases with Sunway REIT.

As such, in line with TRANSCEND 2027, the Manager continues to actively explore local, regional and international opportunities in the Services and Industrial & Others segments to diversify Sunway REIT's income base and capitalise on long-term megatrends in education, healthcare, logistics, data centres and high-value manufacturing.

The Manager targets to expand the Services and Industrial & Others segments to comprise 20% - 30% of Sunway REIT's property value in the next 5 years.



Sunway university & college campus

**OPERATIONS
REVIEW**

KEY OPERATING INFORMATION

RENTAL RENEWALS

Average rental reversion decreased in FP2021 for the portfolio's 2,277,077 sq.ft. of new or renewed tenancies during the financial period. This was due to the decrease in rental rate for the renewals at Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall, Sunway Putra Mall and Menara Sunway, partially offset by the increase in rental rate for the renewals at Sunway Tower, Sunway Putra Tower, Wisma Sunway and The Pinnacle Sunway.

The Retail segment renewed or secured new tenants for 1,417,163 sq.ft. (FY2020: 1,476,807 sq.ft.) with a renewal rate of 96.9% (FY2020: 91.8%) of total space due for renewal. The Office segment managed to renew 859,914 sq.ft. including The Pinnacle Sunway (FY2020: 158,286 sq.ft.) or 93.8% (FY2020: 98.9%) of total space due for renewal.

Sunway REIT will continue to work with our Business Unit Management Teams to implement proactive strategies to defend, recover and grow rental rates in the post-COVID-19 new normal.

LEASE EXPIRY PROFILE AND LEASE STRUCTURE

The weighted average lease expiry (WALE) as at financial period end was 4.36 years (FY2020: 5.94 years), taking into account the acquisition of The Pinnacle Sunway on 20 November 2020 and the newly renewed hotel master leases of Sunway Putra Hotel (effective 28 September 2021) as well as Sunway Resort Hotel and Sunway Pyramid Hotel (as one lease) and Sunway Hotel Seberang Jaya (both leases effective 8 July 2020) for another 10 years.



Please refer to Property Details section for details of new terms and conditions of the renewed hotel master leases.

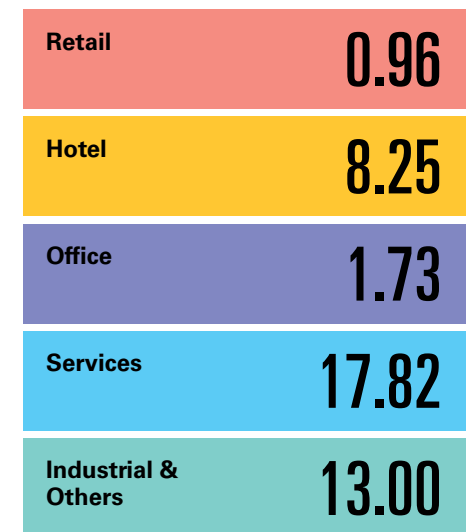
The portfolio has 21.4%, 16.1% and 58.0% of NLA expiring in FY2022, FY2023 and FY2024 and beyond, respectively. The majority of the tenancies are 3-year tenancies with renewal option for another 3-year term, subject to renewal at market rates. Certain anchor tenants or major tenants have the option to renew their tenancies for 4 terms of 3 years each. Included in the tenancies expiring in FP2021 are monthly tenancies occupying 0.9% (FY2020: 0.9%) of the total space.

Master leases represent 58.3% of the total space of the portfolio. The expiries of master leases are as follows:

Property	Expiry of First Term
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

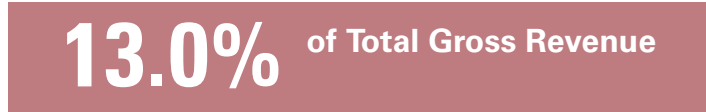
Property	Expiry of Second Term
Sunway Resort Hotel, Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya	July 2030
Sunway Putra Hotel	September 2031

WALE (No. of Years) of the respective segments:



**OPERATIONS
REVIEW**

TOP 10 TENANTS



Sunway REIT has a diverse tenant mix of approximately 1,198 tenancies (FY2020: 1,207), five hotel master leases, a hospital master lease, an industrial property master lease and an education master lease. As at 31 December 2021, the exposure to tenant-concentration risk remained low, as the top 10 largest tenants only contributed approximately 13.0% (FY2020: 12.9%) of total gross revenue.

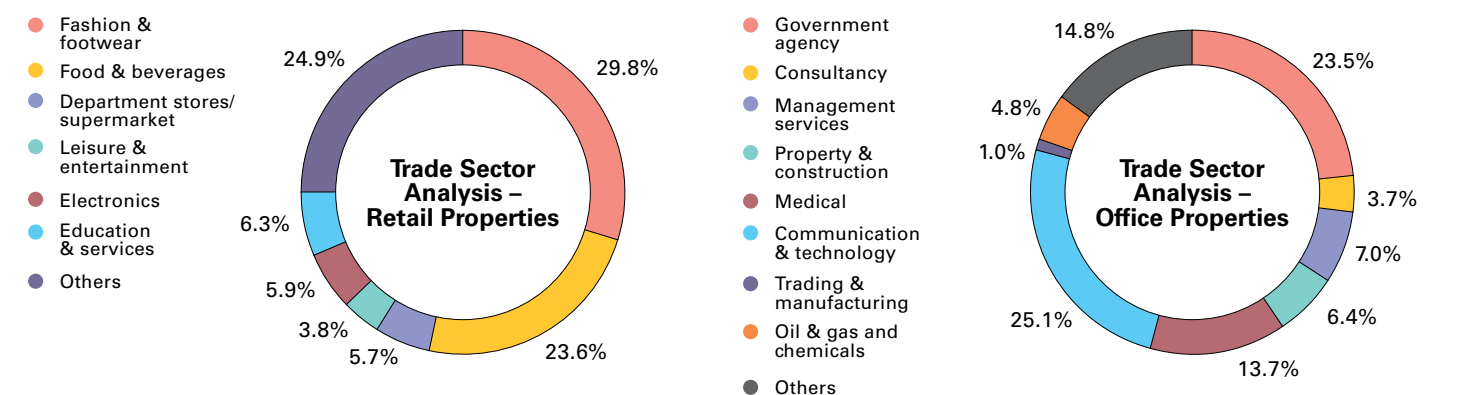
Top 10 Tenants by Total Gross Revenue

Tenant	Trade	Tenancy Expiry Date ¹	% of Total Gross Revenue ²
Parkson	Department store	18 Jul 2022, 31 Aug 2022	2.1%
Uniqlo	Fashion	27 May 2022, 14 Jul 2023	1.6%
TGV Cinemas	Cinema	22 Jul 2024, 14 Sep 2024	1.5%
Aeon	Department store	29 Sep 2022	1.6%
Roche	Pharmaceuticals	31 May 2024	1.3%
Padini	Fashion	6 Sep 2022, 27 May 2024	1.1%
Adidas	Fashion	9 Apr 2022, 30 Sep 2022, 30 Sep 2025	1.0%
Jabatan Kerja Raya (JKR)	Government agency	28 Feb 2023	1.0%
Maxis	Telecommunications	31 Oct 2022, 31 Dec 2024	0.9%
Cotton On	Fashion	3 Jan 2023	0.9%

¹ In cases where leases have more than one expiry date (i.e. the tenants have several tenancies), tenancy expiry dates are shown as multiple dates.
² Based on total gross rental for the month of December 2021, excluding hotel master leases, hospital master lease, industrial lease, education lease and car park tenancies.

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 (which comprises various trades such as gifts, pharmaceutical, optical, etc.) and food & beverages. For office properties, the top three sectors are communication & technology, government agency and others (which comprises various trades such as retail, leisure, leasing, etc.).



INVESTMENT REVIEW

PROPERTY DEVELOPMENT ACTIVITIES AND ASSET ENHANCEMENT INITIATIVES

PROPERTY DEVELOPMENT ACTIVITIES - APPROXIMATELY RM700 MILLION* INCURRED SINCE IPO

1. Expansion of Sunway Carnival Shopping Mall



Artist impression of Sunway Carnival Shopping Mall expansion

Sunway REIT will soon complete the expansion of Sunway Carnival Shopping Mall, comprising nine storeys of retail space and seven levels of car park which began since 3Q FY2018 (Phase 1) to increase the mall's total NLA to approximately 840,000 sq.ft.

The opening of the expansion, slated for 2Q FY2022, is expected to transform the retail scene in Mainland Penang with a new iconic landmark with an enhanced tenancy mix of regional and international retail brands. Upon completion of Phase 1, the existing wing will also be refurbished (Phase 2) to synchronise with the overall concept of the mall.

Phase 1	Description
Estimated total development cost	RM436 million
Target completion	2Q FY2022
NLA	Approximately 350,000 sq.ft. of new additional space
Project objectives	<ul style="list-style-type: none"> To enhance breadth and depth of tenancy mix in line with evolving lifestyle demands of shoppers To meet larger retail space requirements of regional and international tenants To stay ahead of the competition with new offerings
Sustainability features	<ul style="list-style-type: none"> Rainwater harvesting system Electric car charging stations Volatile organic compound (VOC)-free paint LED lighting High-efficiency chiller Low-E glass to reduce heat penetration for East- and West-facing façades. Rooftop solar panels Ticketless carpark system Natural gas piping and system ready for future usage High water efficiency sanitary wares and fittings
Current progress of construction work	<ul style="list-style-type: none"> Above 80% completion as at 31 December 2021 Superstructure works at roof level
Targeted Green Building Certification	<ul style="list-style-type: none"> GreenRE - Gold GreenMark - Gold

* Inclusive of provisional contracted sum

INVESTMENT REVIEW

2. Refurbishment of Sunway Resort Hotel



Artist impression of Sunway Resort Hotel's brand new family-friendly facilities and landscape



Artist impression of Sunway Resort Hotel's Executive Lounge

Sunway REIT will soon complete the refurbishment of Sunway Resort Hotel to modernise its offerings with technology-enhanced features and family-friendly amenities, further elevating the guest experience at our flagship hotel in Sunway City.

Infusing value-added practicality and refined splendour, the refurbished hotel will feature 460 rooms, fiber-optic lit landscaped pools with underwater speakers, extensive family and wellness facilities, and the world-renowned Gordon Ramsay Bar & Grill - the multi-Michelin starred chef's first-ever restaurant in Malaysia.

Aside from refreshing essential physical infrastructure, a comprehensive digital transformation will also take place, offering a bold, glamorous, and interconnected vision for the future. From contactless check-in and payment systems at the reception, to keyless room entry, wireless charging, IPTV, electronic bidets, and ambience setting in the rooms, the refurbished Sunway Resort Hotel will offer unparalleled guest experience, comfort, convenience, and prestige.

In line with Sunway's firm commitment to sustainability, many of the high-tech upgrades, such as advanced air-conditioning systems, solar panels and motion-sensor LED lighting will further improve the hotel's energy efficiency. Plastic bags have been discontinued and an urban hydroponic farm by Sunway XFarms will supply healthy, fresh produce to the hotel's restaurants.

Enhanced guestrooms are expected to reopen upon completion of Phase 1, followed by a Family Club Lounge, new gym room, kids' club and an outdoor kids water play-land and remaining guestrooms upon completion of Phase 2.

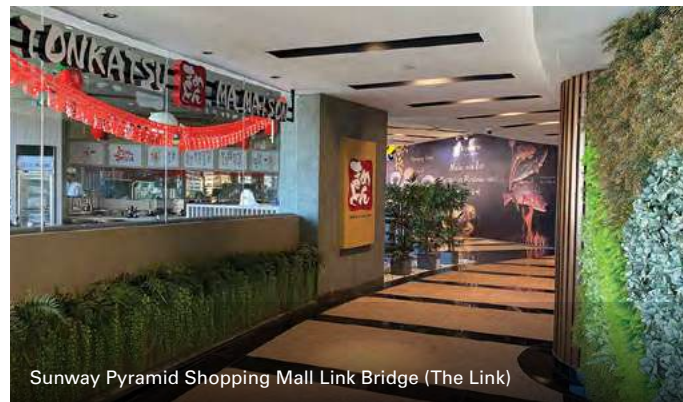
Phases 1 & 2	Description
Estimated total refurbishment cost	RM260 million
Target completion	Phase 1: 1H FY2022 (above 75% completion as at 31 December 2021) Phase 2: 2H FY2022
Main scope of work	Phase 1 (Levels 1, 9 to 21) Guestrooms and corridors, main lobby, Level 1 swimming pool and landscape, facade repainting, M&E main plant, lifts and VIP lobby escalators Phase 2 (Levels 1 to 8) Guestrooms and corridors, new gym room, kid's club, Level 5 kids' pool and landscape, Family Club Lounge, Fuzion restaurant, car park repainting and epoxy flooring
Targeted Green Building Certification	GreenRE - Gold

**INVESTMENT
REVIEW**

ASSET ENHANCEMENT INITIATIVES - APPROXIMATELY RM820 MILLION* INCURRED SINCE IPO

New AEs during the financial period:

1. Refurbishment and Extension of Sunway Resort Hotel Annexe and Link Bridge



Sunway Pyramid Shopping Mall Link Bridge (The Link)



Extension of Sunway Resort Hotel Annexe

To provide complementary and synergised retail and hospitality offerings in Sunway City, Sunway Resort Hotel Annexe and Link Bridge (The Link) have been refurbished at a cost of RM11 million and RM13 million, respectively, and have both successfully commenced operations in December 2021, with 46,000 sq.ft. of NLA.

2. Conversion of Sunway Resort Hotel Rooftop to Commercial Office Space



Artist impression of Sunway Resort Hotel Rooftop Commercial Office Space

RM20 million was allocated to renovate and convert the rooftop of Sunway Resort Hotel into commercial office space with NLA of 30,000 sq.ft. to optimise the potential of the asset and income generation ability.

The AEI is expected to be completed in 1Q FY2022.

* Inclusive of provisional contracted sum

MARKET REPORT

ECONOMIC OVERVIEW

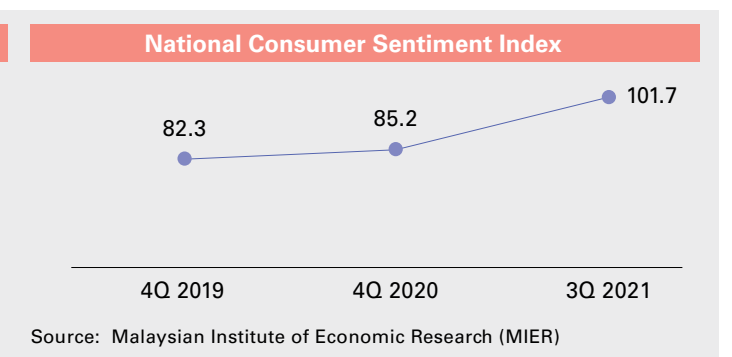
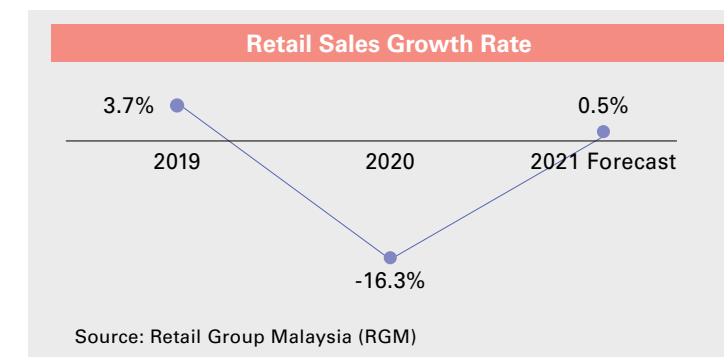
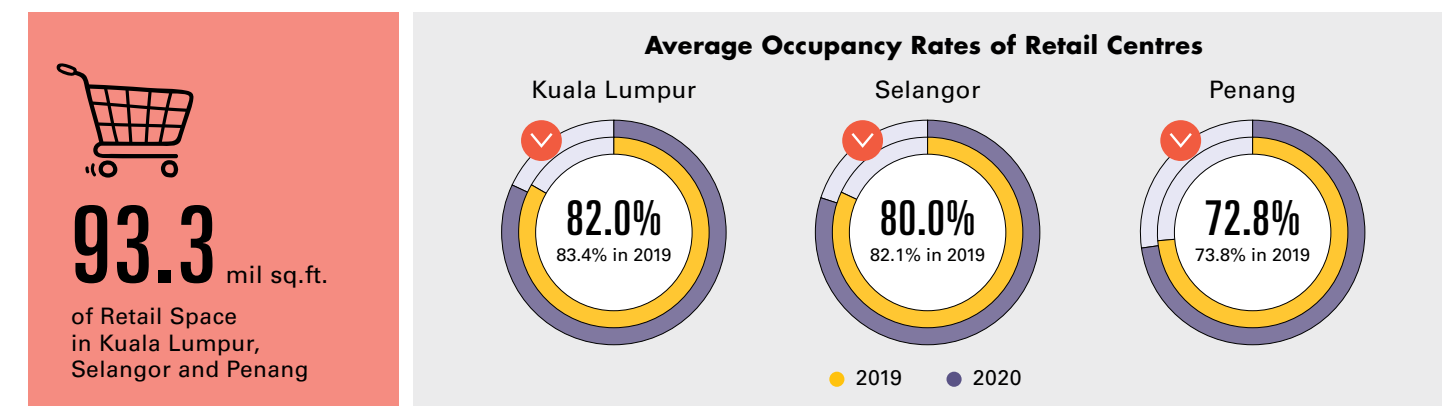
Indicator	2020	2021	Remarks
GDP Growth	-5.6%	3.1%	The enforcement of various movement control measures such as domestic and international travel restrictions, as well as the prohibition of operations for contact-intensive service industries, have affected most economic sectors. Nevertheless, the effectiveness of the vaccination roll-out, coupled with the reopening of the economy, is believed to be able to gradually lift economic growth.
Consumer Price Index (CPI)	-1.2%	2.5%	Headline inflation turned negative in 2020 (2019: 0.7%) mainly due to the substantially lower global oil prices. Headline inflation rate was elevated in 2021 due to sustained domestic demand along with the gradual resumption of economic activities.
Unemployment Rate	4.5%	4.6%	Continuous resumption of more economic, social and recreational activities enabled the labour force situation to remain relatively stable in 2021.
Overnight Policy Rate (OPR)	1.75%	1.75%	Bank Negara Malaysia (BNM) maintained OPR at 1.75% after the final Monetary Policy Committee meeting in November 2021, taking into account that risks to Malaysia's economic growth outlook remained tilted to the downside on external and domestic factors amidst lingering pandemic concerns.

Source: Bank Negara Malaysia, Ministry of Finance

RETAIL MARKET OVERVIEW

The retail industry has been heavily impacted by the COVID-19 outbreak since 2020. With a 16.3% contraction in retail sales recorded in 2020, it was one of the sector's worst performances recorded in two decades. Footfall at the malls saw a significant drop during the various phase of MCO as shoppers were cautious in their spending besides being

concerned about COVID-19 infection. For 2021, Retail Group Malaysia (RGM) forecasted a full-year retail industry sales growth of 0.5% for the country, expecting the industry to gain momentum in its recovery by the end of the year. In the same way, RGM projected a 6% growth in Malaysia's retail sales for 2022 as the country's retail industry looks forward to recovery from the impact of pandemic-driven movement restrictions that have been in place for almost two years.



Source: Retail Group Malaysia (RGM)

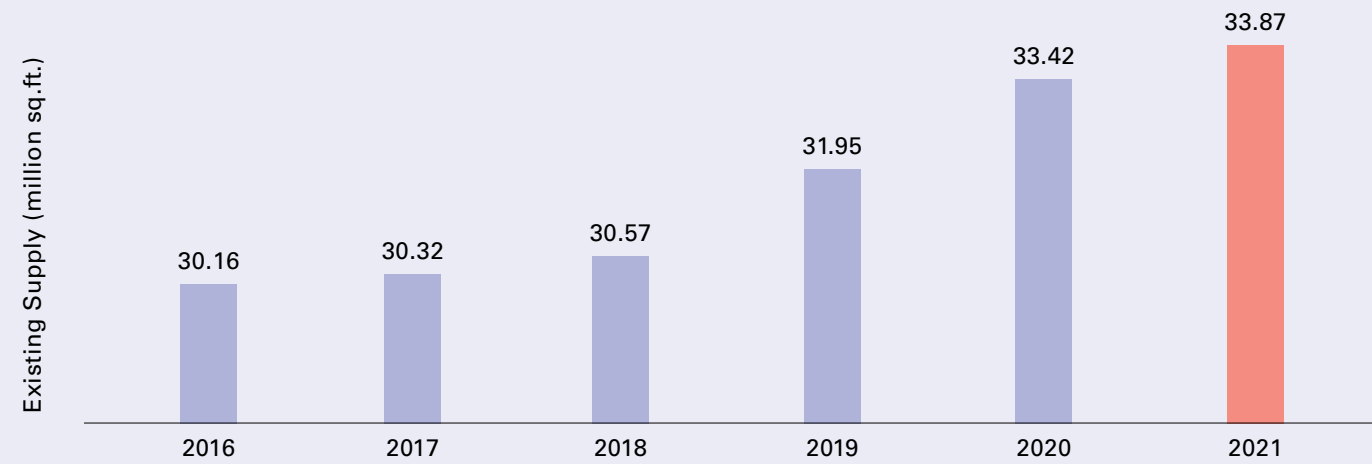
Source: Malaysian Institute of Economic Research (MIER)

SUPPLY OF RETAIL SPACE

SELANGOR

The cumulative supply of retail space in Selangor stood at around 33.87 million sq.ft. as of 1H 2021, following the completion of Setia City Mall Phase 2 with approximately 450,000 sq.ft. of net lettable area (NLA).

Figure 1.1: Cumulative Supply of Retail Space in Selangor, 2016 to 2021



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

Amid the challenging retail climate due to the prolonged pandemic, the scheduled completion and opening of five incoming retail developments were delayed to 1H 2022. Collectively, these retail developments will add about 2.386 million sq.ft. of space to the state's existing retail stock.

Figure 1.2: Retail Centres/Retail Components in Selangor Scheduled for Completion/Opening in 1H 2022

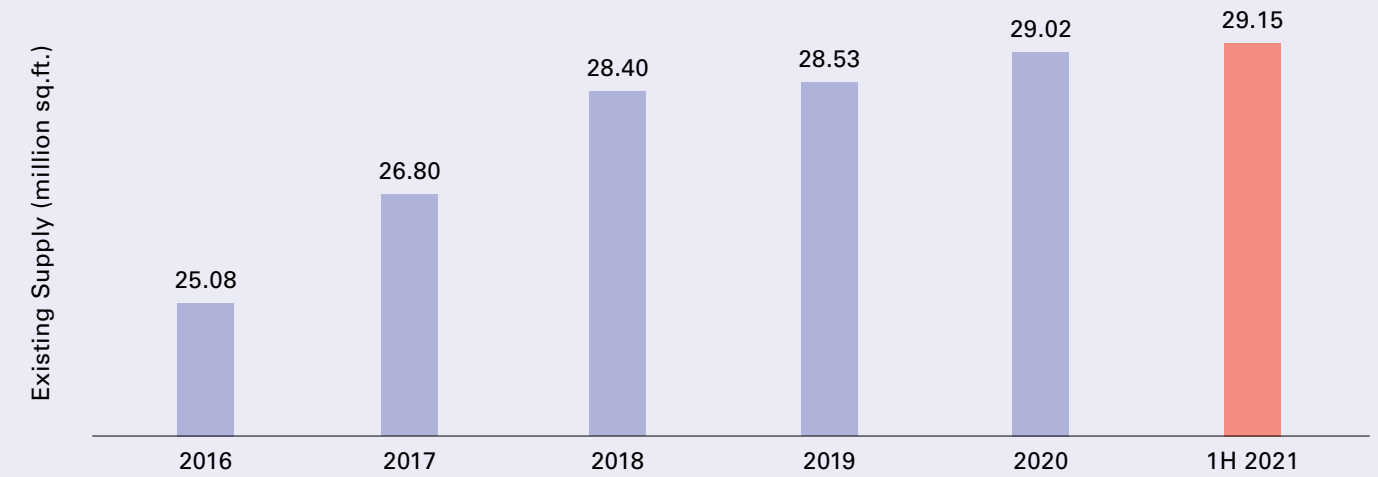
Name of Development	Location	Estimated NLA (sq.ft.)
Retail Component of Pacific Star	Petaling Jaya	240,000
Retail Component of Datum Jelatek	Ampang	326,000
EcoHill Walk Mall	Semenyih	170,000
KSL Esplanade Mall	Klang	650,000
IOI City Mall Phase 2	Putrajaya	1,000,000
Total		2,386,000

Source: Knight Frank Research

KUALA LUMPUR

The cumulative supply of retail space in Kuala Lumpur currently stands at approximately 29.15 million sq.ft. The bulk of retail supply comes from KL Fringe with about 18.37 million sq.ft. (63.0%), while KL City accounts for the remaining 10.77 million sq.ft. of space (37.0%).

Figure 1.3: Cumulative Supply of Retail Space in Kuala Lumpur, 2016 to 1H 2021



Source: Knight Frank Research

Pavilion Bukit Jalil, which opened on 3 December 2021, added around 1.8 million sq.ft. of space to the existing retail stock. Together with another four upcoming retail developments in KL City and one in KL Fringe, the stock of retail space will increase by about 6.183 million sq.ft. by 1H 2022.

Figure 1.4: Retail Centres/Retail Components in Kuala Lumpur Scheduled for Completion/Opening, 2H 2021 and 1H 2022

Name of Development	Location	Expected Completion/Opening	Estimated NLA (sq.ft.)
Pavilion Bukit Jalil	Bukit Jalil	2H 2021	1,800,000
Retail Component of Lot 91 @ KLCC	KLCC	1H 2022	73,000
Mitsui Shopping Park Lalaport	Bukit Bintang	1H 2022	840,000
The Exchange TRX	TRX	1H 2022	1,300,000
118 Mall	City Centre	1H 2022	1,000,000
Pavilion Damansara Heights	Damansara Heights	1H 2022	1,170,000
Total			6,183,000

Source: Knight Frank Research

PENANG

As of 2Q 2021, the total existing retail space in Penang stood at 13.4 million sq.ft., of which 67.7% (9.1 million sq.ft.) was in Penang Island and the remaining 32.3% (4.3 million sq.ft.) was in Mainland Penang. To date, there were no known completions in 2021.

As for future supply, Penang expects to see more than 6 million sq.ft. of retail space across 10 developments added to the existing retail market. By location breakdown, 72% of future supply will be from Penang Island while the remaining 28% will be from Mainland Penang. In 2022, the state is expected to see the completion of the expansion of Sunway Carnival Shopping Mall with about 350,000 sq.ft. by Sunway REIT and the retail component of Phase 3 in Penang Times Square, totalling approximately 230,000 sq.ft. Notably, more megamalls will be coming into the Penang market, including GEM Megamall, the mall in Penang World City and the mall in Sunway Valley City.

Figure 1.5: New Supply of Retail Space in Penang, 2022 Onwards

No.	Name	Location	Approximate NLA (sq.ft.)	Expected Completion	Status
Penang Island					
1	Penang Times Square – Phase 3	George Town	230,000	2022	Under construction
2	Sunshine Central	George Town	900,000	2023	Under construction
3	Penang Times Square – Phase 4	George Town	110,000	Post-2023	Being planned
4	The Light Waterfront Mall – Phase 1 & 2	Jelutong	660,000	Post-2023	Being planned
5	The Light Mixed Commercial Mall	Jelutong	500,000	Post-2023	Being planned
6	Penang World City	Bayan Mutiara	1,000,000	Post-2023	Being planned
7	Sunway Valley City	Paya Terubong	1,000,000	Post-2023	Being planned
Sub Total			4,400,000		
Mainland Penang					
1	Sunway Carnival Shopping Mall new wing	Seberang Perai	350,000	2022	Under construction
2	Penang Sentral – Phase 2	Butterworth	400,000	Post-2023	Being planned
3	GEM Megamall	Seberang Perai	1,200,000	Post-2023	Being planned
Sub Total			1,950,000		
Total			6,350,000		

Source: Savills Research

DEMAND FOR RETAIL SPACE

SELANGOR

In 1H 2021, the lower band of rental rates of selected shopping centres in Selangor ranged from about RM4.12 per sq.ft. to RM25.00 per sq.ft. per month, while the rental rates in the upper band were from RM8.40 per sq.ft. to RM50.00 per sq.ft. per month. The rental rates depend on the size of occupied space, floor level, unit orientation and other value factors.

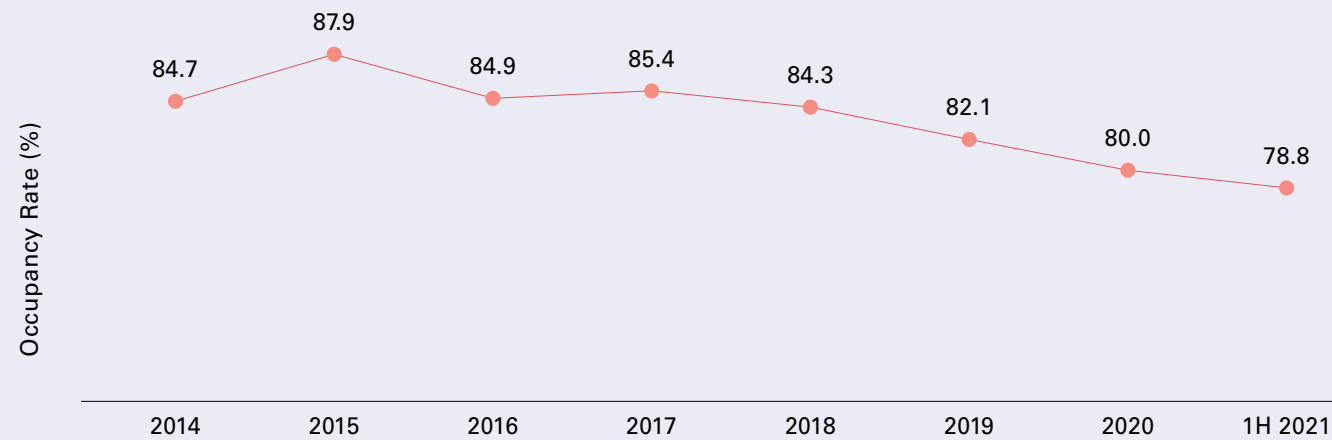
Figure 1.6: Rental Levels of Retail Space in Selected Shopping Centres in Selangor, 2019 to 1H 2021

Shopping Centre	Location	Floor Level	Floor Area (sq.ft.)	Rental Range (RM per sq.ft./month)		
				2019	2020	1H 2021
1 Utama Shopping Centre	Bandar Utama	Lower Ground	323 – 1,981	11.88 – 36.74	11.88 – 36.74	12.00 – 50.00
		Ground	1,345 – 2,669	19.50 – 35.00	19.50 – 35.00	14.00 – 34.00
		1	560 – 1,378	18.70 – 34.10	18.70 – 34.10	13.00 – 37.00
		2	463 – 1,830	19.00 – 22.00	19.00 – 22.00	7.00 – 31.00
The Mines	Seri Kembangan	1 (Fashion)	172 – 1,647	10.00 – 20.69	10.41 – 20.69	10.41 – 20.69
		1 (Food)	560 – 1,604	7.15 – 17.80	7.50 – 17.80	7.50 – 17.80
		2 (Fashion)	667 – 2,099	8.00 – 17.85	8.30 – 17.85	8.30 – 17.85
		3 (Fashion)	786 – 1,776	5.40 – 8.40	5.40 – 8.40	5.40 – 8.40
		3 (Food)	474 – 3,907	5.85 – 14.77	5.85 – 14.77	5.85 – 14.77
		3 (Others)	775	23.85	23.85	23.85
IOI City Mall	Putrajaya	4 (Telco)	527 – 1,991	9.00 – 19.00	9.00 – 19.00	9.00 – 19.00
		LG (East Wing)	366 – 1,313	17.19 – 37.19	17.19 – 33.00	17.00 – 37.00
		LG (Centre Court)	344 – 3,143	27.19 – 45.18	27.19 – 45.18	25.00 – 44.00
		LG (West Wing)	226 – 3,380	9.75 – 36.19	9.75 – 36.19	14.30 – 36.19
		G (East Entrance)	861 – 5,974	6.00 – 22.19	6.00 – 22.19	4.12 – 26.00
		G (Centre Court)	1,076 – 2,809	10.20 – 14.94	9.75 – 18.00	9.00 – 18.00
		L1 (East Wing)	1,539 – 2,508	8.20 – 9.70	7.50 – 12.00	7.50 – 12.00
		L1 (Centre Court)	549 – 1,615	17.69 – 43.18	17.69 – 43.18	15.50 – 43.00
		L1 (West Wing)	452 – 3,832	9.40 – 10.50	9.40 – 10.50	5.00 – 16.00
		L2 (East Wing)	538 – 1,152	20.19 – 23.19	20.19 – 23.19	18.00 – 23.19
L2 (Centre Court)	484 – 1,163	20.19 – 32.19	19.50 – 32.19	18.00 – 32.19		
L2 (West Wing)	484 – 1,023	17.19 – 22.19	17.19 – 22.19	16.00 – 22.19		

Source: NAPIC/Knight Frank Research

The average occupancy rate of shopping centres in the state peaked at 87.9% in 2015 and has since continued to downtrend, recording 78.8% in 1H 2021. The average occupancy for Selangor has remained fairly resilient, hovering close to the 80% threshold despite the high supply pipeline of retail space coming into the market, alongside the challenging business landscape.

Figure 1.7: Overall Occupancy Rate in Selangor, 2014 to 1H 2021



Source: NAPIC/Knight Frank Research

KUALA LUMPUR

Kuala Lumpur's premier shopping destination, namely Suria KLCC, commands high rental rates ranging from RM36.54 per sq.ft. to RM213.84 per sq.ft. per month in 1H 2021. In KL Fringe, rentals at popular shopping centres such as Mid Valley Megamall and The Gardens Mall currently range between RM15.00 per sq.ft. and RM80.00 per sq.ft. per month. The table below summarises the rental levels of selected shopping centres in Kuala Lumpur from 2019 to 1H 2021.

Figure 1.8: Rental Levels of Retail Space in Selected Shopping Centres in Kuala Lumpur, 2019 to 1H 2021

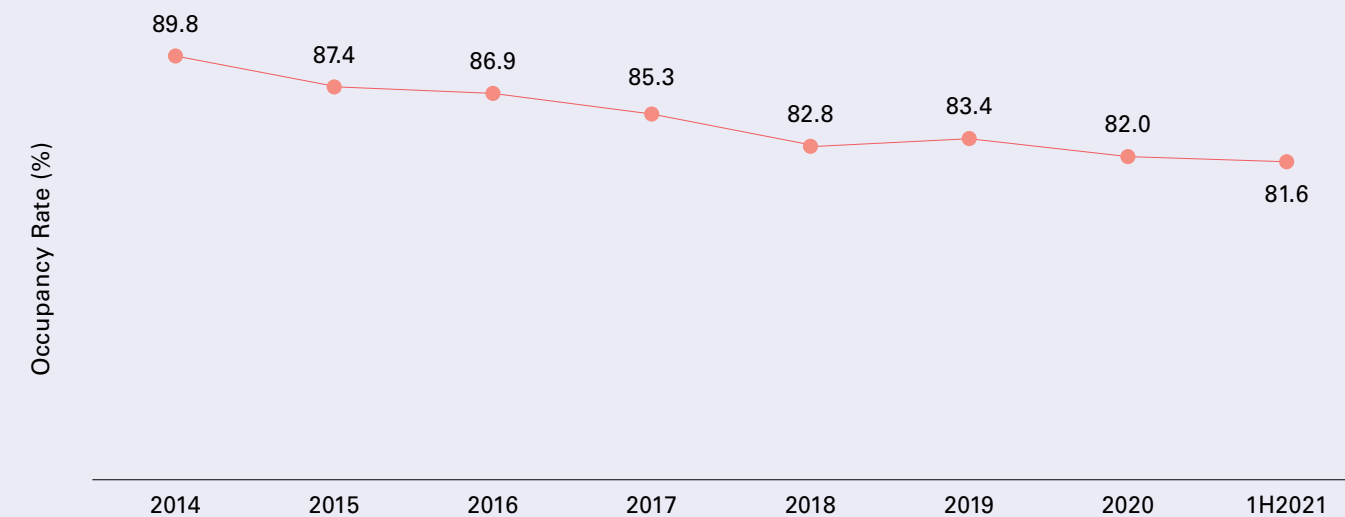
Shopping Centre	Location	Floor Level	Floor Area (sq.ft.)	Analysis of Rental Rates (RM per sq.ft./month)		
				2019	2020	1H 2021
KL City						
Suria KLCC	Jalan Ampang	Concourse (LG)	151 – 4,047	40.50 – 216.50	42.55 – 223.00	46.00 – 213.84
		Ground	301 – 2,928	37.35 – 165.47	41.64 – 165.47	41.64 – 152.44
		1	215 – 904	96.40 – 113.65	96.62 – 113.84	96.62 – 113.84
		2	323 – 1,819	88.25 – 89.04	36.54 – 89.23	36.54 – 100.54
		3	205 – 1,679	49.40 – 100.75	50.64 – 100.94	49.19 – 100.94
		4	570 – 2,368	47.40 – 57.35	47.59 – 60.09	45.39 – 62.79

Shopping Centre	Location	Floor Level	Floor Area (sq.ft.)	Analysis of Rental Rates (RM per sq.ft./month)		
				2019	2020	1H 2021
Mid Valley City						
Mid Valley Megamall	Mid Valley City	Lower Ground	1,076 – 1,851	24.65 – 35.65	25.00 – 35.65	25.00 – 35.65
		Ground	560 – 958	45.65 – 72.25	45.00 – 80.00	45.00 – 80.00
		1	398 – 883	33.15 – 37.65	33.35 – 38.00	33.35 – 38.00
		2	431 – 700	23.15 – 25.65	23.35 – 25.00	23.35 – 25.00
		3	420 – 969	15.25 – 20.65	15.00 – 21.00	15.00 – 21.00
The Gardens Mall	Mid Valley City	Lower Ground	517 – 926	28.15 – 39.15	27.00 – 40.00	27.00 – 40.00
		Ground	1,001 – 1,819	31.65 – 38.15	31.50 – 38.15	31.50 – 38.15
		1	1,485 – 1,862	23.13 – 31.65	23.50 – 30.00	23.50 – 30.00
		2	1,098 – 1,658	18.65 – 21.65	18.50 – 21.00	18.50 – 21.00
		3	2,077 – 2,777	17.15 – 19.15	17.00 – 18.00	17.00 – 18.00

Source: NAPIC/Knight Frank Research

The average occupancy rate of shopping centres in Kuala Lumpur peaked at 89.8% in 2014 and has since continued to downtrend. Despite recording a slight improvement in 2019 at 83.4% (2018: 82.8%), the average occupancy level declined to 81.6% in 1H 2021 following the adverse impacts of the prolonged COVID-19 pandemic.

Figure 1.9: Overall Occupancy Rate in Kuala Lumpur, 2014 to 1H 2021



Source: NAPIC/Knight Frank Research

PENANG

The rental rates of selected retail malls in Penang ranged from as low as RM3.00 per sq.ft. to as high as RM35.00 per sq.ft. per month in 1H 2021, depending on the mall's location, area occupied, floor level and the unit's location. The rental rates of the retail space within the said retail malls were generally stable year-on-year (y-o-y).

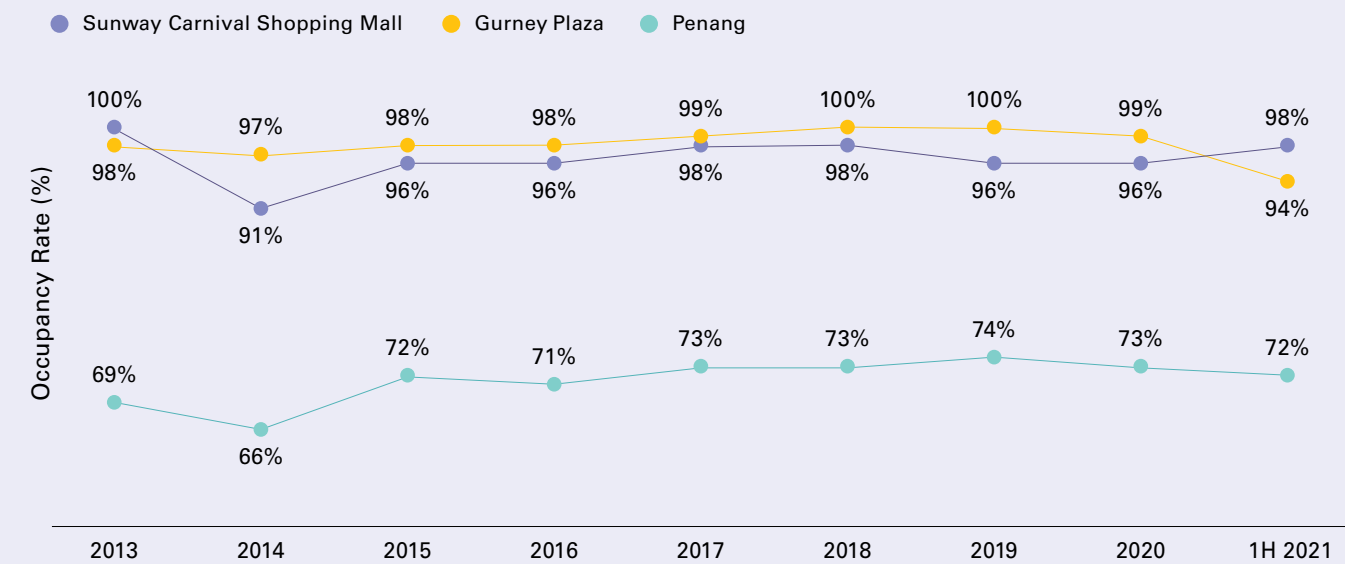
Figure 1.10: Rental Levels of Retail Space in Selected Shopping Centres in Penang, 2H 2020 to 1H 2021

Retail Mall	Floor	Size Range (sq.ft.)		Rental Range (RM/psf)			
		Min	Max	July-Dec 2020 (2H 2020)		Jan-June 2021 (1H 2021)	
Gurney Paragon	LG	312	2,260	6.70	12.30	4.80	12.90
	1	2,573	3,294	12.70	31.70	10.30	22.60
	2	603	1,905	12.70	27.40	15.80	21.00
	3	753	926	7.20	14.70	4.80	14.70
1 st Avenue	G	484	1,001	10.00	32.80	10.00	35.00
	1	786	4,801	3.30	8.50	5.00	7.00
	2	388	1,399	6.90	10.90	6.90	10.90
	3	1,367	858	7.40	7.40		
Queensbay Mall	LG	527	1,453	15.80	24.60	15.80	25.30
	G	1,206	1,259	19.20	20.60	20.60	0.00
	1	883	1,141	17.50	24.00	17.50	24.60
	2	334	1,539	10.90	19.50	10.90	12.50
	3	334	1,001	10.20	18.60	10.30	19.50
Design Village		334	2,142	5.80	8.80	5.80	8.80
		140	2,077	9.70	14.30	8.60	14.30
	G	2,153	6,867	5.00	8.00	5.00	8.00
		2,207	2,239	9.80	10.00	9.80	10.00
		21,162		3.00	3.00		

Source: NAPIC/Savills Research

The average occupancy rate of retail space in Penang declined to 72.8% in 2020 (2019: 73.8%). 1H 2021 saw the average occupancy rate falling further to 72%, with the occupancy rates in both Penang Island and the Mainland recording 80% and 62%, respectively. Nevertheless, centrally managed malls such as Sunway Carnival Shopping Mall and Gurney Plaza recorded good occupancy rates, above Penang's average.

Figure 1.11: Occupancy Rates of Selected Shopping Malls and Overall Occupancy Rate in Penang, 2013 to 1H 2021



Source: NAPIC/REIT's Annual Report/Savills Research

RETAIL MARKET TRENDS

The pandemic has undoubtedly accelerated retailers' adoption of e-commerce. The closure of physical retail stores due to lockdown and social distancing measures has led to consumers resorting to online shopping, pushing the country's e-commerce transactions to a peak of RM896.4 billion in 2020, an increase of 32.7% compared to 2019 (RM675.4 billion), according to the Department of Statistics Malaysia (DOSM).

NEW TENANCY STRATEGIES

The market saw the adoption of omnichannel strategies by a majority of businesses in achieving sales, both offline and online. Such new norms have resulted in mall landlords providing flexible tenancy arrangements in order to retain tenants and achieve optimal occupancy. Additionally, throughout this challenging climate, mall landlords have continued to provide rental rebates to tenants in order to sustain their businesses and to survive the impact of the pandemic.

As a result, retail tenants are now increasingly seeking shorter tenancy terms instead of long-term tenancies, which can typically last three years or longer. Mall landlords and

operators have to be flexible to meet the emerging demands of retail tenants. Another trend observed is that more shopping malls are embarking on digital transformation by building an online presence, such as digital malls, in line with changing consumer needs. One such example was the roll-out of Sunway eMall in October 2021, the e-commerce platform of Sunway Malls.

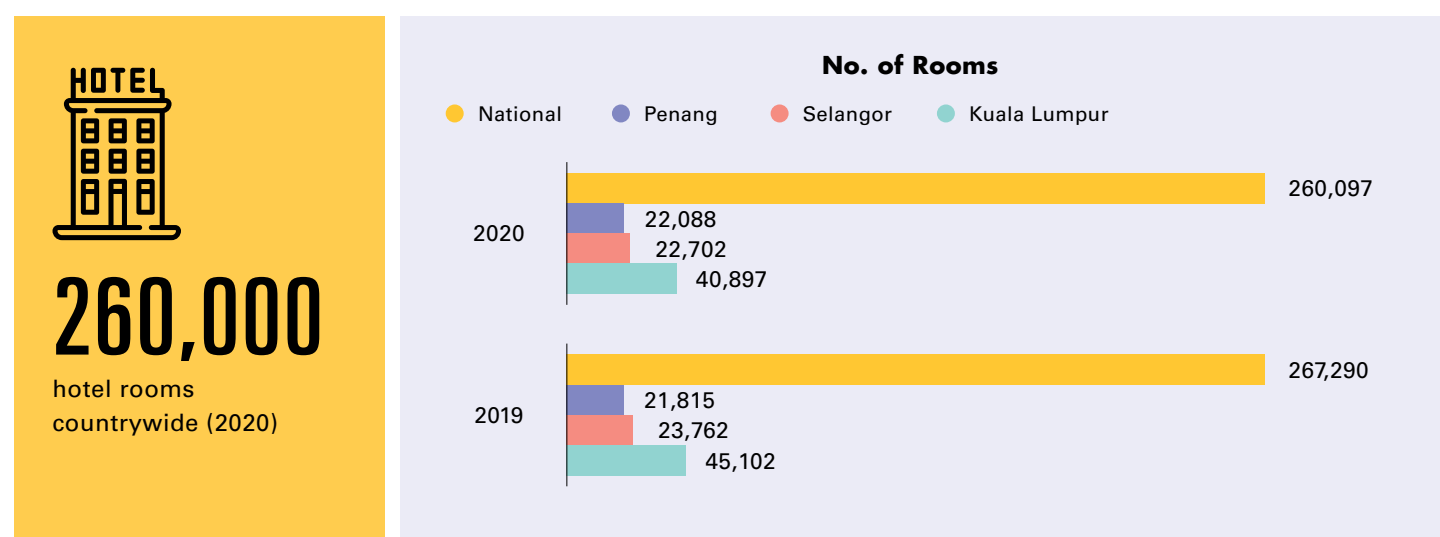
NEW DESIGN OF SPACES

The pandemic has brought to the fore the importance of open spaces and increased awareness about building ventilation. Designing an environment with access to open air, ventilated spaces and less congested retail spaces will be a key trend in the retail sector. This alfresco trend is expected to continue as many are still wary of indoor spaces.

Additionally, it is envisaged that consumers will anticipate and crave for more social interactions in the post-pandemic era. Experiential shopping, which was a powerful differentiation strategy in pre-pandemic life, is set to become an even bigger factor in the future retail market. In the effort to entice shoppers, shopping malls could provide interactive spaces, such as short-term pop-ups, art exhibitions and community lounge spaces, to keep the malls relevant.

HOSPITALITY MARKET OVERVIEW

Hospitality-related segments continued to be affected by cancellations of flights, tour packages and hotel bookings due to prolonged international and domestic travel restrictions during the first half of 2021. Total tourist arrivals in Malaysia were 4.33 million in 2020, representing an 83.4% decline compared to 2019 (tourist arrivals: 26.10 million). In the first half of 2021, the tourist arrivals recorded were only 50,613 persons, negligible compared to 4.3 million tourist arrivals in the same period last year. The tourism sector in Malaysia is likely to remain challenging as long as the country's borders continue to be closed.



SUPPLY OF HOSPITALITY SPACE

SELANGOR

In 2020, the total supply of all star-rated hotels in Selangor declined to 470 hotels (2019: 475 hotels). The various phases of the MCO that were implemented since 18 March 2020, coupled with international travel bans, led to the permanent closure of some hotels. The most recent hotel that ceased operations in Selangor was Holiday Villa Hotel & Conference Centre Subang, which closed its doors on 1 October 2021.

During the review period, there was a notable hotel opening in Selangor, namely the Glenmarie Hotel & Resort. The 260-room hotel, which was launched in August 2021, is managed by Tradewinds Hospitality. By the end of 2021, another three hotel openings were expected. The following table summarises selected upcoming hotels in Selangor.

Figure 2.1: Future Supply (Incoming & Planned) of Hotels and Rooms in Selangor, 2021 to 2022

No.	Hotel Development	Location	Expected Completion	No. of Rooms
1	Mercure Kuala Lumpur Glenmarie	Ultrapolis, Glenmarie	2021	229
2	Holiday Inn Sepang	Kota Warisan Sepang	2021	250
3	AVANTÉ Hotel	Bandar Utama	2021	610
4	Doubletree by Hilton	i-City, Shah Alam	2022	300

No.	Hotel Development	Location	Expected Completion	No. of Rooms
5	Courtyard by Marriott Setia Alam	Setia Alam	2022	225
6	Autograph Luxury Hotel	Empire City	2022	279
7	McGuffin Hotel	Empire City	2022	155
8	Aloft Hotel @ Meta City	Seri Kembangan	2024	276
9	Citadines Montfort Shah Alam	Emporia Shah Alam	2027	250
Total				2,574

Source: Knight Frank Research

KUALA LUMPUR

As of 2020, the number of hotels in Kuala Lumpur (all star categories) stood at 472 (2019: 480 hotels). Notable hotels that have ceased or are ceasing operations include Ancasa Express @ Pudu, Swiss-Inn Chinatown Kuala Lumpur, Silka Maytower Kuala Lumpur, Grand Seasons Hotel Kuala Lumpur, GTower Hotel, Invito Hotel & Residences (formerly known as Capri by Fraser Bangsar South), E&O Residences, Hotel Istana and Silka Cheras Hotel Kuala Lumpur.

During the review period, two hotels were also rebranded, namely Cormar Suites (formerly known as Fraser Place Kuala Lumpur) and Hotel Royal Bukit Bintang (formerly known as Royale Chulan Bukit Bintang). The following table summarises selected upcoming hotels in Kuala Lumpur.

Figure 2.2: Future Supply (Incoming & Planned) of Hotels and Rooms in Kuala Lumpur, 2021 to 2023

No.	Hotel Development	Location	Operator/Developer	Expected Completion	No. of Rooms
1	Monopoly Mansion	Jalan Baba	Sirocco Hospitality Group	2021	310
2	Capri by Fraser Bukit Bintang	Jalan Imbi	Fraser Hospitality	2021	321
3	Canopy by Hilton Kuala Lumpur	Jalan Imbi	Hilton Worldwide	2021	456
4	Fairfield by Marriott	Jalan Pahang	Marriott International	2021	186
5	Crowne Plaza Hotel	Jalan Yap Kwan Seng	InterContinental Hotels Group (IHG)	2022	338
6	Conrad Kuala Lumpur	Jalan Sultan Ismail	Hilton Worldwide	2022	544
7	Amari Kuala Lumpur	KL Eco City	ONYX Hospitality Group	2022	252
8	JW Marriott KL Sentral	Brickfields	Marriott International	2022	N/A
9	Park Hyatt Kuala Lumpur	Jalan Stadium	Hyatt Hotels & Resorts	2022	290
10	Ascott Star KLCC*	Jalan Yap Kwan Seng	The Ascott Limited	2022	353
11	Pan Pacific Serviced Suites Kuala Lumpur*	Jalan Walter Granier	Pan Pacific Hotels Group	2022	210

MARKET REPORT

No.	Hotel Development	Location	Operator/Developer	Expected Completion	No. of Rooms
12	Courtyard by Marriott	Jalan Klang Lama	Marriott International	2022	276
13	Radisson Red Kuala Lumpur	Jalan Raja Laut	Carlson Rezidor Hotel Group	2022	166
14	Fairmont Kuala Lumpur	KLCC	Fairmont Hotels & Resorts	2022	690
15	Imperial Lexis	Jalan Kia Peng	Lexis Hotel Group	2022	272
16	Somerset Sri Hartamas Kuala Lumpur*	Sri Hartamas	The Ascott Limited	2022	308
17	Kempinski Hotel	Jalan Conlay	Kempinski Hotels	2023	560
18	Regent Kuala Lumpur	Persiaran TRX	InterContinental Hotels Group (IHG)	2023	250
19	Planet Hollywood Hotel	Jalan Raja Muda Aziz	Sirocco Hospitality Group	2023	207
20	So Sofitel Kuala Lumpur	Jalan Ampang	AccorHotels	2023	207
21	Mercure Kuala Lumpur Trion	Jalan Sg. Besi	AccorHotels	2023	235
22	Jumeirah Kuala Lumpur	Jalan Ampang	Jumeirah Group	2023	181
23	Kimpton Kuala Lumpur	Persiaran TRX	InterContinental Hotels Group (IHG)	2023	471
24	Hotel Indigo Kuala Lumpur on the Park	Jalan P. Ramlee	InterContinental Hotels Group (IHG)	2023	180
25	Somerset KL Metropolis Kuala Lumpur*	KL Metropolis	The Ascott Limited	2023	262
26	Citadines Odeon Kuala Lumpur*	Jalan Raja Laut	The Ascott Limited	2023	240
27	Holiday Inn Kuala Lumpur Bangsar	Jalan Bangsar	InterContinental Hotels Group (IHG)	2023	220
28	The Edition Kuala Lumpur	Jalan Stonor	Marriott International	2023	350
29	Hyatt Regency Kuala Lumpur	KL Midtown/KL Metropolis	Hyatt Hotels Corporation	2023	400
30	Goldmen Suites	Jalan Imbi	Ho Wah Genting Group	2023	600
31	Holiday Villa Kuala Lumpur City Centre	Jalan Mayang	Holiday Villa Hotels & Resorts	2023	204
32	Hotel Jen Kuala Lumpur	Jalan P. Ramlee	Shangri-La International	2023	198
33	Marriott Olympia Plaza	Jalan Tun Razak	Marriott International	2023	250
34	2 Proposed Hotels @ Bukit Jalil City	Bukit Jalil	Bukit Jalil City Development Sdn Bhd	2023	250
35	2 Proposed Hotels @ Bukit Jalil City	Bukit Jalil	Bukit Jalil City Development Sdn Bhd	2023	116
36	Proposed Hotel Suite @ KL Wellness City	Bukit Jalil	KL Wellness City Sdn Bhd	2023	N/A

MARKET REPORT

No.	Hotel Development	Location	Operator/Developer	Expected Completion	No. of Rooms
37	Unnamed Hotel (Sky One) @ Maju Kuala Lumpur	Lingkar Maju	ASM Development (KL) Sdn Bhd	2023	N/A
38	Citadines Astrum Ampang Kuala Lumpur	Ulu Kelang	The Ascott Limited	2023	230
39	WOLO Chinatown	Jalan Tun HS Lee	Mammoth Empire Holdings Sdn Bhd	2023	300
40	Shangri-La @ Kompleks Dayabumi	Jalan Sultan Hishamuddin	Shangri-La International	2023	300
41	Unnamed Hotel @ TNB HQ Site	Jalan Pantai	Tenaga Nasional Berhad	2023	170
42	Unnamed Hotel @ Pavilion Damansara Heights	Jalan Damanlela	Jendela Mayang Sdn Bhd	2023	196
43	Hotel Rosyam Noor	Jalan Tun Sambanthan 4	Alpine Engineering Sdn Bhd	2023	240
44	Unnamed Hotel	Jalan Syed Putra	Eastern Properties Sdn Bhd	2023	120
Total					>11,909

Source: Knight Frank Research

* These schemes are hotel-apartments, where the total number of rooms includes hotel apartment units.

PENANG

As of 3Q 2021, there were 119 hotels in Penang. There were two new hotel completions in 2020, namely Angsana Teluk Bahang, which offers 250 hotel rooms, and Ozo Hotel, which offers 141 rooms. Angsana Teluk Bahang is a 5-star hotel managed by the world-acclaimed Banyan Tree Hotels & Resorts and sits on Teluk Bahang beach. Ozo Hotel, on the other hand, is a 4-star-rated hotel by Bangkok-based ONYX Hospitality Group and is the only hotel on the island that offers a penthouse sky lobby.

Six more hotels are scheduled for completion in 2022 and 2023, totalling 1,807 rooms. These hotels are mostly located on Penang Island. The following table summarises selected upcoming hotels in Penang.

Figure 2.3: Future Supply of Selected Hotels and Rooms in Penang, 2022 to 2023

No.	Name	Location	Penang	No. of Keys
Expected Completion - 2022				
1	Holiday Inn & Suites	Juru Sentral	Mainland	328
2	Amari SPICE Penang	Bayan Lepas	Island	453
3	Goodtime Entertainment	Tanjung Tokong	Island	45
4	Marriot Residences	Persiaran Gurney	Island	313
Total				1,139

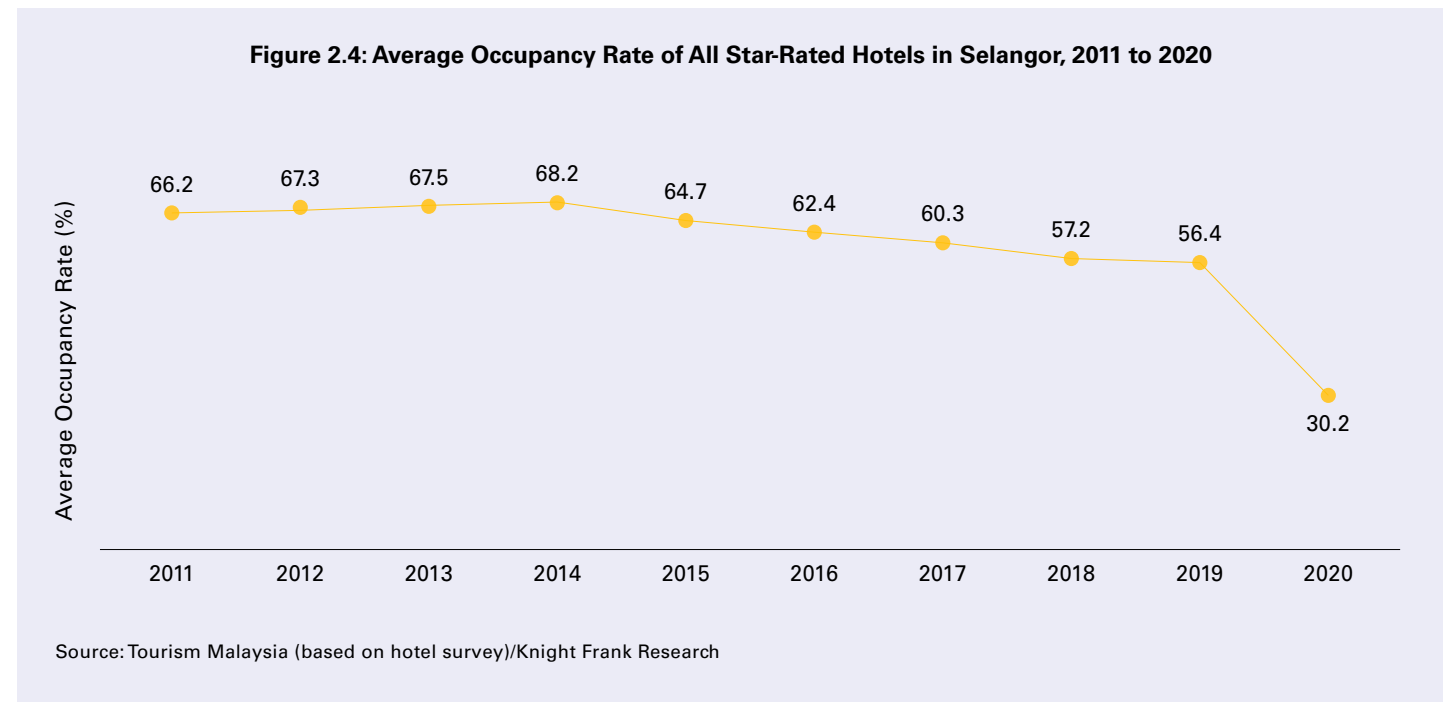
No.	Name	Location	Penang	No. of Keys
Expected Completion – 2023				
1	Straits Trading Hotel	Butterworth	Mainland	364
2	Iconic Regency Hotel	Sultan Azlan Shah	Island	304
Total				668

Source: Savills Research

DEMAND FOR HOSPITALITY SPACE

SELANGOR

The chart below shows the average occupancy rate (AOR) of all star-rated hotels in Selangor for the period from 2011 to 2020.

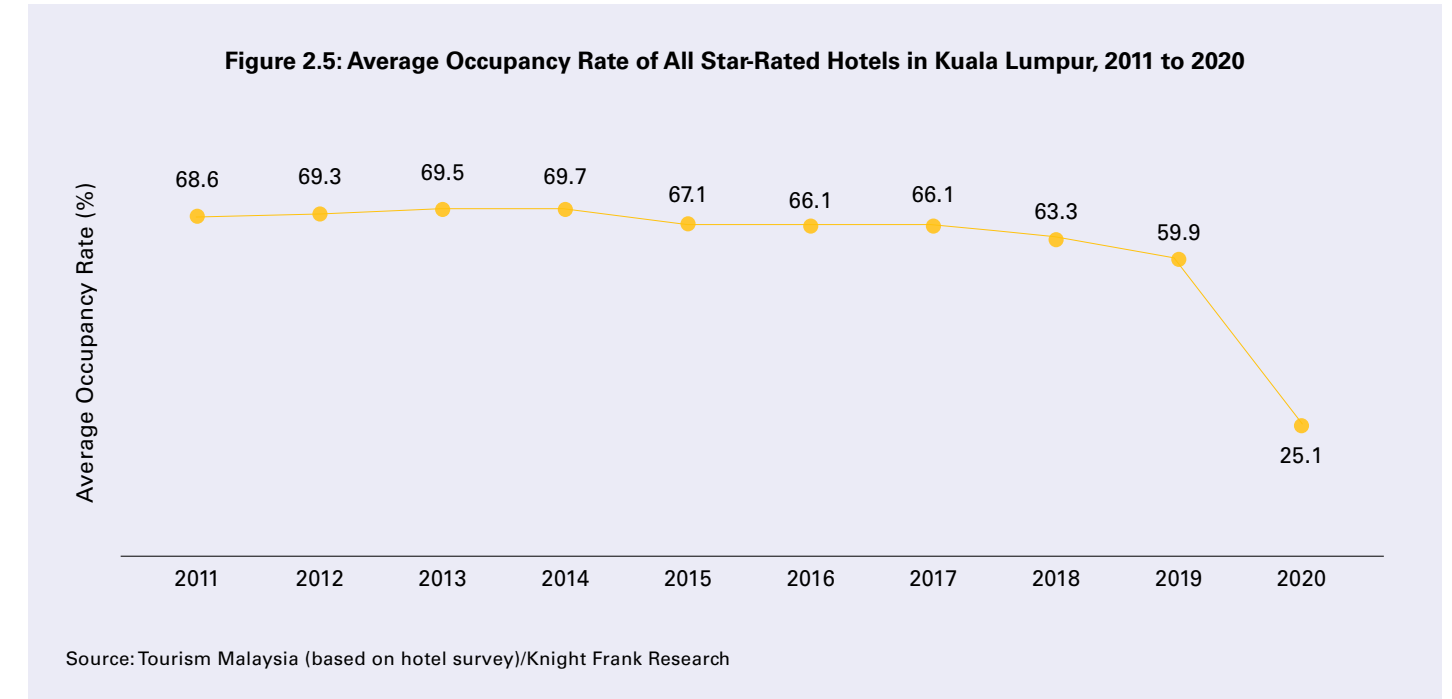


The AOR continued to fall and was recorded at 56.4% in 2019. The onset of the COVID-19 pandemic in early 2020, which led to strict containment measures, caused the AOR of all star-rated hotels in Selangor to plunge further to 30.2% in 2020.

With the cancellation of hotel bookings due to the closure of international borders and travel bans, some hotels ran at zero occupancy while others opted to temporarily shut down or solely rely on COVID-19 quarantine guests to sustain operations. Nevertheless, with the recent relaxation of interstate travel and the reopening of tourist destinations for domestic travellers under the tourism bubble plan, the last few months of 2021 might see some recovery. However, the overall AOR for 2021 is still expected to remain significantly low as Malaysia's borders are still closed to foreign tourists.

KUALA LUMPUR

The chart below shows the AOR of all star-rated hotels in Kuala Lumpur for the period from 2011 to 2020.

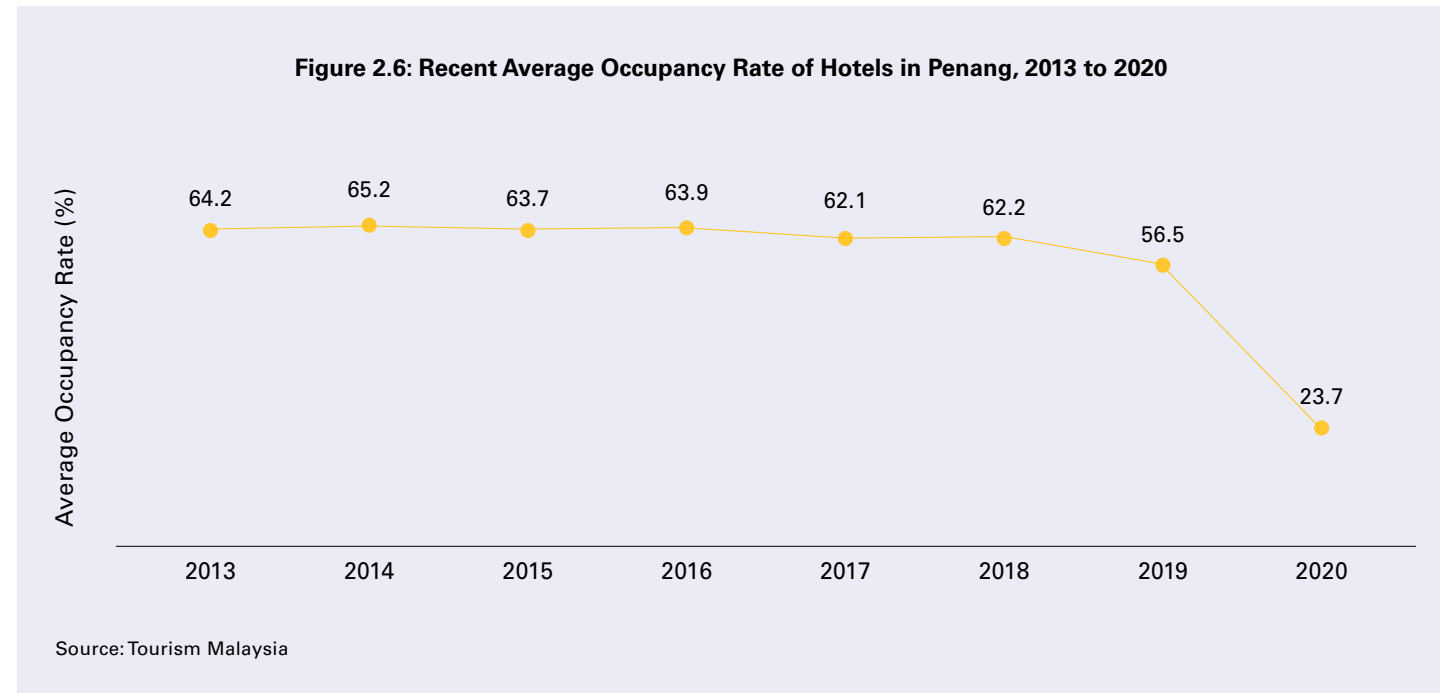


Similar to Selangor, the various movement restriction measures since early 2020 caused the AOR in Kuala Lumpur to fall to a low of 25.1% in 2020 from 59.9% in 2019. Some hotels in Kuala Lumpur also ceased operations due to low to zero occupancy as they struggled to sustain operating costs. To remain afloat, some hotels began offering work-from-hotel packages to compensate for the low occupancy rates and to pare down losses. Nevertheless, the hotel sector started reporting a gradual improvement when interstate travel restrictions were removed in October 2021.

PENANG

The hospitality market in Penang, especially on Penang Island, is highly dependent on the tourism sector. According to Tourism Malaysia, the AOR of hotels in Penang has been relatively stable at above 60% until 2018. It is noted that even before the outbreak of COVID-19, the occupancy rate of hotels in Penang had been affected by new supply and the rise of alternative accommodations.

With the lifting of interstate travel restrictions in October 2021, the hotel occupancy rate in Penang has also improved, recording a 75% occupancy rate, as per the figures from the Penang Chapter of the Malaysian Association of Hotels.



HOSPITALITY MARKET TRENDS

Undeniably, the COVID-19 pandemic has adversely impacted the Malaysian tourism industry and the entire hospitality value chain since 2020. Most hotels that have ceased operations will not reopen in the near term as the effects of the pandemic are expected to remain.

DEFENSIVE BUSINESS STRATEGIES

Presently, the hospitality sector is about the survival of the fittest and operators are carefully studying pricing to attract customers at the expense of room rates in order to achieve higher occupancy levels. Business margin expectations are lower and the focus is on business sustainability. The momentum towards a full recovery will be set in motion with the return of foreign tourist arrivals once international borders are reopened. Backed by various government incentives, including a special focus on the tourism sector in Budget 2022, the recovery of the hospitality sector is anticipated to be gradual with the further easing of domestic and international travel restrictions.

DIGITALISATION OF HOTELS

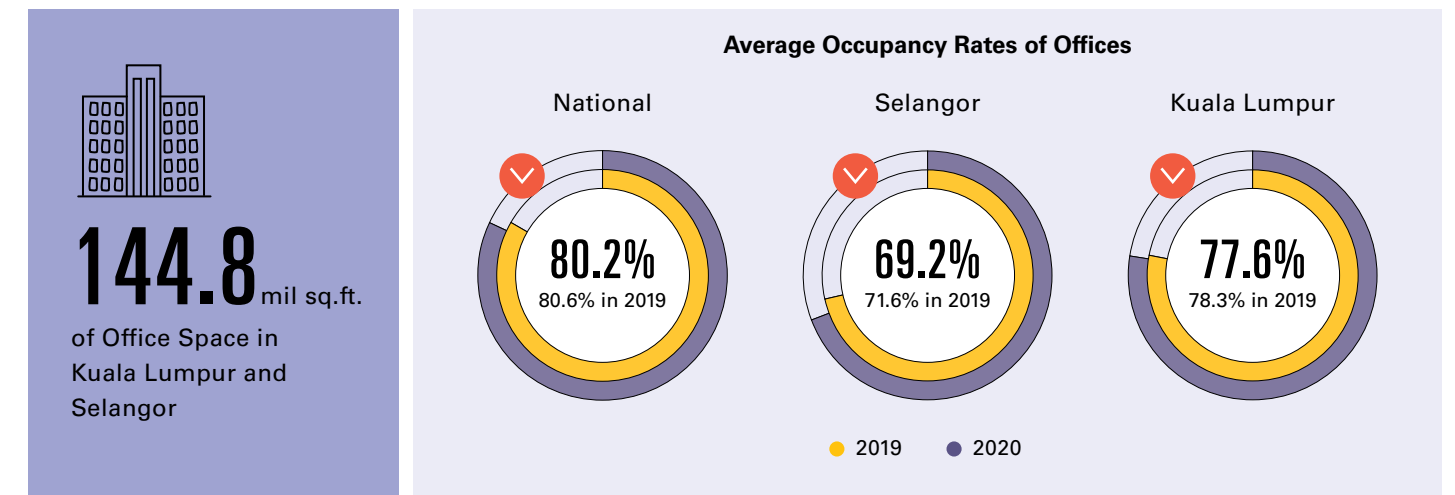
To remain competitive, the use of digital platforms, such as social media, websites and e-marketing, by hospitality players is key to regaining the confidence of the public to travel again. Technology like digital check-ins and digital keys will be utilised and accepted by guests as a safe alternative to traditional practices. With an app-based room key, guests can perform multiple functions such as making online payments, uploading IDs and electronically signing registration forms from their phones. Additionally, the safety and cleanliness of hotels are of paramount importance to attract guests. Increased cleanliness is the most significant and highly publicised measure that hotels are now taking to keep guests safe amid the pandemic.

STAYCATION BOOM

One positive outcome of the pandemic is the staycation boom, which will remain for the near term despite the easing of international travel restrictions. The desire for a vacation among people is strong after a prolonged period of lockdowns. Amid general public concern about safety and travel restrictions, staying in a hotel closer to home and having holidays domestically are the next best thing. Hospitality players should tap into this trend by introducing attractive staycation packages, bundled with other offerings, to attract more guests to their hotels.

OFFICE MARKET OVERVIEW

Thanks to the successful roll-out of the vaccination programme nationwide, many office employees have gradually returned to their workplaces, albeit with hybrid working arrangements still in place. After more than one year of inactivity, companies are now in the early stages of reconfiguring their corporate real estate strategies. Many office tenants are right-sizing and looking for floor plates sized between 10,000 sq.ft. and 25,000 sq.ft. Furthermore, a decentralisation trend continues as companies relocate closer to matured neighbourhoods with better connectivity and less traffic congestion. The fringes of Kuala Lumpur and decentralised locations such as KL Sentral, Mid Valley City, KL Eco City, Bangsar South, TTDI and Petaling Jaya remain office hotspots.



SUPPLY OF OFFICE SPACE

SELANGOR

The supply of selected Grade A and Grade B purpose-built office space in Selangor stood at around 24.4 million sq.ft. as of 3Q 2021, reflecting a compound annual growth rate (CAGR) of about 5.7% since 2015. The bulk of incoming office supply in Selangor, mostly in Petaling Jaya, which is expected to come on stream by 2022, amounts to approximately 1.0 million sq.ft.

Figure 3.1: Future Supply of Office Space in Selangor, 4Q 2021 to 2022

Development	Location	Expected Year of Completion	Estimated NLA (sq.ft.)
Quill 9 Annexe	Seksyen 19, Petaling Jaya	4Q 2021	104,000
HCK Tower @ Empire City	Empire City, Petaling Jaya	2022	
Block G @ Empire City	Empire City, Petaling Jaya	2022	904,000
Office Tower @ Atwater	Seksyen 13, Petaling Jaya	2022	
Total			1,008,000

Source: Knight Frank Research

There were two notable office completions in 2020, namely Menara Star 2 and Sumurwang Tower @ i-City. Located in Section 13 Petaling Jaya, Menara Star 2 @ Pacific Star is a 14-storey Grade A office building offering an NLA of around 251,000 sq.ft. Meanwhile, the completion of Sumurwang Tower @ i-City in the locality of Shah Alam contributed around 285,000 sq.ft. to the existing office stock. The 32-storey office tower, fronting Persiaran Multimedia in i-City, is doubly compliant with both MSC Malaysia status and GBI certification. Imazium @ Uptown, a 31-storey Grade A office building located in Damansara Uptown, was also completed in 2021, offering around 450,000 sq.ft. of NLA.

KUALA LUMPUR

The supply of office space in Kuala Lumpur has grown steadily over the years. New supply from KL Fringe (the decentralised localities of Damansara Heights, KL Sentral, Taman Tun Dr. Ismail (TTDI), Mont' Kiara, Dutamas, Mid Valley City, KL Eco City, KL Gateway, Bangsar South, Kerinchi, Pantai and Bangsar) has been outpacing KL City (New and Old CBDs and KL City Centre Peripheral) since 2015, recording a CAGR of 3.8% in comparison to a modest 2.5% for KL City.

As of 3Q 2021, the cumulative supply of purpose-built office space in KL City was recorded at about 58.9 million sq.ft., while in KL Fringe, the existing stock stood at around 29.4 million sq.ft. The bulk of incoming supply, amounting to approximately 8.1 million sq.ft. of office space, is expected to come on stream between 4Q 2021 and 2022.

Figure 3.2: Future Supply of Office Space in Kuala Lumpur, 4Q 2021 to 2022

Development	Location	Locality	Expected Completion Year	Estimated NLA (sq.ft.)
Affin Tower	Tun Razak Exchange	KL City	4Q 2021	1,602,000
PNB 1194 (formerly known as MAS Annex)	Jalan Sultan Ismail	KL City	4Q 2021	
The Stride Strata Office	Bukit Bintang City Centre (BBCC)	KL City	4Q 2021	
UOB Tower 2	Jalan Raja Laut	KL City	4Q 2021	
Merdeka 118 Tower	Jalan Hang Jebat/Jalan Stadium	KL City	2022	3,853,000
Felcra Tower (Lot 391)	Jalan Sultan Yahya Petra	KL City	2022	
Pavilion Embassy Corporate Tower	Jalan Ampang	KL City	2022	
Pavilion Embassy Corporate Suites	Jalan Ampang	KL City	2022	
V2 Corporate Office Tower	Sunway Velocity 2	KL City	2022	
The MET Corporate Towers	KL Metropolis	KL Fringe	2022	2,615,000
Aspire Tower	Jalan Bangsar	KL Fringe	2022	
Pavilion Damansara Heights (Phase 1)	Damansara Heights	KL Fringe	2022	
Total				8,070,000

Source: Knight Frank Research

In KL City, the completion of TS Law Tower, Permata Sapura, Menara Great Eastern 2 and Menara IQ @ TRX in 2Q 2021 have collectively contributed approximately 1.7 million sq.ft. to the existing office stock. The third quarter of 2021 also saw the completion of Plaza Conlay @ Conlay 301 (Tower 1). Located at the intersection of Jalan Kia Peng and Jalan Conlay, the 32-storey office tower offers around 606,000 sq.ft. of space. As for KL Fringe, with no new completions in 2021, its existing supply remained unchanged at 29.4 million sq.ft.

DEMAND FOR OFFICE SPACE

SELANGOR

The overall occupancy rate of office space in Selangor dropped from 71.6% in 2019 to 69.2% in 2020. Selected Grade A office buildings in the locality of Petaling Jaya commanded asking rental rates of between RM4.00 per sq.ft. and RM6.00 per sq.ft. per month. The asking rental rates for Grade B office space covered a wider range, from RM3.20 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 ranged from RM4.50 per sq.ft. to RM7.50 per sq.ft. per month, while Grade B office space commanded lower asking gross rental rates of between RM3.50 per sq.ft. and RM4.50 per sq.ft. per month.

Figure 3.3: Asking Gross Rental Rates of Selected Office Buildings in Selangor, 3Q 2021^(p)

Building Name	Location	Classification	Asking Gross Rental Rates (RM per sq.ft./month)
Locality: Petaling Jaya			
1 First Avenue	Bandar Utama	Grade A	6.00
Nucleus Tower	Mutiara Damansara	Grade A	5.00 – 5.70
The Ascent @ Paradigm	SS 7, Kelana Jaya	Grade A	5.50 – 6.00
Oasis Square – Block F	Ara Damansara	Grade A	4.00 – 4.50
PJ 33	Seksyen 13, Petaling Jaya	Grade B	5.50
Oasis Square – Block H	Ara Damansara	Grade B	4.50
Uptown 1 & 2	Damansara Utama	Grade B	5.00 – 5.50
Menara Axis	Seksyen 51A, Petaling Jaya	Grade B	4.90
CP Tower	Seksyen 16, Petaling Jaya	Grade B	4.50
Menara AmFirst	Seksyen 19, Petaling Jaya	Grade B	3.20
Locality: Subang Jaya			
The Pinnacle Sunway	Bandar Sunway	Grade A	6.00 – 7.50
SunGeo Tower	Bandar Sunway	Grade A	6.00
Puchong Financial Corporate Centre (PFCC) – Towers 4 & 5	Bandar Puteri Puchong	Grade A	4.50
Wisma Consplant 1 & 2	SS 16, Subang Jaya	Grade B	4.50
Puchong Financial Corporate Centre (PFCC) – Tower 1 & 2	Bandar Puteri Puchong	Grade B	4.00 – 4.50
Menara Summit	USJ 1, UEP Subang Jaya	Grade B	3.50 – 4.50
MCT Tower	One City, UEP Subang Jaya	Grade B	3.50 – 4.00

Source: Knight Frank Research

Note: (p) = Preliminary data

KUALA LUMPUR

The overall occupancy rate of office space in Kuala Lumpur dropped from 78.3% in 2019 to 77.6% in 2020, amid the continuously widening gap between supply and demand in the office market. Newly completed buildings, such as The Exchange 106, Menara Prudential and Menara Hap Seng 3, competed for the same pool of tenants, mostly comprising large corporations and MNCs.

With the introduction of good quality and high-specification office spaces within Tun Razak Exchange, Prime A+ office buildings in KL City continued to command higher asking rental rates, from RM8.50 per sq.ft. per month onwards. The asking rental rates of selected Grade A offices in the New CBD started from a lower band, ranging from RM6.80 per sq.ft. to RM12.00 per sq.ft. per month. On the other hand, for selected Grade B offices, the asking rental rates were from RM4.00 per sq.ft. to RM6.50 per sq.ft. per month. In the Old CBD, the monthly asking rental rates of selected purpose-built office buildings ranged from RM3.50 per sq.ft. to RM7.50 per sq.ft., while in KL City Centre Peripheral, they were between RM3.70 per sq.ft. and RM4.15 per sq.ft.

Figure 3.4: Asking Gross Rental Rates of Selected Office Buildings in KL City, 3Q 2021^(p)

Building Name	Location	Classification	Asking Gross Rental Rates (RM per sq.ft./month)
New CBD (formerly Golden Triangle)			
Petronas Twin Towers	Jalan Ampang	Prime A+	14.00 – 15.00
Menara 3 Petronas	Jalan Ampang	Prime A+	11.00 – 12.00
Integra Tower	Jalan Tun Razak	Prime A+	11.00
The Exchange 106	Tun Razak Exchange	Prime A+	10.00 – 12.00
Menara Prudential	Tun Razak Exchange	Prime A+	8.50
Menara Maxis	Jalan Ampang	Grade A	8.00 – 12.00
Menara Binjai	Jalan Binjai	Grade A	8.80
Menara Khuan Choo	Jalan Raja Chulan	Grade A	8.50
Vista Tower	Jalan Tun Razak	Grade A	7.50 – 9.50
Menara Hap Seng 2	Jalan P. Ramlee	Grade A	7.50
Menara AIA Sentral (formerly known as Menara Standard Chartered)	Jalan Sultan Ismail	Grade A	6.80
Wisma Golden Eagle Realty (formerly known as Wisma Selangor Dredging)	Jalan Ampang	Grade B	6.50
Menara HLA	Jalan Kia Peng	Grade B	4.00 – 6.00
Menara Atlan	Jalan Ampang	Grade B	5.00
Wisma MCA	Jalan Ampang	Grade B	4.50
Wisma MPL	Jalan Raja Chulan	Grade B	4.00
Old CBD (formerly Central Business District)			
Menara Cap Square	Jalan Dang Wangi	Grade A	7.50
Wisma Hamzah-Kwong Hing	Lebuh Ampang	Grade A	6.00 – 6.50
JKG Tower	Jalan Raja Laut	Grade A	5.00 – 6.50
Menara Multi-Purpose	Jalan Munshi Abdullah	Grade A	5.00
Menara TH Perdana	Jalan Sultan Ismail	Grade B	4.70
Wisma Bumiraya	Jalan Raja Laut	Grade B	3.60
Menara Olympia	Jalan Raja Chulan	Grade B	3.50 – 6.00
KL City Centre Peripheral			
Plaza See Hoy Chan	Jalan Raja Chulan	Grade B	4.15
Menara KPJ	Jalan Tun Razak	Grade B	4.00
Bangunan TH Selborn	Jalan Tun Razak	Grade B	3.70

Source: Knight Frank Research
Note: (p) = Preliminary data

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

Figure 3.5: Asking Gross Rental Rates of Selected Office Buildings in KL Fringe, 3Q 2021^(p)

Building Name	Location	Classification	Asking Gross Rental Rates (RM per sq.ft./month)
KL Fringe			
Menara Shell	KL Sentral	Grade A	8.50
The Gardens	Mid Valley City	Grade A	7.80
Menara LGB	Taman Tun Dr. Ismail	Grade A	6.50 – 7.50
Mercu 3	KL Eco City	Grade A	6.50
UOA Corporate Tower A	Bangsar South	Grade A	6.20
Menara Milenium	Damansara Heights	Grade A	6.00
Menara BRDB	Bangsar	Grade A	5.50 – 6.50
Menara TM	Pantai	Grade B	6.00
Menara Kembar Bank Rakyat	KL Sentral	Grade B	5.50
Menara MBSB	Damansara Heights	Grade B	4.85
Menara Manulife	Damansara Heights	Grade B	4.80 – 5.80

Source: Knight Frank Research
Note: (p) = Preliminary data

OFFICE MARKET TRENDS

The transition to Phase 4 of the National Recovery Plan (NRP) in October 2021 resulted in the reopening of all economic sectors, and the office segment is expected to gradually recover. Still, office landlords continue to incentivise tenants with rental rebates, longer rent-free periods and amortisation of fit-out costs. The falling trend of net rents is expected to further compress office property yields.

PHYSICAL OFFICES ARE STILL RELEVANT

Although the pandemic has hastened the trend of working remotely, a global survey by Savills revealed that office workers still value the physical office for personal growth and a sense of belonging, as well as for physical and mental health. Locally, there have been some office relocations and downsizing exercises as companies review the efficiency of space utilisation.

The growing sense of uncertainty in the office market amid the pandemic and the need to preserve cash and reduce capital expenditure will result in lower levels of office leasing activities as businesses review or put on hold their real estate decisions. Hence, co-working or flexible working spaces may be a good option for office occupiers looking to relocate or expand in the near term before committing to a longer-term office tenancy.

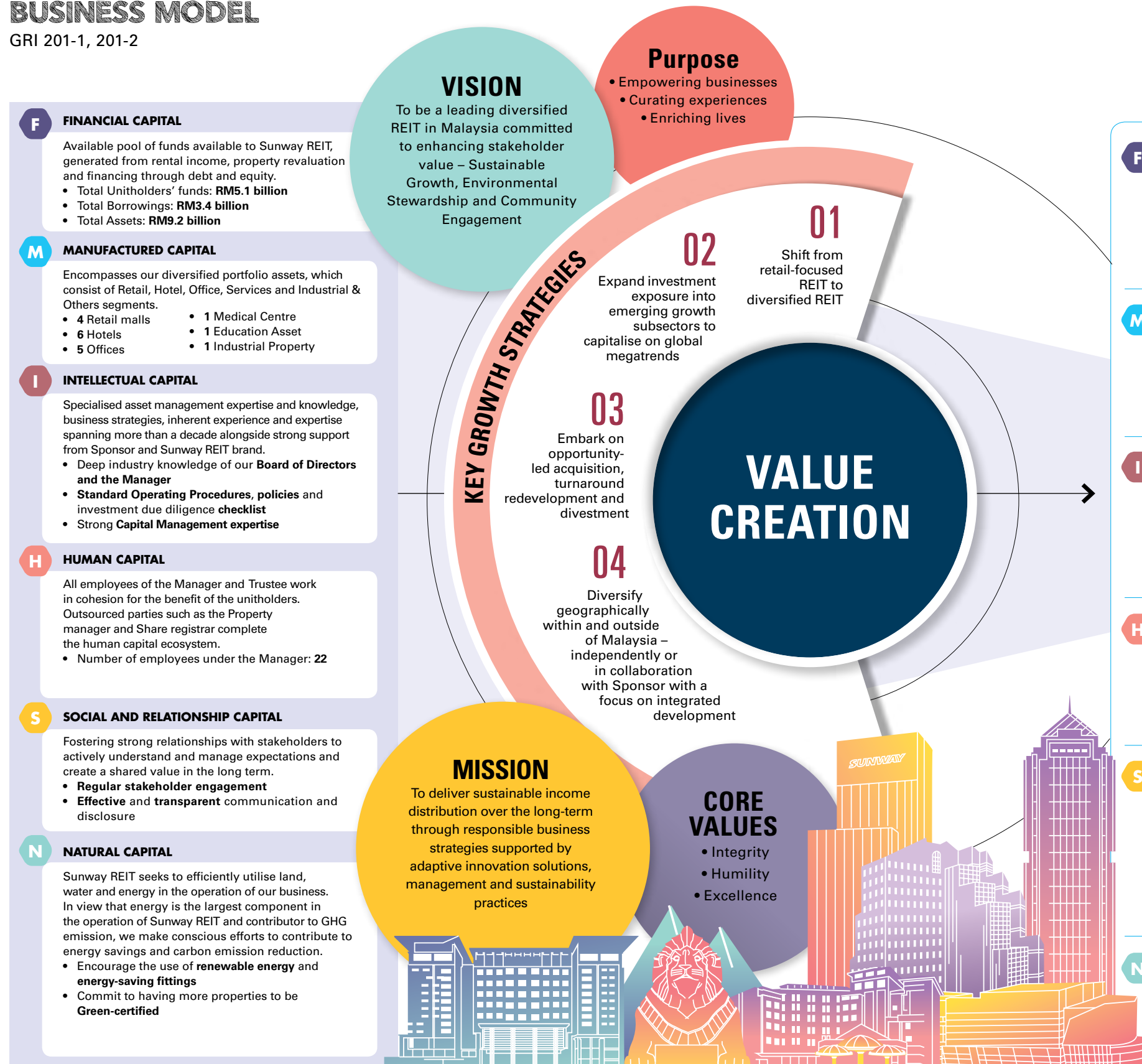
POST-PANDEMIC WORK ARRANGEMENTS

The unprecedented pandemic has also compelled many organisations to rethink their standard operating modes while embracing technologies such as cloud-based IT solutions and digital communication channels in their business operations. Moving forward, business continuity measures, such as working from home, split-team arrangements and de-densification requirements, may be the new normal for some while physical distancing measures may lead to a reversal of open office trends. The design of office space will continue to evolve, and there will be a clear desire for the workplace to be elevated in terms of safety, cleanliness and amenities.



ENSURING A ROBUST BUSINESS MODEL

GRI 201-1, 201-2



ENSURING A ROBUST BUSINESS MODEL

	OUTPUTS	OUTCOMES	TRADE-OFFS
F	<ul style="list-style-type: none"> Gross Revenue: RM675.6 million Net Property Income: RM457.1 million Distribution: RM204.6 million Distribution per unit: 6.10 sen Payout ratio: at least 90% 	<ul style="list-style-type: none"> Ranked 2nd by Property value: RM8.7 billion Ranked 3rd by Market Capitalisation: RM4.8 billion 5-year Average Total Return: 1.8% 	Cost containment measures may positively impact our Financial Capital in the near and mid term. However, allocating less for capital expenditure and investments may affect Financial Capital over a longer timeframe as it may impact the revenue generation potential of our Manufactured Capital.
M	<ul style="list-style-type: none"> Retail: 3.1 million sq.ft. NLA Hotel: 2,527 rooms Office: 1.6 million sq.ft. NLA 	<ul style="list-style-type: none"> Average Occupancy Rate Retail: 97% Hotel: 32% Office: 84% 	Our investments in green buildings have certainly contributed to preserving our Natural Capital in exchange for Financial Capital and positively impacted Manufactured Capital in the mid and long term through improvements in valuation and brand equity.
I	<ul style="list-style-type: none"> Properly governed and balanced investment decision-making process Incorporated high-level investment checklist into the preliminary screening of investment opportunity Optimum and low cost of debt/ financing 	<ul style="list-style-type: none"> Received multiple industry awards and accolades Listed on 15 local and regional indices Strong governance structure 	Investments in Intellectual Capital may reduce our Financial Capital over the short term, however it is also likely to increase the value of Human, Financial and Social & Relationship Capitals over the mid and long term as we reap the benefits of our improved domain knowledge.
H	<ul style="list-style-type: none"> 82% employee retention rate Total learning hours: 1,220 	<ul style="list-style-type: none"> High talent attraction and retention Increased capability of employees Optimum customer satisfaction achieved through excellent customer service delivered by highly skilled workforce 	Investing Financial Capital in the upskilling of our people broadens career prospects and empowers them with greater capabilities. Over the long term, this provides immense benefits to our Human Capital and Intellectual Capital.
S	<ul style="list-style-type: none"> Strong long-term relationships with business partners and stakeholders with high levels of integrity and fairness to all parties Compliance to regulatory and reporting frameworks as well as voluntary disclosure of corporate governance report 	<ul style="list-style-type: none"> Analyst report coverage: 16 Number of unitholders: 29,069 Improved regulations and business conditions for Sunway REIT Community enhancement and wellbeing 	Cultivating strong relationships with our stakeholders while strictly adhering to corporate governance requirements will serve to improve all Capitals. Contributions and support programmes that require Financial Capital will also serve to improve our Social & Relationship, Manufactured, Human and Intellectual Capitals over the longer term.
N	<ul style="list-style-type: none"> 1.34% of electricity generated from renewable energy Three properties certified as Green Building 	<ul style="list-style-type: none"> Lowered carbon footprint and efficient resource management Progressively achieve the goal of Net Zero Carbon Emissions by 2050 Listed on FTSE4GOOD Bursa Malaysia Index 	Leveraging on renewable energy will impact Financial Capital at the outset but will certainly benefit our Natural, Social & Relationship and Manufactured Capitals over the mid and long term.

OUR COMPETITIVE ADVANTAGES

Diversified Asset Portfolio

Prudent Risk Management

Experienced and Diverse Backgrounds & Skill Sets

Strong Relationship with Tenants

Sunway Brand Synergy

Responsible & Sustainable Business Practices

Performance Track Record

Progressive Mindset & Innovative Processes

MITIGATING OUR RISKS

GRI 3-3, 201-2

Managing risk is an essential function of Sunway REIT’s business operations. The Manager aims to continuously apply sound risk management practices to best mitigate the uncertainties and maximise the opportunities in creating sustainable value for all stakeholders of Sunway REIT.

The Board of the Manager is committed to maintaining effective risk management practices, underpinned by a robust Enterprise Risk Management (ERM) framework that enables it to continuously identify, assess, treat and manage risks that could affect Sunway REIT in achieving its objectives within defined risk parameters in a timely and effective manner. The Board is supported by its Risk Management Committee and the Risk Management Working Group, and has in place a designated Risk Officer working together with the risk owners across the business operations of Sunway REIT in ensuring all identified risks are recorded in the risk management scorecard to facilitate systematic review and monitoring.

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

i The risk governance structure and its key activities during the financial period are depicted in Statement on Risk Management and Internal Control section.

i For more information on how the Manager engages with its stakeholders, please refer to Corporate Governance Overview Statement - Stakeholder Engagement section.

i For more information on Sunway REIT’s ESG Risk analysis, please refer to Determining Materiality section.

RISK FOCUS AREAS

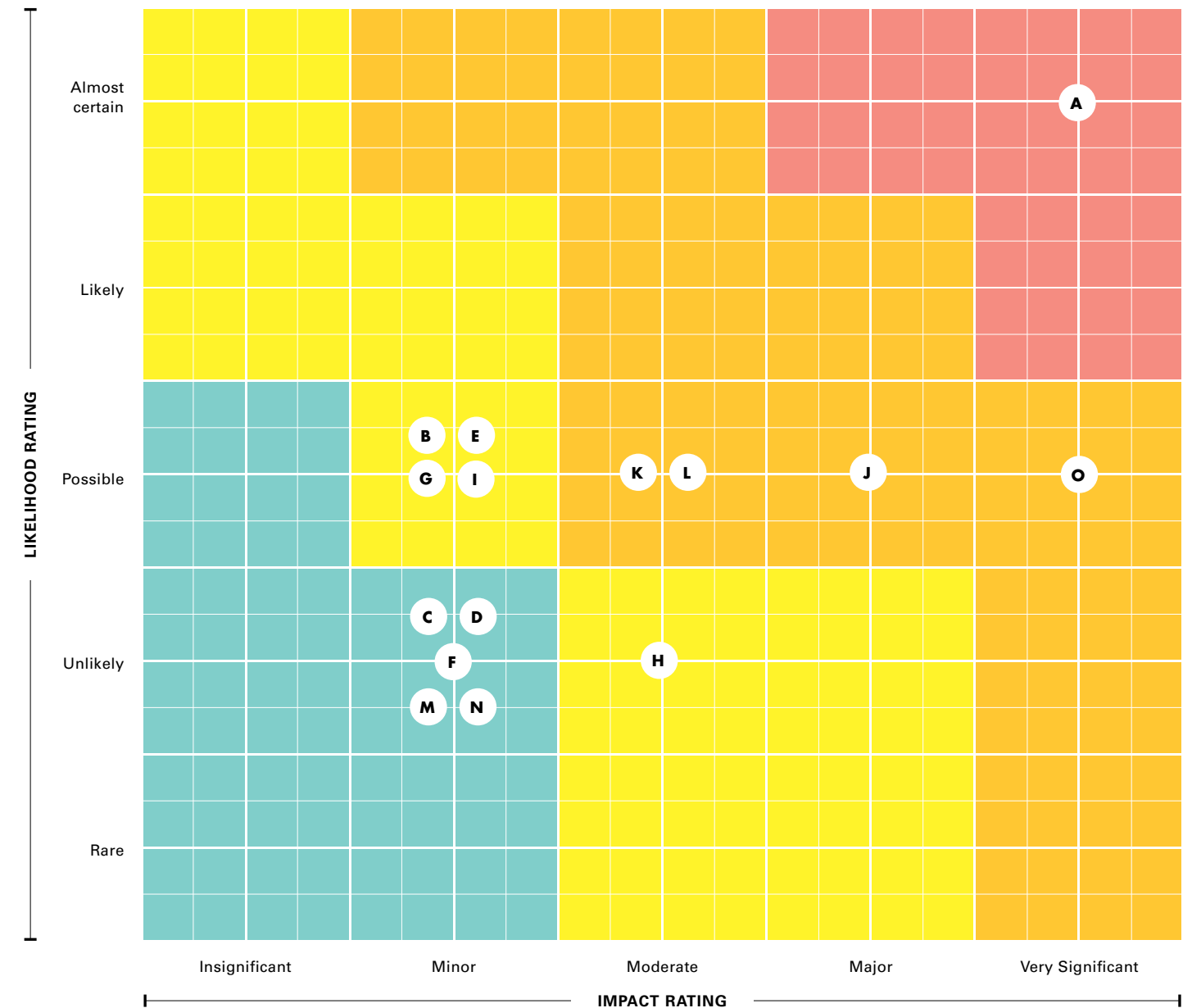
The Manager continued to heighten its risk management surveillance to ensure business continuity amid the imposition of movement control orders during the financial period, during which business operations of Sunway REIT were affected. Sunway REIT’s risk focus areas show the extent and emphasis of risks that are deemed important in achieving Sunway REIT’s strategic objectives.

EXTERNAL	<ul style="list-style-type: none"> • Business/Market Risk • Interest Rate Risk 	<ul style="list-style-type: none"> • Reputational Risk
FINANCIAL	<ul style="list-style-type: none"> • Financing and Refinancing Risk 	<ul style="list-style-type: none"> • Liquidity Risk
OPERATIONS	<ul style="list-style-type: none"> • Acquisition and Investment Risk • Valuation Risk • Cyber Risk 	<ul style="list-style-type: none"> • Climate Change Risk • Occupational Safety and Health Risk NEW • Tenancy Renewal Risk NEW
SUPPLIERS	<ul style="list-style-type: none"> • Property Development Risk 	
REGULATORY	<ul style="list-style-type: none"> • Compliance and Regulatory Risk 	<ul style="list-style-type: none"> • Bribery and Corruption Risk
LEGAL	<ul style="list-style-type: none"> • Litigation Risk NEW 	

Three new risks were included during the financial period, namely Occupational Safety and Health, Tenancy Renewal and Litigation.

MITIGATING OUR RISKS

RISK MATRIX



- A** External - Business/Market Risk
- B** External - Interest Rate Risk
- C** External - Reputational Risk
- D** Financial - Financing and Refinancing Risk
- E** Financial - Liquidity Risk
- F** Operations - Acquisition and Investment Risk
- G** Operations - Valuation Risk
- H** Operations - Cyber Risk
- I** Operations - Climate Change Risk
- J** Operations - Occupational Safety and Health Risk
- K** Operations - Tenancy Renewal Risk
- L** Suppliers - Property Development Risk
- M** Regulatory - Compliance and Regulatory Risk
- N** Regulatory - Bribery and Corruption Risk
- O** Legal - Litigation Risk

KEY RISKS

The table below describes the key risks ranging (from Very Significant to Moderate) identified and monitored at the fund and operation levels and how they are mitigated.

Residual Risk Rating Very Significant High Moderate

* For more information, please refer to Corporate Governance Overview Statement - Stakeholder Engagement section.

	BUSINESS/MARKET RISK	OCCUPATIONAL SAFETY AND HEALTH RISK	TENANCY RENEWAL RISK
Risk	The risk that the properties will face a decline in revenue and net property income due to movement restrictions, poor market conditions, competition and geographical concentration.	The risk of loss due to the occurrence of incidents resulting from inadequate or failed internal processes, or systems, or from external events.	The risk of tenancies not being renewed or downsizing due to drop in tenant's business resulting from the enforcement of movement restrictions.
Risk Owners	<ul style="list-style-type: none"> Chief Executive Officer Heads of Business Units 	<ul style="list-style-type: none"> Human Resources Departments Sunway Group Crisis Management Team 	<ul style="list-style-type: none"> Heads of Business Units Heads of Leasing
Material Issues	<ul style="list-style-type: none"> Indirect Economic Impact Customer Welfare Risk and Crisis Management 	<ul style="list-style-type: none"> Health and Safety Labour Standard and Practices Customer Welfare 	<ul style="list-style-type: none"> Indirect Economic Impact Customer Welfare
Stakeholder Engagement*	<ul style="list-style-type: none"> Investment Community Financiers Employees 	<ul style="list-style-type: none"> Investment Community Financiers Employees Media Community Government, local authorities, regulators and industry affiliations Business Partners Suppliers and Contractors 	<ul style="list-style-type: none"> Investment Community Financiers Business Partners
Opportunities	Embarking on a diversified portfolio of asset classes and asset enhancement initiatives maintains the stability of the income base and captures the emerging growth in global megatrends.	Enhancing operational capabilities and agility in a fast-changing business environment.	Enhancing the tenancy mix in line with market trends and latest retail developments.
Mitigating Measures	<ul style="list-style-type: none"> A diversified property portfolio to mitigate the risks of weaker performance in certain property subsectors. Collaboration with the Sponsor to leverage and seek to maximise the operational and business synergies with the surrounding developments within the townships that are master-planned and developed by the Sponsor. Continuous assessment of potential asset enhancement initiatives to refresh the properties and maintain their competitiveness. <p>Key Highlights for FP2021</p> <ul style="list-style-type: none"> ✓ COVID-19 pandemic-specific action plans: <ul style="list-style-type: none"> - Business continuity plans to ensure continuity of core operations. - Strict compliance with standard operating procedures of the Ministry of Health to drive consumer confidence and footfall to the premises. - Creative collaborations and partnerships between the hotels, malls, theme park, medical centre and educational institution in Sunway City in offering promotional packages. - Change in business/marketing model for hotels incorporating flexibility features, such as mixed use, long stay, staycation, front desk upselling, free cancellation, food deliveries, quarantine packages and hourly stay for vaccinated guests. - Rental support on a case-to-case basis for eligible and qualified tenants. - Cost containment measures including reducing, cancelling and deferring non-critical operational and capital expenditures. ✓ Launched Sunway eMall in October 2021, the e-commerce platform of Sunway malls offering a seamless Offline-to-Online-to-Offline (O2O) shopping experience. <p> For more information, please refer to Navigating COVID-19 section.</p> <ul style="list-style-type: none"> ✓ Recalibrated the TRANSCEND 2025 strategy to the TRANSCEND 2027 strategy with the aim of becoming a diversified future-proof REIT. <p> For more information, please refer to TRANSCEND 2027 Strategy Report section.</p> <ul style="list-style-type: none"> ✓ Completed several asset enhancement initiatives, including The Link at Sunway Pyramid Shopping Mall. <p> For more information, please refer to Operations Review and Investment Review sections.</p>	<ul style="list-style-type: none"> Ensured strict compliance with regulatory requirements and standard operating procedures. Occupational health and safety measures and practices are regularly reviewed and emphasised by human resources departments. Regular internal audit reviews and weaknesses identified are promptly addressed by the business unit management teams. <p>Key Highlights for FP2021</p> <ul style="list-style-type: none"> ✓ COVID-19 pandemic-specific action plans: <ul style="list-style-type: none"> - Training for employees to effectively manage any health incidents according to a set of standard operating procedures. - Provision of basic health and safety kits, including face masks and hand sanitisers, to customers and staff. - Implementation of social distancing seating in the premises, meeting rooms and for meeting events. - Encouraged the vaccination of employees by providing day-off and medical leaves, if necessary. - Lobbied for the vaccination of the frontliners in the properties through association and government bodies. ✓ Guided by Sunway Berhad's Occupational Health, Safety and Environment (OHSE) Policy established in January 2021. <p> For more information, please refer to Sustainability Statement – Ensuring A Safe Workplace section.</p>	<ul style="list-style-type: none"> Experienced Business Unit Management Teams with periodic meetings to address issues highlighted at property level. Proactive interaction with tenants and lessees on their operational needs and support to grow their business, as well as obtaining feedback on building specifications and services. Early engagement with tenants and lessees on renewal of tenancies. Continued to leverage the business synergies created by the integrated townships in Sunway City, Sunway Putra and Mainland Penang. Sunway City is supported by excellent infrastructure and connectivity to drive more footfall, as well as ongoing initiatives to promote Sunway City as a tourist destination with Sunway Pyramid Shopping Mall itself as an iconic landmark. Sunway City is also joining New York City and Paris as one of the three United Nations Sustainable Development Solutions Network (UN-SDSN) centres in the world, to coordinate continent-wide sustainability initiatives in Asia, the Americas and Europe/Africa. <p>Key Highlights for FP2021</p> <ul style="list-style-type: none"> ✓ COVID-19 pandemic-specific action plans: <ul style="list-style-type: none"> - Flexible operating hours to allow for better management of costs in line with business. - Flexible rental repayment scheme and waiver of late payment interest for qualified tenants. - Tenant redemption vouchers in exchange for rental payment. - Marketing efforts such as "hands-free service", personal shopper service, online social media events, F&B vouchers and e-cash vouchers to incentivise vaccination and reward spending at the premises. - Relief support through the #kitasupportkita initiative. <p> For more information, please refer to Sustainability Statement – Tenant Support section.</p> <ul style="list-style-type: none"> ✓ Implementation of virtual site inspection and utilisation of creative digital videos, leveraging on social media platforms.
Residual Risk Rating	Elevated from High to Very Significant due to movement control orders enforced from time to time by the Government of Malaysia.	New risk	New risk
Capitals	F M I H S	F M H S	F M I H S

	PROPERTY DEVELOPMENT RISK	LITIGATION RISK	INTEREST RATE RISK	LIQUIDITY RISK
Risk	The risk of revenue loss due to a delay in completion, as well as higher completion costs.	The risk of financial impacts due to litigation.	The risk that adverse movements in floating interest rates will affect financial performance.	The risk that funds will be inadequate to meet obligations.
Risk Owners	<ul style="list-style-type: none"> Chief Executive Officer Head of Contracts & Project Management Heads of Business Units 	<ul style="list-style-type: none"> Chief Executive Officer Compliance Officer 	<ul style="list-style-type: none"> Chief Financial Officer 	<ul style="list-style-type: none"> Chief Financial Officer
Material Issues	<ul style="list-style-type: none"> Risk and Crisis Management Indirect Economic Impact Health and Safety Labour Standard and Practices Resources Management (Materials) Pollution (Waste/Effluents) 	<ul style="list-style-type: none"> Corporate Governance Business Ethics Labour Standard and Practices 	<ul style="list-style-type: none"> Indirect Economic Impact 	<ul style="list-style-type: none"> Risk and Crisis Management Indirect Economic Impact
Stakeholder Engagement*	<ul style="list-style-type: none"> Investment Community Financiers Suppliers and Contractors Community 	<ul style="list-style-type: none"> Investment Community Financiers Media 	<ul style="list-style-type: none"> Investment Community Financiers 	<ul style="list-style-type: none"> Investment Community Financiers
Opportunities	Enhancing the depth and breadth of the tenancy mix through new offerings and digital innovation to stay ahead of the competition.	Protecting the assets that are rightfully and legally belonging to Sunway REIT.	Proactive monitoring of major developments in global and domestic economies to capitalise on and respond swiftly to the movement of interest rates.	Financial strength ensures smooth business operations and opportunities for further expansion.
Mitigating Measures	<ul style="list-style-type: none"> Qualified team of project managers, contractors and consultants to ensure project delivery in terms of time, cost and quality. Risk assessment were carried out for major projects before approval by the Board. Major projects were awarded based on tenders, and the processes were audited by the IAD based on its risk-based audit approach. <p>Key Highlights for FP2021</p> <ul style="list-style-type: none"> ✓ COVID-19 pandemic-specific action plans: <ul style="list-style-type: none"> - Strict compliance with standard operating procedures and approval from Ministry of International Trade and Industry (MITI) and any other relevant authorities before commencement of construction works during movement control orders. - Increased plant and resources from construction team to make up the delay. - Reassessment of tendering price against budget and implementation of value engineering for remaining contracts yet to be awarded, as part of cost containment measures. - Closer supervision and monitoring by the project management team – regular meetings with contractors and consultants to discuss progress and issues. ✓ Conducted pre-leasing and marketing activities for both Sunway Carnival Shopping Mall and Sunway Resort Hotel. 	<ul style="list-style-type: none"> Engaged a suitable and experienced team of litigation lawyers and independent experts. Burden to proof with the claiming party in terms of the quantity, identity and value of the items claimed. Appropriate strategy led by Senior Management Team. Documentation and evidence that supported the case in terms of quantity, identity and value of items claimed were properly stored. Periodic status meetings were held with lawyers, experts and internal teams to discuss new findings and re-evaluate the appropriateness of the strategy and evidence. 	<ul style="list-style-type: none"> Maintained the fixed rate borrowings ratio at manageable levels to mitigate the risk of interest rate movements. Monitored the interest rate environment and reviewed and varied capital management strategies in line with the interest rate outlook to optimise the cost of debt. Continuously studied and explored effective hedging instruments and opportunities to hedge. <p> For more information, please refer to Capital Management section.</p>	<ul style="list-style-type: none"> Monitored and maintained an adequate level of cash and cash equivalents and credit facilities. Maintained a healthy gearing ratio at all times. <p>Key Highlights for FP2021</p> <ul style="list-style-type: none"> ✓ COVID-19 pandemic-specific action plans: <ul style="list-style-type: none"> - Varied the income distribution payout ratio from 100% to above 90%. - Varied the income distribution frequency from quarterly to half-yearly. - Established a Distribution Reinvestment Scheme allowing the option of paying income distribution in new units of Sunway REIT. - Facilitated a financing programme to ease the financial burdens of tenants. ✓ Completed equity fund raising via private placement with gearing ratio improved from 41% to 37%. ✓ Increased loan-to-value (LTV) ratio and encumbered properties for larger debt headroom. ✓ Further diversified financing profile through issuance of Sustainability-Linked Bond. <p> For more information, please refer to Capital Management section.</p>
Residual Risk Rating	 Elevated due to possible delay of property construction works during movement control orders.	 New risk	 Elevated due to possible interest rate hikes as the economy recovers.	 Unchanged
Capitals				

	CLIMATE CHANGE RISK	VALUATION RISK	CYBER RISK
Risk	<ul style="list-style-type: none"> Physical risk - the risk of material physical impacts on properties due to floods, water seepage, etc. Transition risk (regulatory risk) – The risk of penalties being imposed by the government on businesses for carbon emissions. 	The risk that properties may suffer a decline in value, thus affecting loan covenants and the ability to realise capital gains.	The risk of operational disruptions and loss of confidential data due to cyberattacks on the IT system.
Risk Owners	<ul style="list-style-type: none"> Chief Executive Officer Chief Financial Officer 	<ul style="list-style-type: none"> Head of Business Development Heads of Business Units 	<ul style="list-style-type: none"> Sunway Group Chief Information Security Officer
Material Issues	<ul style="list-style-type: none"> Physical Impacts of Climate Change Health and Safety Corporate Governance 	<ul style="list-style-type: none"> Indirect Economic Impact 	<ul style="list-style-type: none"> Customer Welfare Corporate Governance Business Ethics
Stakeholder Engagement*	<ul style="list-style-type: none"> Investment Community Financiers Community 	<ul style="list-style-type: none"> Investment Community Financiers 	<ul style="list-style-type: none"> Investment Community Financiers Employees Community Business Partners Regulators
Opportunities	<ul style="list-style-type: none"> Reduction in operating costs by improving efficiency in energy, water, waste and materials management. Reduction in insurance premiums. Developing resilience and adaptive capacity to respond to climate change. 	<ul style="list-style-type: none"> Increase in property value enhances our ability to secure higher borrowings through a larger LTV base. Majority of the properties are located in integrated townships in Sunway City, Sunway Putra and Mainland Penang, attracting a wider consumer base in the form of footfall and occupancy rate. 	<ul style="list-style-type: none"> Embracing innovation through new technologies in operation. Increased dependence on IT systems and management of information are inevitable as data is collected to predict behaviours and trends.
Mitigating Measures	<ul style="list-style-type: none"> Continuously studied and explored initiatives that contributed to environmental sustainability. Established 2030 goals and initiated annual scorecard reporting against the goals, which include Goal 1 – Transforming Our Portfolio to Low-Carbon Assets. Aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures. <p>Key Highlights for FP2021</p> <ul style="list-style-type: none"> ✓ The Jeffrey Sachs Center on Sustainable Development (JSC) was invited to conduct a Value at Risk (VaR) assessment on the exposure of Sunway REIT’s properties to climate change. <p>According to the assessment, ten properties had Low VaR and eight properties had Medium VaR. The mitigation plans recommended by JSC to minimise the risks included monitoring drains and gutters and increasing drainage and gutter system capacity.</p> <ul style="list-style-type: none"> ✓ In December 2021, two properties of Sunway REIT were affected by one of the worst floods in Malaysia. These properties were sufficiently insured for flood. ✓ In the 12th Malaysia Plan 2021-2025, the government set an ambitious goal for the country to achieve Net Zero Carbon Emissions by as early as 2050. As part of the commitment, carbon pricing may be introduced by the government to incentivise clean energy adoption, encourage better energy efficiency and ultimately reduce greenhouse gas (GHG) emissions. <p>In 2021, we established an Internal Carbon Pricing framework to prepare for the potential transition risks from climate-related issues. It simulated the scenario wherein a cost of RM15 per tonne was imposed on CO₂e emitted above the approved threshold.</p> <ul style="list-style-type: none"> ✓ Assessment of physical and environmental risks was included as one of the investment checklist of Sunway REIT. 	<ul style="list-style-type: none"> Maintained high occupancy levels underpinned by strong asset management team and various asset management strategies. Strengthened brand and competitiveness through market positioning, operational efficiency and transformation through innovation, as well as leveraging good relationships with business partners. Diversified the portfolio across geographies, focusing on core markets and cities where the Sponsor has operational scale, and where underlying economic fundamentals are more robust. <p>Key Highlights for FP2021</p> <ul style="list-style-type: none"> ✓ Enhanced customer experience through implementation of smart parking, smart toilet system, self-service kiosk, cashless payment platform and mobile apps. ✓ Completed acquisition of The Pinnacle Sunway, a certified Grade A, GreenMark and multimedia super corridor (MSC)-status building. ✓ Ongoing refurbishment of Sunway Resort Hotel with targeted phased completion in 2022, with new children and family facilities, specialty suites with in-room technology and the first multi-Michelin-starred flagship restaurant in Malaysia, which are expected to attract new markets into Sunway City. <p><i>i</i> For more information, please refer to Fair Value of Investment Properties section.</p>	<ul style="list-style-type: none"> Maintained an IT security framework that addressed evolving IT security threats such as hackers, intelligent malware and advanced viruses. Maintained a dedicated team of IT experts to keep abreast of the latest developments, innovations and threats in technology and to assess their impacts and risks. Conducted training, including annual compliance and assessment exercises, to educate users and heighten their awareness to cyber threats. Maintained cyber threat incident response protocol and disaster recovery plan with annual testing. <p>Key Highlights for FP2021</p> <ul style="list-style-type: none"> ✓ Mapped IT practices against the Guide on Cyber Hygiene Practices issued by the SC in the areas of people, process and technology and complied with all the requirements. ✓ Certified for ISO 27001:2013 Information Security Management System. ✓ IT practices were reviewed and audited by the external auditors, IAD and SIRIM, with audits in January, April and June 2021 respectively. ✓ Operationalised the data governance framework of Sunway Berhad for the Manager and Business Unit Management Teams. <p><i>i</i> For more information, please refer to Sustainability Statement – Cybersecurity and Data Governance section.</p>
Residual Risk Rating	Elevated due to the recent proposal by the Ministry of Environment and Water to develop a voluntary carbon market and the floods affecting two properties of Sunway REIT.	Unchanged	Elevated due to increased digitalisation of business operations.
Capitals	F M I N	F M I H	I H

ADVANCING SUSTAINABILITY IN SUNWAY REIT

Sustainability has been at the core of Sunway REIT long before sustainable development rose to its current prominence in Malaysia. Leading the organisation in its business strategy, goals, targets and operations; sustainability practices have been embedded in our value creation journey and supported by its sustainability framework in accordance with the 17 UN SDGs. In line with Sunway Berhad's vision of being Asia's model corporation in sustainable development, we at Sunway REIT strive to go beyond minimum regulatory compliance to contribute towards building a sustainable future for all.

Our aim is to create long-lasting positive impacts as we continue to adopt and adapt to change, bringing progress to people while protecting the planet. Taking into consideration the impacts of our actions on our stakeholders, we are always identifying opportunities, mitigating risks and engaging with stakeholders to identify their key concerns and meet their needs.

In 2021, we continued to create value in the areas of Environmental, Social and Governance (ESG) by strengthening our strategy, policies and frameworks and implementing robust initiatives and programmes.



STRONGER GOVERNANCE

Focusing on Governance, we established a Sustainability Committee comprising Board Members, responsible for oversight and strategic management of sustainability matters in Sunway REIT, ensuring that our sustainability strategy, goals, targets and progress are aligned with Sunway Berhad's sustainability commitment. The Sustainability Committee is supported by a Sustainability Officer and a Sustainability Working Group (SWG) to embed sustainability considerations and practices in Sunway REIT's daily operations. This new sustainability governance led to various developments in our sustainability strategy, one of which included the 2030 Sustainability Goals and Targets, which we believe will lead us to realising the vision of building a sustainable future.

- GOAL 1:** Transforming our portfolios to low-carbon assets
- GOAL 2:** Advocating a responsible value chain
- GOAL 3:** Investing in community inclusivity
- GOAL 4:** Respecting ethical principles

For more information on Sunway REIT's 2030 Sustainability Goals and Targets, please refer to pages 140 and 141.

BETTER CLIMATE ACTION

The year under review also saw us deepening our commitment to climate action by revealing a Net Zero Carbon Emissions by 2050 target. We also became an official supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) and disclose our climate risks according to the recommendations of the TCFD. To this end, we appointed the Jeffrey Sachs Center on Sustainable Development (JSC) to conduct a Value at Risk (VaR) assessment of our properties to determine the physical risks and the transition risks. Further to that, we contributed to accelerating the transition to a low-carbon economy by being the first REIT in Malaysia to venture into a Sustainability-Linked Bond through a collaboration with a financial institution.

BIGGER SOCIAL IMPACT

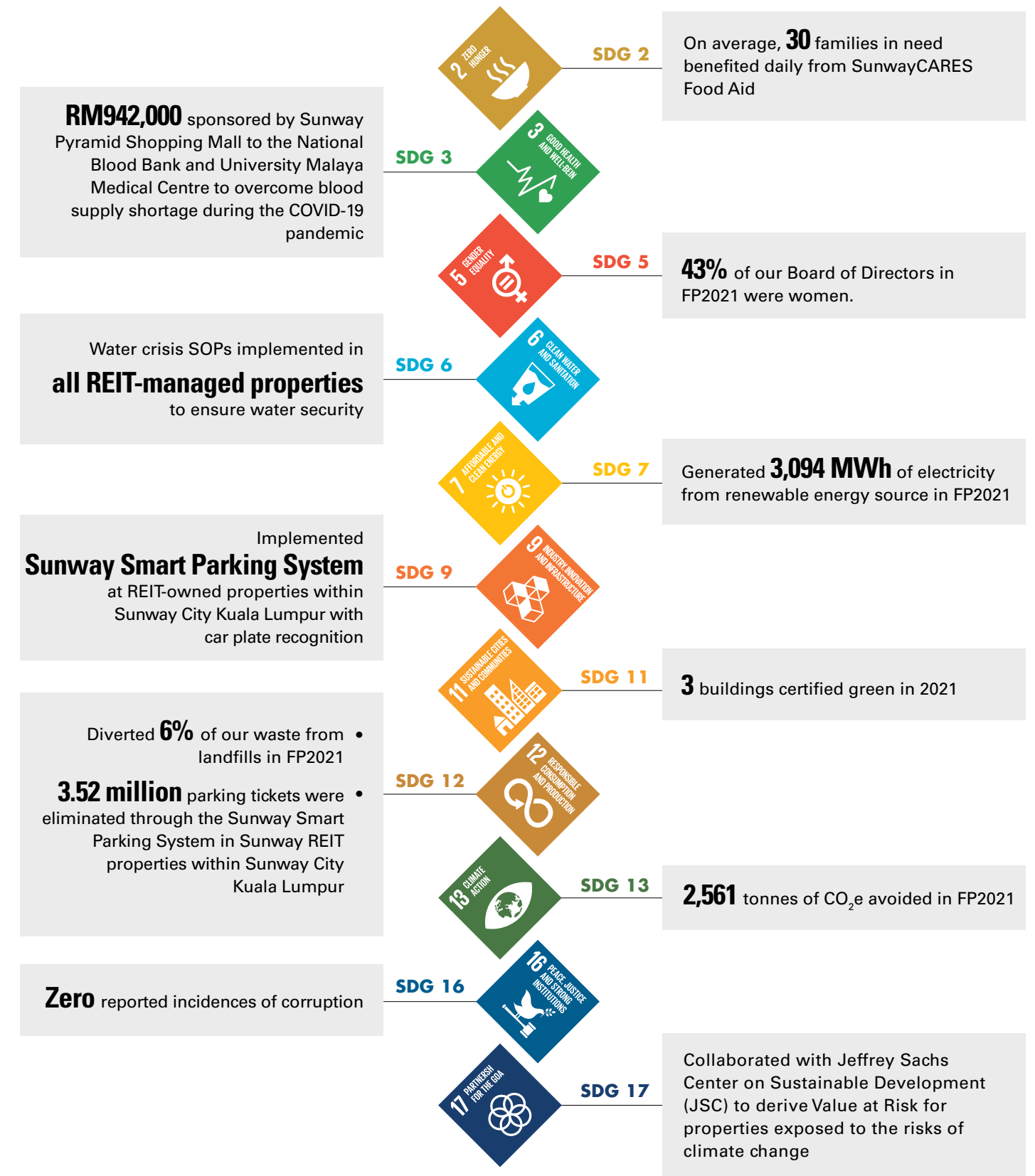
Our sustainability journey in 2021 was further enhanced by the various positive social impacts that we generated for both internal and external stakeholders. Internally, we established a **Sustainability Policy** and a **Donations, Sponsorships and Corporate Responsibility Policy** to guide the execution of sustainability as well as our commitment towards contributing to the communities. We also stepped up our occupational health and safety governance by forming an Occupational, Health, Safety and Environment (OHSE) Committee at the business segment level. As for the communities, we continued reaching out to the underprivileged and the marginalised to enrich and empower them through various programmes and initiatives. Our efforts included contributing to the battle against the COVID-19 pandemic by offering rental-free spaces as vaccination centres.

In the year under review, our innovative paperless parking system won the **ANUGERAH INOVASI NEGERI SELANGOR**

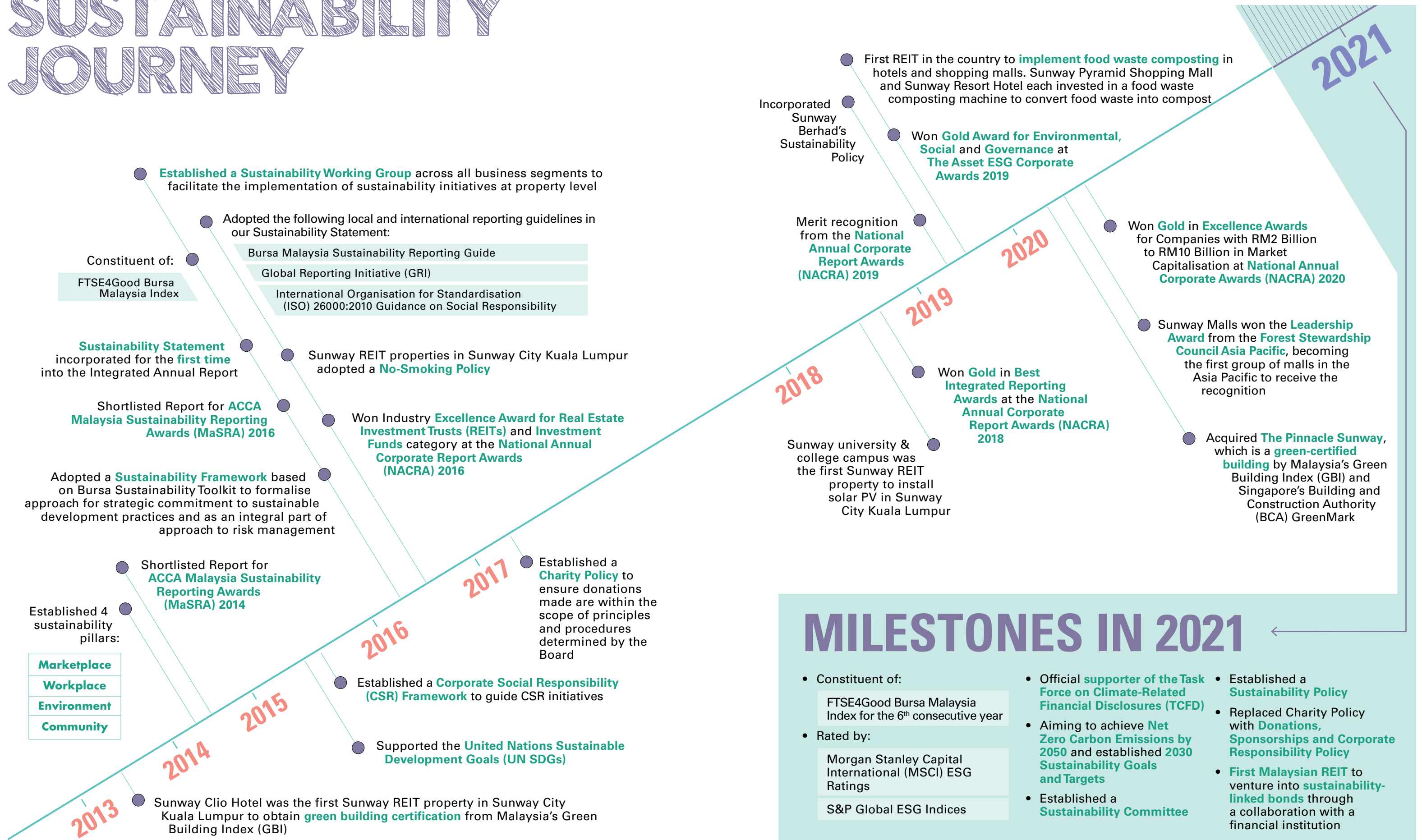
For more information on Sunway Smart Parking System, please refer to page 156.

Going forward, we will place greater focus on governance to uphold good business ethics and integrity, which are fundamental to the long-term sustainability of the Company. We will also step up our climate action and further enhance our sustainability strategy and framework from time to time to continue to create value for all.

UN SDGs SCORECARD



SUSTAINABILITY JOURNEY



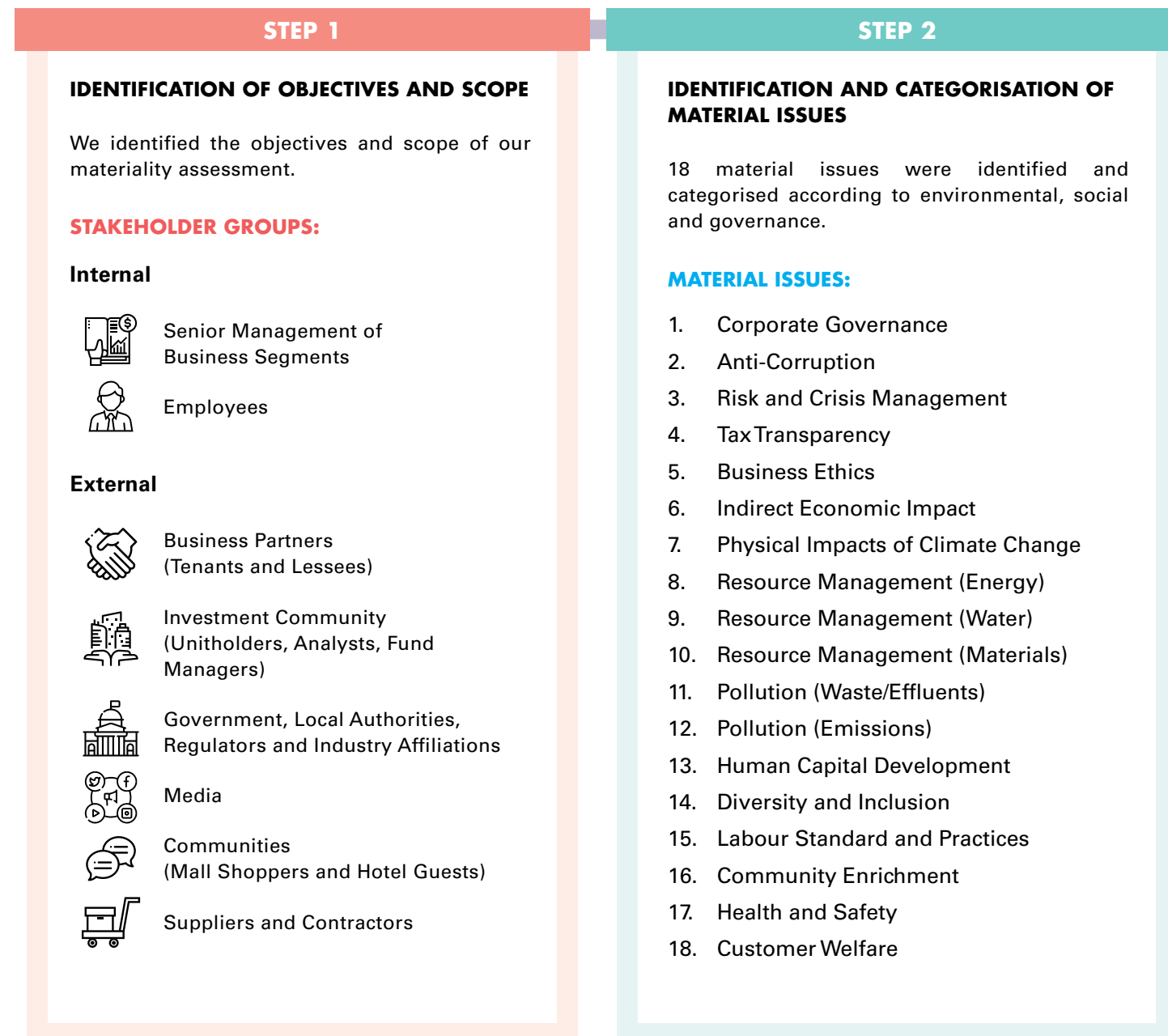
DETERMINING MATERIALITY

GRI 3-1, 3-2, 3-3

Materiality assessments are integral in helping us to identify the sustainability issues that matter most to Sunway REIT and its stakeholders. We conduct a materiality assessment once every two years to understand our position, align with industry peers, meet stakeholder needs and address the risks and opportunities of the identified material issues. Assessing our material issues also enables us to engage with our stakeholders and better meet their needs.

In 2021, we conducted an in-depth materiality assessment to assess the issues that will impact us and our stakeholders going forward. As part of the process, we conducted a focus group discussion with the Senior Management from assets managed and carried out an online survey for both internal and external stakeholders based on 18 identified material issues.

Our materiality assessment was conducted according to the following steps:



DETERMINING MATERIALITY

STEP 3

STAKEHOLDER ENGAGEMENT THROUGH AN ONLINE SURVEY

An online survey was conducted among internal and external stakeholders. In the first part of the survey, the respondents were asked to rate the significance of each material matter. In the subsequent part of the survey, the respondents were asked to provide their opinions on the importance of sustainability to Sunway REIT and on Sunway REIT's efforts in embedding sustainability in its business operations.

On the importance of sustainability to Sunway REIT, the stakeholders felt that sustainability enables the organisation to:

- | | | | | |
|--------------------------------------|---------------------------------|--|---|-----------------------------------|
| 01
Enhance risk management | 02
Promote innovation | 03
Improve cost optimisation | 04
Enhance brand value and reputation | 05
Improve productivity |
|--------------------------------------|---------------------------------|--|---|-----------------------------------|

As for embedding sustainability in the business operations, in terms of governance, the stakeholders felt that it should continue to monitor its sustainability practices and improve on its ESG disclosures through measures such as training and having an information-sharing platform for the business segments.

In regard to environmental-related issues, the respondents suggested that Sunway REIT undertake environmental and climate change assessments, further advocate sustainability through its diverse business operations, raise awareness among the community and support environmental NGOs. They also suggested that Sunway REIT improve its green technologies and products to meet stakeholders' demands for more green products and services.

As for social-related issues, the stakeholders suggested that Sunway REIT set up a social community committee to address its social impacts such as supporting various NGOs and to also increase community engagement. There were also suggestions to promote awareness on social welfare and to increase the upskilling of employees.

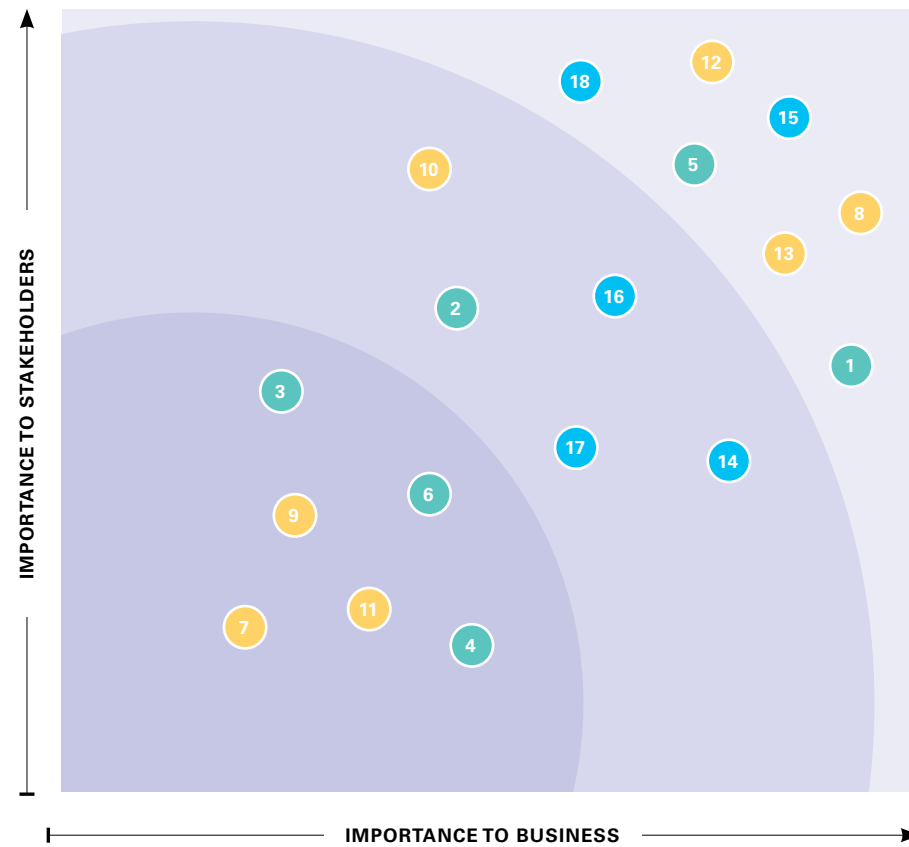
Lastly, the results of the online survey were collated and plotted against the importance to business and to stakeholders in a materiality matrix, where the prioritised issues were shown in the top quadrant. The results were as follows:

<p>Customer Welfare Customer welfare refers to the individual benefits derived from the consumption of goods and services.</p>	<p>Business Ethics Business ethics prepare companies to take pre-emptive actions on ESG-related matters.</p>
<p>Anti-Corruption Corruption undermines human development, increases inequality and hinders national and local economies.</p>	<p>Health and Safety A safe and healthy workplace keeps workers safe, increases productivity and boosts employee morale.</p>

A focus group discussion was held following the online survey.

STEP 4

OUR MATERIALITY MATRIX



MATERIAL ISSUES

ENVIRONMENTAL

1. Physical Impacts of Climate Change
2. Resource Management (Energy)
3. Resource Management (Water)
4. Resource Management (Materials)
5. Pollution (Waste/Effluents)
6. Pollution (Emissions)

SOCIAL

7. Indirect Economic Impact
8. Human Capital Development
9. Diversity and Inclusion
10. Labour Standard and Practices
11. Community Enrichment
12. Health and Safety
13. Customer Welfare

GOVERNANCE

14. Corporate Governance
15. Anti-Corruption
16. Risk and Crisis Management
17. Tax Transparency
18. Business Ethics

FOCUS GROUP DISCUSSION

At the focus group discussion, which comprised Senior Management from the different business segments, most of the participants opined that Corporate Governance, Business Ethics and Anti-Corruption were the fundamentals of good governance for any foundation, organisation or even a community. They agreed that the practice of good governance would naturally lead to efficient environmental management and social development. They also agreed that poor governance would expose Sunway REIT to various risks such as legal and reputational risks, which would eventually impact the business.

However, they felt that environmental issues such as Pollution (Waste/Effluents) should be prioritised, given the seriousness of the negative impacts of pollution. This material issue reflects Sunway REIT's commitment to reducing waste to landfill through initiatives such as investing in food composting machines and distributing compost to the local communities to promote a circular economy.

The group also agreed that Human Capital Development should be given priority to ensure a skilled and knowledgeable workforce for the sustainable growth of the organisation.

Overall, they believed that Sunway REIT should continue to embed sustainability in its business management and operations to ensure continuous value creation for the organisation and its stakeholders.

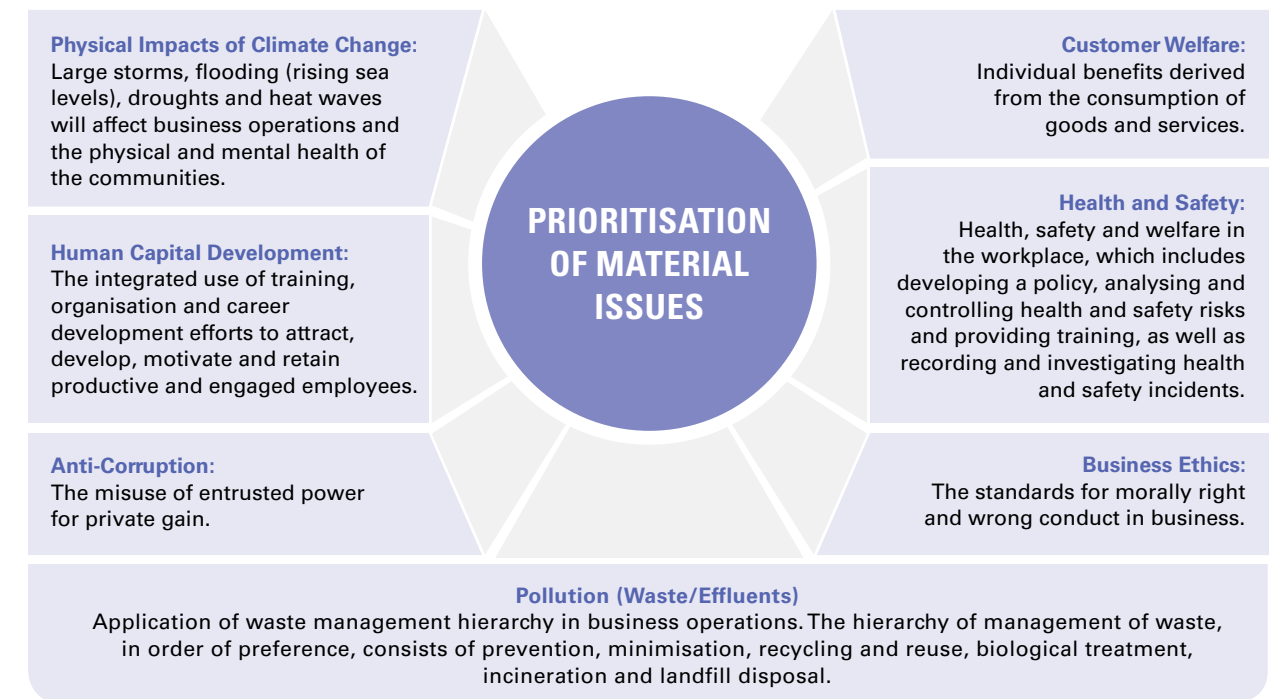
PRIORITISATION OF MATERIAL ISSUES

As a result of the discussion, the focus group felt strongly that three material issues, Pollution (Waste/Effluents), Human Capital Development and Physical Impacts of Climate Change, needed to be prioritised, resulting in seven prioritised material issues.

Physical impacts of climate change such as increased rainfall intensity and frequency and

flooding are material to Sunway REIT because the damage to its assets is significant. Thus, Sunway REIT takes steps to conduct a Value at Risk* (VAR) study on its properties to analyse the potential financial implications from these impacts and to take appropriate action to manage its risks.

The seven prioritised material issues stated below reflect Sunway REIT's commitment to sustainability:



Besides the seven prioritised issues, we are committed to the other 11 issues and take into consideration factors such as global megatrends, which will impact our business and stakeholders.

STEP 5

ENDORSEMENT

The results of the materiality assessment were approved and endorsed by the Board of Directors.

* For more information on Sunway REIT's key risks and Value at Risk analysis, please refer to the following sections and pages:
1. Net Zero Carbon Emissions by 2050 on pages 142 and 143. 2. Mitigating Our Risks on pages 124 to 131.

For more information on how the Manager engages with its stakeholders, please refer to Corporate Governance Overview Statement - Stakeholder Engagement section.

SUSTAINABILITY SCORECARD - GOALS AND TARGETS

GRI 2-20, 2-22

ACHIEVING NET ZERO CARBON EMISSIONS BY 2050

The negative effects of climate change have become more extreme in recent years, causing devastating natural disasters that threaten the lives and livelihoods of people. More recently, Malaysia was hit by one of the worst floods in decades and the amount of losses is still being counted at the time of reporting. As extreme weather events are expected to worsen, many countries including Malaysia have declared their support for the Paris Agreement, which calls for limiting global temperature rise to below 2.0°C compared to pre-industrial levels. In line with Malaysia's commitment, Sunway REIT aims to achieve Net Zero Carbon Emissions by 2050 to combat climate change through robust policies and strategies that are guided by globally recognised frameworks. This includes reporting our disclosures in accordance with the recommendations of the TCFD. Our efforts towards achieving net zero carbon emissions will be supported by a stronger strategy in the management of our organisation. Going forward into 2022, we will be integrating sustainability into Senior Management performance evaluations and

Key Performance Indicators (KPIs) that are linked to remuneration. This includes linking the remuneration for senior executives to climate change performance and ESG performance, such as their management of Sunway REIT's material sustainability risks and opportunities

SUSTAINABILITY-LINKED BOND

In supporting national and global decarbonisation goals, Sunway REIT has established and issued its inaugural Sustainability-Linked Bond (SLB) under the existing unrated medium-term notes (MTNs) programme of SUNREIT Unrated Bond Berhad (SUB). SUB has mandated OCBC Bank (Malaysia) Berhad (OCBC) as the sustainability structuring coordinator of the medium-term notes.

OCBC was also tasked to review the alignment of Sunway REIT's overall sustainability agenda, encompassing its ESG initiatives, in accordance with sustainable financing principles developed by capital market regulators. In December 2021, SUB issued the first tranche of the SLB, which

features a pricing adjustment mechanism benchmarked against the achievement of the predetermined Sustainability Performance Targets (SPTs). The SPTs are measured against two selected Key Performance Indicators (KPIs), which are core, relevant and material to the business of Sunway REIT. The KPIs measure sustainability improvements of Sunway REIT in terms of renewable energy consumption and energy efficiency. The selected KPIs are:

- KPI 1: Annual Renewable Energy Generation (MWh) (primarily provided by existing rooftop solar photovoltaic (PV) system on Sunway university & college campus); and
- KPI 2: Building Energy Intensity (BEI) measured in terms of kWh/m²/year (the weighted average of Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Sunway Putra Mall).

The success of the SLB issuance represents the next big step for Sunway REIT in integrating ESG practices at the heart of its financing strategy.

Legend: Progress Tracking

- Progressing with delays, to review current approach
- Progressing but slightly behind target, to increase efforts
- Progressing well and on track to achieve targets by 2030

ENVIRONMENTAL			
Future Value Goals	2030 Targets	FP2021 Performance (Jul 2020 - Dec 2021)	CY2021 Performance (Jan 2021 - Dec 2021)
Goal 1: Transforming Our Portfolio to Low-Carbon Assets Capital Natural Capital, Manufactured Capital, Social and Relationship Capital Material Issues Physical Impacts of Climate Change, Resource Management (Energy), Resource Management (Water), Pollution (Waste/Effluents), Pollution (Emissions)	To achieve average 4% reduction annually of Building Energy Intensity (BEI) from 2022 to 2030, starting from the Green Building Index's BEI baseline minimum based on different business segments At least 25% of electricity from renewable energy source by 2030 (5% locally generated, 20% purchased from green sources/solar farms) 40% waste diverted from landfill by 2030	●●● (kWh/m ² /year) Office: 96 Retail: 185 Hotel: 186 ●●● 1.34% (3,094 MWh) of electricity was generated from our solar panels ●●● 6% waste diverted	●●● (kWh/m ² /year) Office: 90 Retail: 205 ¹ Retail: 220 ² Hotel: 178 ●●● 1.38% (2,240 MWh) of electricity was generated from our solar panels ●●● 5% waste diverted

¹ Consist of Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall, Sunway Putra Mall and Sunway Clio Property (Retail).

² Consist of Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Sunway Putra Mall.

SUSTAINABILITY SCORECARD - GOALS AND TARGETS

ENVIRONMENTAL & SOCIAL			
Future Value Goals	2030 Targets	FP2021 Performance (Jul 2020 - Dec 2021)	CY2021 Performance (Jan 2021 - Dec 2021)
Goal 2: Advocating a Responsible Value Chain Capital Natural Capital, Social and Relationship Capital Material Issues Indirect Economic Impact Resource Management (Material) Pollution (Emissions) Labour Standard and Practices	To record measurable reduction in environmental impact from goods and services procured from suppliers Zero tolerance for procurement of goods and services from suppliers that violate human rights throughout their supply chain processes	●●● 209 tonnes of CO ₂ e avoided due to the purchase of eco-label products ●●● Zero confirmed incidences of non-compliance with relevant laws, regulations and standards	●●● 209 tonnes of CO ₂ e avoided due to the purchase of eco-label products ●●● Zero confirmed incidences of non-compliance with relevant laws, regulations and standards
SOCIAL			
Goal 3: Investing in Community Inclusivity Capital Social and Relationship Capital, Human Capital Material Issues Indirect Economic Impact, Human Capital Development, Diversity and Inclusion, Labour Standard and Practices, Health and Safety, Community Enrichment, Customer Welfare	To reach out and support 1 million beneficiaries by 2030 To support the national Shared Prosperity Vision 2030 in addressing inequalities, wealth and income disparities by providing support and assistance to the underserved and B40 communities in particular	●●● 319,000 beneficiaries	●●● 316,058 beneficiaries
GOVERNANCE			
Goal 4: Respecting Ethical Principles Capital Social and Relationship Capital Material Issues Indirect Economic Impact, Corporate Governance, Anti-Corruption, Business Ethics	Zero tolerance for bribery and corruption	●●● Zero confirmed incidences	●●● Zero confirmed incidences

GOAL 1: TRANSFORMING OUR PORTFOLIOS TO LOW-CARBON ASSETS


GRI 2-22, 305-1, 305-2, 305-3

Sunway REIT is committed to reducing the impacts of global warming and achieving Net Zero Carbon Emissions by 2050. In the year under review, we aligned the reporting of our climate action to the TCFD's four overarching recommendations to enable us to identify climate-related risks and opportunities and ensure we remain resilient during the transition to a lower-carbon economy. The four recommended areas of disclosures are Governance, Strategy, Risk Management and Metrics & Targets.

GOVERNANCE


Sunway REIT's sustainability governance is led by the Sunway REIT Sustainability Committee.

CHAIRPERSON




Yeo Kar Peng

COMMITTEE MEMBERS



Dato' Jeffrey Ng Tiong Lip



Sarena Cheah Yean Tih, S.M.S.

For more information on Sustainability Governance, please refer to page 177.

METRICS & TARGETS

NET BY ZERO 2050

Sunway REIT has been disclosing Scope 1, 2 and 3 greenhouse gas (GHG) emissions of our operations since 2016. To ensure proper accounting of our GHG emissions, we scope our data on emissions generated by using the relevant emission factors from the Department for Environment, Food & Rural Affairs (DEFRA), United Kingdom and Malaysian Green Technology and Climate Change Centre (MGTC). Our carbon emissions are calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) GHG Protocol, a corporate accounting and reporting standard. The protocol is currently deemed best practice for corporate or organisational emissions reporting.

Sunway REIT has set four goals and eight targets to achieve by 2030, which have been endorsed by the Sustainability Committee in 2021. The targets include targets for energy and water usage, waste generation and supply chain. The progress against the targets is tracked and reported annually in our Sustainability Statement, which serves as a guide for us towards meeting our 2030 goals progressively.

TOTAL CO₂e EMISSIONS AND CO₂e EMISSIONS AVOIDANCE

Year	CO ₂ e emissions (tonnes)	CO ₂ e emissions avoidance (tonnes)
FY2016	144,274	-
FY2017	125,231	-
FY2018	124,666	(387)
FY2019	124,574	(413)
FY2020	117,545	(998)
FP2021	138,632	(2,561)
CY2021	96,974	(2,013)

TOTAL CO₂e EMISSIONS AND CO₂e EMISSIONS AVOIDANCE IN FP2021 (SCOPE 1, 2 AND 3)

Category	CO ₂ e emissions (tonnes)	CO ₂ e emissions avoidance (tonnes)
SCOPE 1	Company vehicles: 82 tonnes CO ₂ e	
SCOPE 2	Purchased electricity: 19,650 tonnes CO ₂ e	
SCOPE 3	Waste generated in operations: 4,848 tonnes CO ₂ e	Downstream Leased Assets (Renewable Energy): 1,810 tonnes CO ₂ e
	Downstream Leased Assets: 113,994 tonnes CO ₂ e	Waste generated in operations: 543 tonnes CO ₂ e
	Business Travel: 58 tonnes CO ₂ e	Purchased goods and services: 209 tonnes CO ₂ e

Note: CO₂e emissions refers to carbon dioxide equivalent emissions.

GOAL 1: TRANSFORMING OUR PORTFOLIOS TO LOW-CARBON ASSETS

INTERNAL CARBON PRICING FRAMEWORK

We have set clear targets to drive our decarbonisation efforts, which include reducing energy consumption through improving energy efficiency and substitution with cleaner energy sources. This year, we established an Internal Carbon Pricing framework to start preparing for the potential transitional risks from climate-related issues. The carbon pricing framework simulates the scenario wherein a cost of RM15 per tonne is imposed on CO₂e emitted above the Management-approved limit for each business segment.

VALUE AT RISK (VaR) ASSESSMENT

As part of our risk management approach towards climate-related issues, we have appointed the Jeffrey Sachs Center on Sustainable Development (JSC) to conduct a Value at Risk (VaR) assessment on our properties to assess Sunway REIT's risk exposure to climate change. JSC has categorised the levels of VaR as below:

VaR Level	Description
High	Vulnerable to physical risks due to sea level rise (SLR) or higher rain density AND Vulnerable to material physical risks (i.e. Max historical annual damages cost ratio >>5%)
Medium	Vulnerable to physical risks due to SLR or higher rain density BUT NOT Vulnerable to large potential damages physical risks (i.e. Max historical annual damages cost ratio >>5%)
Low	Low vulnerability to physical risks due to SLR or higher rain density

JSC assessed all our 18 properties, including leased properties, across the business segments against two types of climate risks:

Physical Risks	Transition Risks
<ul style="list-style-type: none"> The risks of climate events physically damaging the properties in Sunway REIT's portfolio. Consisting of: <ul style="list-style-type: none"> SLR, which can lead to more coastal and riverine floods. Increased rainfall intensity, which can lead to more flash floods and water seepages into buildings. 	<ul style="list-style-type: none"> The risks of regulatory costs that could be imposed on Sunway REIT such as carbon tax introduced by the government to transition to a low-carbon economy. Carbon tax may be extended to include tax exemptions for low-carbon buildings to incentivise property owners to transform their properties into low-carbon buildings.

CONCLUSION

Physical Risks

From the assessment, all Sunway REIT properties are exposed to the following climate-related physical risks, where 10 of the properties have Low VaR and eight properties have Medium VaR:

- Flash floods in times of heavy rain.
- Water seepages in times of heavy rain.

Transitional Risks

Additionally, five of the 18 properties are vulnerable to SLR that will cause coastal and riverine floods to become more likely and more severe for properties that are low-lying and close to the coast or river. However, these following mitigation steps can be considered to minimise risks to the portfolio.

- Continuous monitoring of drains and gutters to ensure that they are clear
- If economically viable, permanently stop water seepages from external gaps
- If practicable, increase the drainage and gutter system's maximum capacity
- Set an annual agenda to review the status of the physical risks above for the entire portfolio

METHODS

To systematically assess the material physical risks for each property, JSC utilised an analytical procedure:

- The buildings were categorised according to the level of VaR – High, Medium and Low. High-risk properties have a higher

STRATEGY

RISK MANAGEMENT

One of the 2030 targets that we have set is to achieve an average 4% annual reduction in Building Energy Intensity (BEI) using 2021 as a baseline in three phases. We also target to source at least 25% of electricity from renewable energy source by 2030.

PHASE 1	PHASE 2	PHASE 3
2022-2024	2025-2027	2028-2030

exposure to physical risks and financial risk such as building repair costs due to floods, while low-risk buildings have a lower exposure to the risks.

2. The properties were assessed against the worst-case scenario described by the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021, whereby:

- The global annual carbon emissions will rise above 120 gigatonnes per year by 2100
- The SLR upper bound is forecast to be 1.1 m
- The median temperature is expected to increase by 4.4°C over pre-industrial levels (higher than the 2°C scenario)
- The maximum 1-day rainfall increase will be 46.6%

3. The elevation of each property vis-à-vis sea level was determined using an online topographic map, and the location relative to the coast and rivers was determined using Google Maps to gauge SLR risk.

4. The historical flooding and water seepage incidences and damage cost of each property were obtained to gauge the likelihood of floods and water seepages as suggested by historical incidences at the local level.

**GOAL 1:
TRANSFORMING OUR PORTFOLIOS
TO LOW-CARBON ASSETS**



Capital

- Natural
- Social and Relationship
- Manufactured

Material Issues

- Physical Impacts of Climate Change
- Resource Management (Water)
- Resource Management (Energy)
- Pollution (Waste/Effluents)
- Pollution (Emissions)

Activities

- Green Buildings
- Rainwater Harvesting
- Energy-saving Initiatives
- Waste Segregation
- Water-efficient Fittings
- Waste Diversion from Landfills

Value Created

- Efficient Energy and Water Management
- Reduced Waste to Landfills
- Lower GHG Emissions
- Community Engagement

The impacts of climate change are real, and they are fast affecting the world, especially developing countries. Climate change will not only impact our ecological systems and cause severe natural disasters, but will also affect our access to natural resources and impact industries and business operations, leading to financial losses and disrupted business growth.

CARBON EMISSIONS MANAGEMENT

GRI 3-3, 305-1, 305-2, 305-3, 305-4

In our effort to move towards a low-carbon economy, Sunway REIT is gradually shifting towards the use of renewable energy such as solar energy to reduce greenhouse gas (GHG) emissions. Through a strategic approach, we constantly review our targets against global standards and best practices to continuously improve our decarbonisation efficiency in all our operations.

As part of our decarbonisation effort, we continued to provide 14 charging stations for electric cars at Sunway Pyramid Shopping Mall. This is to encourage the use of electric vehicles that help decarbonise both transport and electric supply via reduced tailpipe emissions from vehicles. Our carbon emissions increased by 21,087 tonnes CO₂e from FY2020 to FP2021 due to the longer financial period in FP2021. However, our carbon emissions showed a reduction of 20,571 tonnes CO₂e from FY2020 to CY2021. This was due to current MCO in the country, however we have continuously increased our efforts to reduce emission by installing solar PV at our properties, diverting waste from landfills and practising sustainable purchase of goods and services.

Our GHG emissions intensity (Scope 1, 2 and 3) for FP2021 was 0.15 tonnes CO₂e/m²

For more information on CO₂e emissions Metrics & Targets, please refer to page 142.

GREEN BUILDINGS

GRI 203-1, 203-2, 302-4, 305-5

Green buildings are an important element in sustainable communities due to their positive impacts on the environment, the economy and society. Besides emitting lower carbon emissions, these buildings also use less water and increase property value. Incorporated with sustainable designs such as natural lighting and better ventilation, the buildings naturally promote greater health and well-being among their occupants.

Sunway REIT adapts to climate change by striving for green building standards in its properties. Currently, Sunway REIT has three green-certified buildings, which are The Pinnacle Sunway, Sunway Carnival Shopping Mall and Sunway Clio Hotel. As part of our journey towards low-carbon assets, we target to have more of our properties green-certified, including Sunway Putra Mall and Sunway Resort Hotel.

**GOAL 1:
TRANSFORMING OUR PORTFOLIOS
TO LOW-CARBON ASSETS**

THE PINNACLE SUNWAY

Built With Sustainable Designs

- 01** Reduced windows-to-wall ratio and the use of high-performance glazing as well as aluminium spandrel to reduce heat conduction
- 02** Selected glazing was used to reduce noise penetration
- 03** Air-Conditioning and Mechanical Ventilation (ACMV) systems are installed to ensure pre-cooled fresh air while carbon dioxide sensors are used to control the quality of the fresh air to ensure energy efficiency. A non-chemical water treatment system is used for the condenser water to allow optimum performance and maintenance to be carried out safely
- 04** All ceiling boards and partitions for tenanted areas are made with more than 30% recycled content while recycling bins are provided on every level
- 05** Digital sub-meters are used to monitor the energy performance of the building
- 06** The basement car park is mechanically ventilated and installed with carbon monoxide sensors to ensure the air is safe
- 07** All lifts are energy-efficient and are in hibernation mode during off-peak hours
- 08** The building is equipped with motion sensors and energy-efficient T5 and LED lighting
- 09** All adhesives, sealants and paints are low-Volatile Organic Compounds (VOC), which are safe for the environment and people
- 10** Stormwater is harvested from the tower roof and the surrounding area for irrigation and all toilets are fitted with water-efficient fittings
- 11** Water sub-meters are used to monitor water usage and detect leakages in the early stage



Sustainable Building Certifications Achieved:

- 01** Certified Grade A with Singapore's Building and Construction Authority (BCA) GreenMark Gold
- 02** Certified Malaysia's Green Building Index (GBI)
- 03** Accredited Multimedia Super Corridor (MSC)

Certified Green Buildings

- 1** Sunway Carnival Shopping Mall
GreenMark - Gold Plus (Provisional Cert)
- 2** Sunway Clio Hotel
GreenMark - Gold (Provisional Cert)
GBI - Certified (Provisional Cert)
- 3** The Pinnacle Sunway
GreenMark - Gold
GBI - Certified

Targeted Green Building Certifications

- 1** Sunway Putra Mall
Target GreenRE - Gold
- 2** Sunway Resort Hotel
Target GreenRE - Gold
- 3** Sunway Carnival Shopping Mall Expansion
Target GreenRE - Gold
Target GreenMark - Gold

The Pinnacle Sunway

**GOAL 1:
TRANSFORMING OUR PORTFOLIOS
TO LOW-CARBON ASSETS**

ENERGY MANAGEMENT

GRI 3-3, 302-1, 302-2, 302-3, 302-4, 302-5

At Sunway REIT, we are proactive in minimising our carbon footprint. Apart from implementing various initiatives to reduce our energy consumption, we monitor our energy intensity by setting an energy intensity target for each business segment and investing in renewable energy. Minimising energy consumption and ensuring optimised energy usage will help to lower our carbon emissions, thus allowing us to contribute to Malaysia's commitment to reducing GHG emissions by 45% by 2030.

Sunway REIT has invested in renewable energy as part of Sunway's long-term project to reduce fossil fuel consumption. In FP2021, 3,094 MWh of solar energy was generated from solar PV installed at Sunway Pyramid Shopping Mall, Sunway university & college campus and Sunway Medical Centre (Tower A & B). We target to have at least 25% of our electricity generated from renewable energy sources by 2030.



The overall energy consumption in CY2021 for all our business segments showed a decrease compared to FY2020's performance due to the MCOs. The consumption for FY2022 may change subject to the restriction or relaxation of business operation matters.

The BEI for office and retail segment decreased from lesser energy consumption likely due to the government's announcement of the MCO. The MCO has resulted in most offices and retail units being closed unless they were classified as essential services. On the contrary, the hotel segment showed a 1% increase in FP2021 from FY2016. The higher energy consumption could be due to renovation and upgrading works at certain hotels despite lower occupancy from MCO.

We continued implementing energy conservation initiatives, such as ensuring the use of energy-efficient appliances, replacing LED lighting and monitoring the use of air-conditioning systems. It is also our general practice to communicate energy-saving reminders to employees. As a result, we estimated a total savings of more than 11,000 MWh due to energy-efficient initiatives across all operations, which was equivalent to the energy used by 939 houses in a year.

For more information on Sunway REIT's energy intensity targets, please refer to page 140.

WE REDUCE ENERGY CONSUMPTION THROUGH THESE EFFORTS

EARTH HOUR LIGHTS OFF

All Sunway REIT business segments took part in this initiative by switching off any non-essential lights in common areas and on the facades of their buildings. The initiative helped to save electricity and create awareness on energy reduction as well as reducing the impacts of global warming.

UTILISING ENERGY-EFFICIENT APPLIANCES

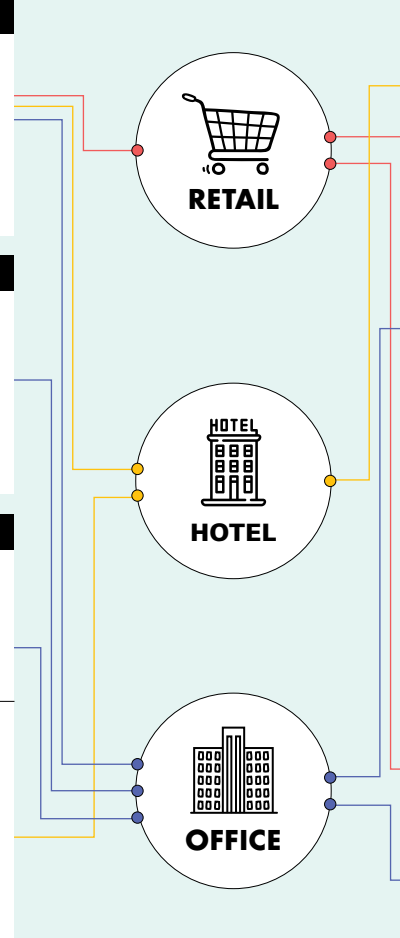
Menara Sunway utilised energy-efficient appliances by replacing analog thermostats with digital thermostats and upgrading closed-circuit television (CCTV) cameras to reduce electricity consumption.

At Sunway Putra Tower, four lifts were refurbished for better energy efficiency.

OTHER ENERGY-SAVING INITIATIVES

Sunway Offices maximised the use of natural lighting and ventilation and switched off air conditioning and lighting at vacant units as well as tenanted levels during the MCOs, while only selected car park lifts were operating.

Sunway Resort Hotel, Sunway Clio Hotel and Sunway Pyramid Hotel reduced energy consumption by limiting the number of lifts in use during the MCOs, reducing the hot water temperature in guest rooms by adjusting thermostat set points from 55°C to 50°C, dimming lights by 30% in lobbies and public areas through dimmer controllers and turning off 50% of lights in car parks.



LED LIGHTING

Sunway Putra Hotel and Sunway Hotel Georgetown completed the replacement of LED lighting at balconies and common areas.

Almost all Sunway REIT offices have completed switching to LED lighting. In FP2021:

- Menara Sunway replaced the LED lights at the foyer of its main building and annexe.
- At Wisma Sunway, T5 fluorescent lights were replaced with LED lights, which were estimated to save more than 4,600 kWh per month.
- Sunway Putra Tower replaced T5 fluorescent lights with LED lights in its lift lobby, riser room and common areas, which were estimated to save more than 650 kWh per month.

Sunway Putra Mall completed replacing all the lights in common areas with LED lighting to reduce operating cost and maintenance.

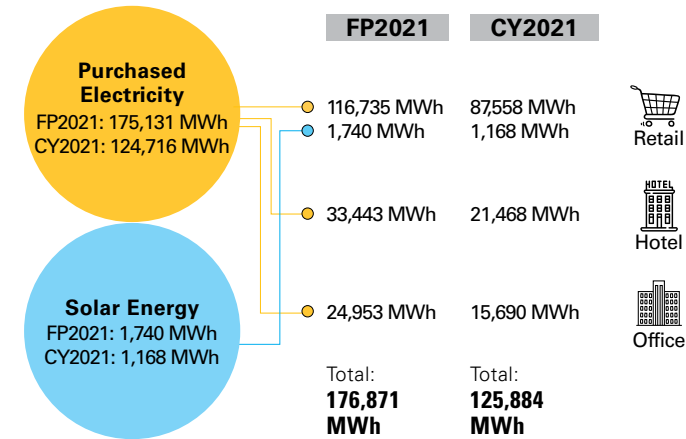
ENERGY-EFFICIENT AIR CONDITIONING SYSTEM

Sunway Malls ensured their air conditioning systems were adjusted according to the condition of the buildings to save energy.

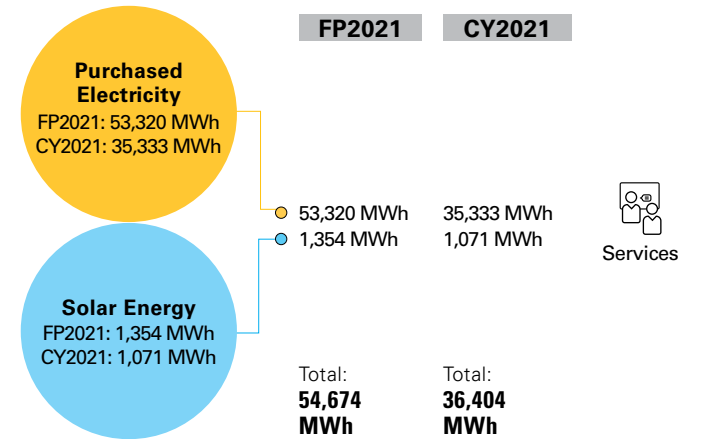
Menara Sunway used a magnetic bearing chiller to reduce energy consumption, which was estimated to have saved more than 185,000 kWh per year.

**GOAL 1:
TRANSFORMING OUR PORTFOLIOS
TO LOW-CARBON ASSETS**

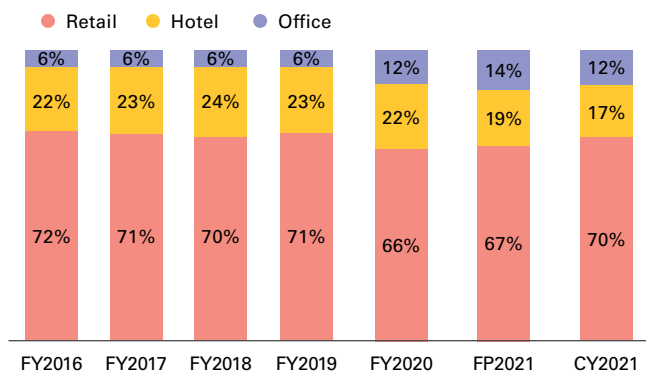
Managed Assets: Total Energy Consumption (MWh) by Business Segments in 2021



Leased Assets: Total Energy Consumption (MWh) by Business Segments in 2021

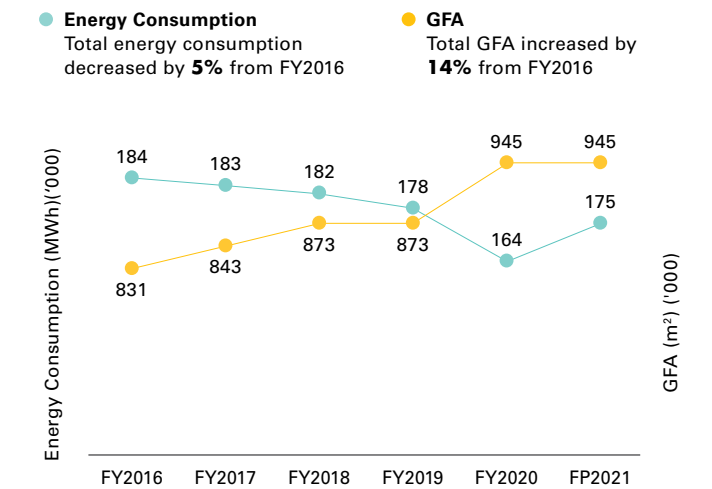


Managed Assets: Total Energy Consumption (%) by Business Segments

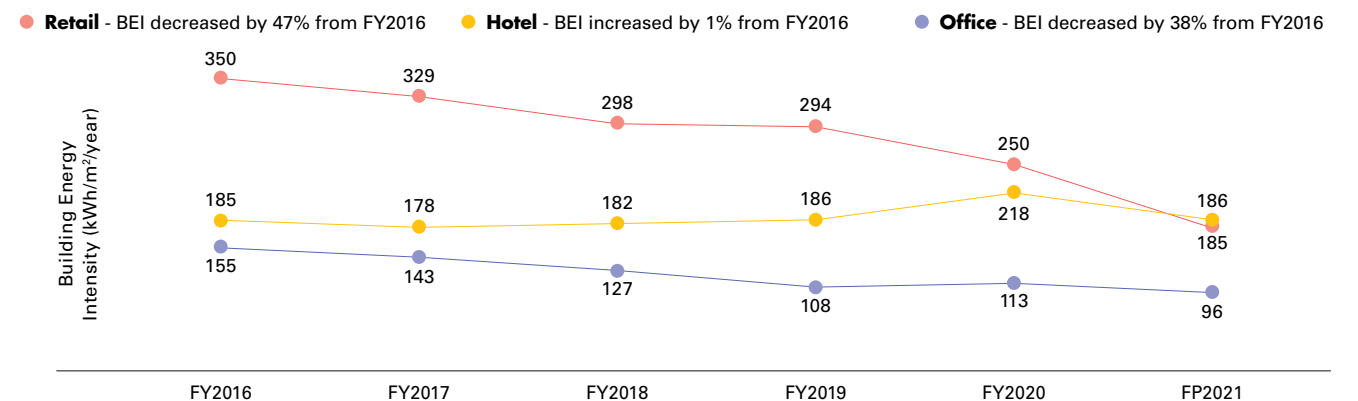


Notes:
• FY refers to the financial year from July to June.
• FP2021 refers to the financial period of 18 months from 1 July 2020 to 31 December 2021.
• CY2021 refers to the calendar year from 1 January 2021 to 31 December 2021.

Managed Assets: Total Energy Consumption (MWh)('000) and Total Gross Floor Area (GFA)(m²)('000)



Managed Assets: Building Energy Intensity (kWh/m²/year)



Notes:
1. Managed Assets include properties from Office, Retail and Hotel segments.
2. Services segment includes Sunway university & college campus and Sunway Medical Centre (Tower A & B).
3. Figures stated may not add up due to rounding of decimals.

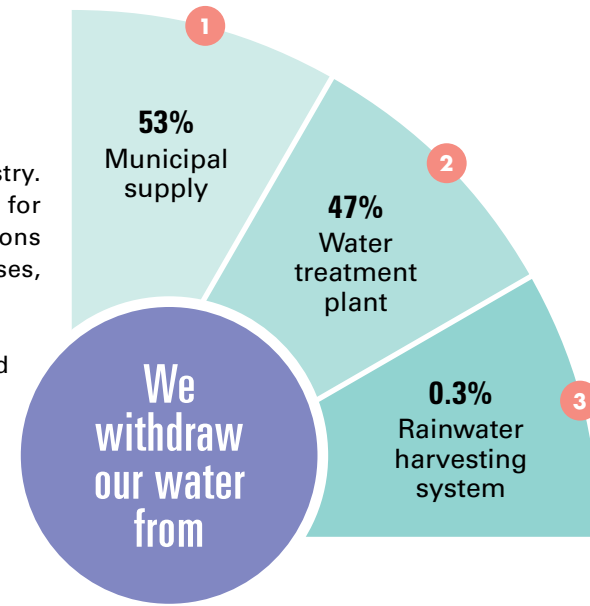
**GOAL 1:
TRANSFORMING OUR PORTFOLIOS
TO LOW-CARBON ASSETS**

WATER MANAGEMENT

GRI 3-3, 303-1, 303-2, 303-3, 303-4, 303-5, 307-1

Water is an essential natural resource for every community and industry. While Sunway REIT's businesses are not water-intensive, water is vital for smooth daily operations in our Hotel and Retail segments. Any disruptions to our water supply will impact our tenants, hotel guests and our businesses, potentially exposing the Company to reputational and financial risks.

We are cognisant of our role in ensuring efficient water management and have taken a proactive approach in conserving the natural resource by embedding water-saving initiatives in our daily operations. We have also aligned our water management with Sunway Berhad's Water Management Policy. We do not operate in water-stress areas and all our wastewater is discharged via the public wastewater management system.



The overall water consumption in CY2021 showed a decrease compared to FY2020 performance due to the current MCO. The water consumption for FY2022 may change subject to the restriction or relaxation of business operation matters. The water use intensity of all business segments decreased in FP2021 likely due to lesser water consumption during the MCO.

We continued to increase our efforts to reduce water consumption from the municipal potable water supply. We have reduced more than 1.16 million m³ of water consumption from the municipal potable water supply, which is equivalent to 464 Olympic-sized swimming pools.

WE CONSERVE WATER THROUGH THESE EFFORTS

Water Crisis SOPs

01 All Sunway REIT properties have established water crisis Standard Operating Procedures (SOPs) to address the issue of water disruption. The SOPs cover:

- Emergency planning to address a water disruption that occurs during business operation hours

Water-saving Initiatives

02 Installing water-efficient fittings such as sensor taps, new faucets and water-efficient taps

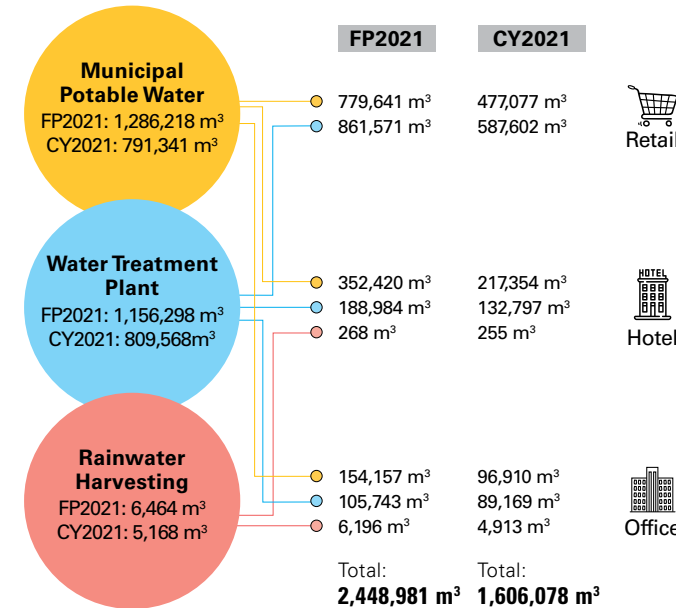
Alternative Water Sources

03 Apart from municipal potable water, we consume water from alternative water sources including:

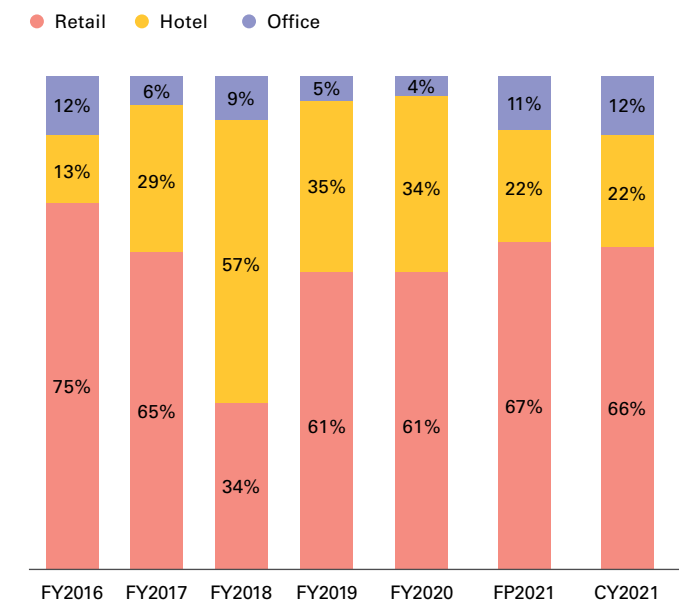
- Lake water
- Rainwater

**GOAL 1:
TRANSFORMING OUR PORTFOLIOS
TO LOW-CARBON ASSETS**

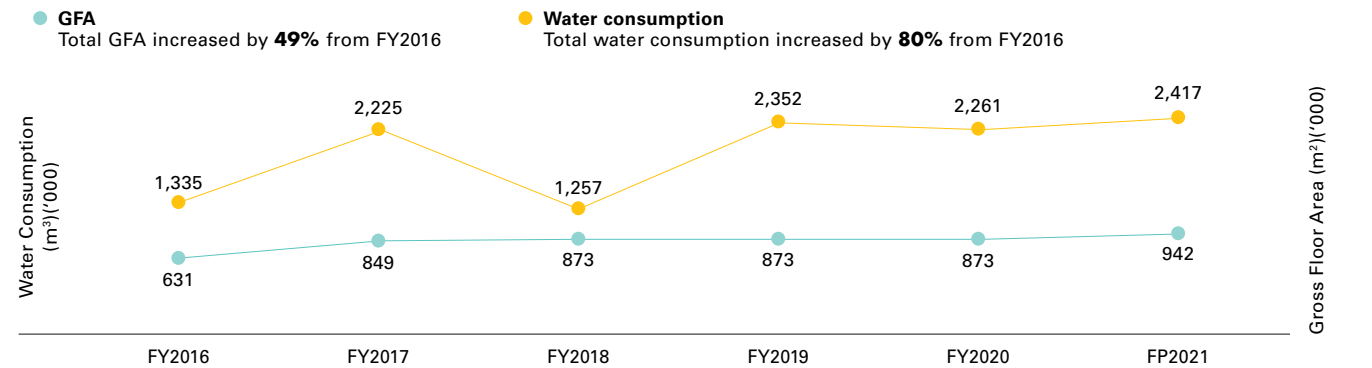
Managed Assets: Total Water Consumption (m³) by Business Segments in 2021



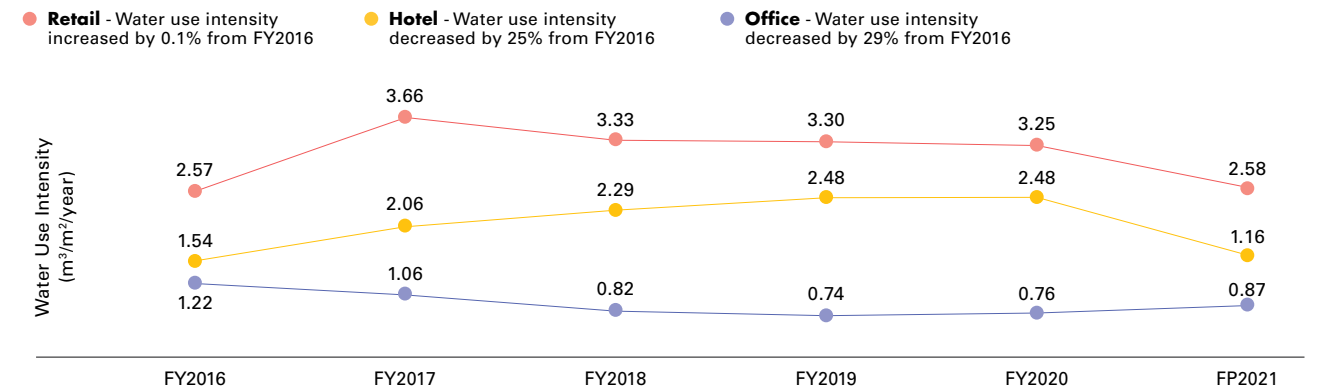
Managed Assets: Total Water Consumption (%) by Business Segments



Managed Assets: Total Water Consumption (m³)(‘000) and Total Gross Floor Area (GFA)(m²)(‘000)



Managed Assets: Water Use Intensity (m³/m²/year)



Notes: 1. Managed Assets include properties from Office, Retail and Hotel segments.
2. Figures stated may not add up due to rounding of decimals.

**GOAL 1:
TRANSFORMING OUR PORTFOLIOS
TO LOW-CARBON ASSETS**

WASTE MANAGEMENT

GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5

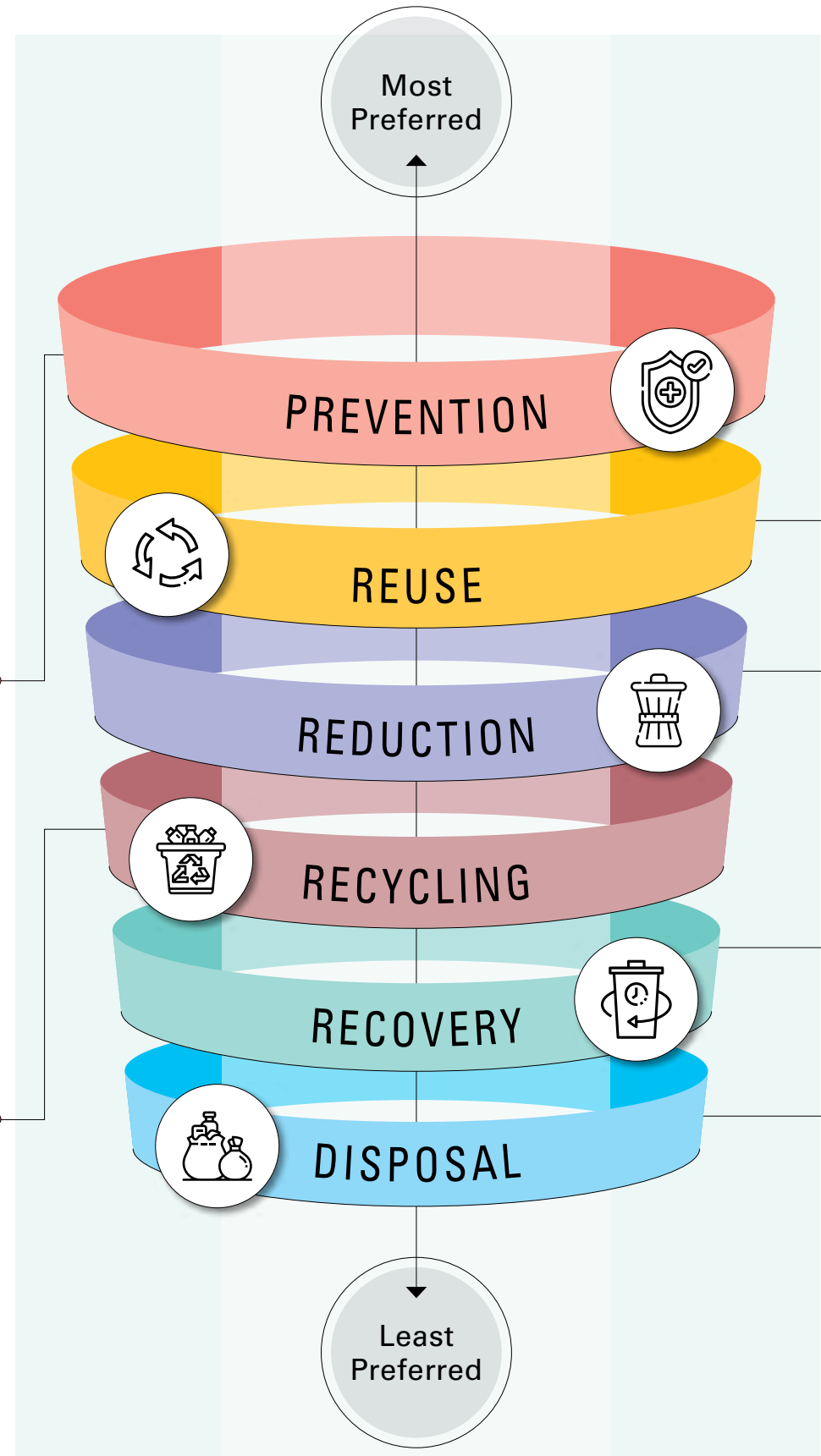
Proper waste management is imperative for the sustainability of our business operations and the communities in which we operate. Lack of proper waste management will lead to negative environmental and social impacts, which may affect our licence to operate and expose us to reputational and legal risks.

At Sunway REIT, our waste management is focused on the prevention and reduction of waste through a six-level waste management hierarchy. We also comply with all the necessary local regulatory rules and work closely with the local communities to reduce and reuse waste where possible. In FP2021, there were zero fines for non-compliance with environmental laws and regulations.

Since the launch of the Sunway Smart Parking System in 2019, the printing of 3.53 million parking tickets was avoided, which is equivalent to 282 kg of paper.

For more information on the Sunway Smart Parking System, please refer to page 156.

- The Soapful project by Sunway Hotels is an initiative that was rolled out in 2018 to contribute to the communities in need. In FP2021, Sunway Hotels replaced the soap bars in their guest rooms with refillable bottled hair shampoo, shower gel and hand soap. The hotels collected and donated more than 100 kg of soap bars through this initiative to charitable organisations.
- Sunway Pyramid Shopping Mall has a recycling buy-back centre that encourages the public and tenants to drop off their recyclables.
- The Office segment started collecting e-waste in 2020 to encourage tenants and employees to recycle their old and broken digital devices.



- During Sunway Resort Hotel's refurbishment, the hotel donated, transferred and sold its old furniture and fittings to charity homes, staff and other business segments, as well as to other Sunway hotels. The effort was part of the hotel's aim to divert waste from landfill and encourage the use of reusable items.
- All our business segments reuse the decorative items for festive seasons each year, thus minimising waste and resources.
- Sunway REIT contributes old clothes and fabrics to charitable organisations and to a non-governmental organisation, Kloth Cares Fabric Recycling Movement, which aims to save two million kilogrammes of unwanted fabrics from being sent to landfills. Kloth Cares bins are placed at selected Sunway malls and hotels for employees and shoppers to donate unwanted clothes and fabrics. In FP2021, Sunway Putra Mall rewarded its shoppers with Kloth Cares pouches for donating old clothes to Kloth Cares.

- Sunway Pyramid Hotel, Sunway Clio Hotel and Sunway Putra Hotel replaced single-use toiletries with refillable amenities as part of the initiative to remove single-use plastic.
- Sunway Malls placed notices in the toilets to remind shoppers to reduce water and paper consumption while Sunway Hotels displayed notices in guest rooms to remind guests to reuse their towels.

- Sunway Pyramid Shopping Mall collected food waste from tenants whereas Sunway Resort Hotel collected food waste from the kitchen to be composted.
- Sunway Resort Hotel, Sunway Clio Hotel, Sunway Pyramid Hotel and Sunway Putra Hotel sold used cooking oil to waste energy producer, FatHopes Energy.

Any waste that cannot be recycled or recovered is carefully disposed of in compliance with local environmental laws and regulations. Hazardous waste generated on-site is properly stored and transported to licensed facilities by authorised contractors.

**GOAL 1:
TRANSFORMING OUR PORTFOLIOS
TO LOW-CARBON ASSETS**

Our total waste generated in CY2021 decreased compared to FY2020 due to lesser waste generated during the MCO. We managed to divert 6% of our waste from landfill in FP2021 as we continued to manage our waste based on the hierarchy.

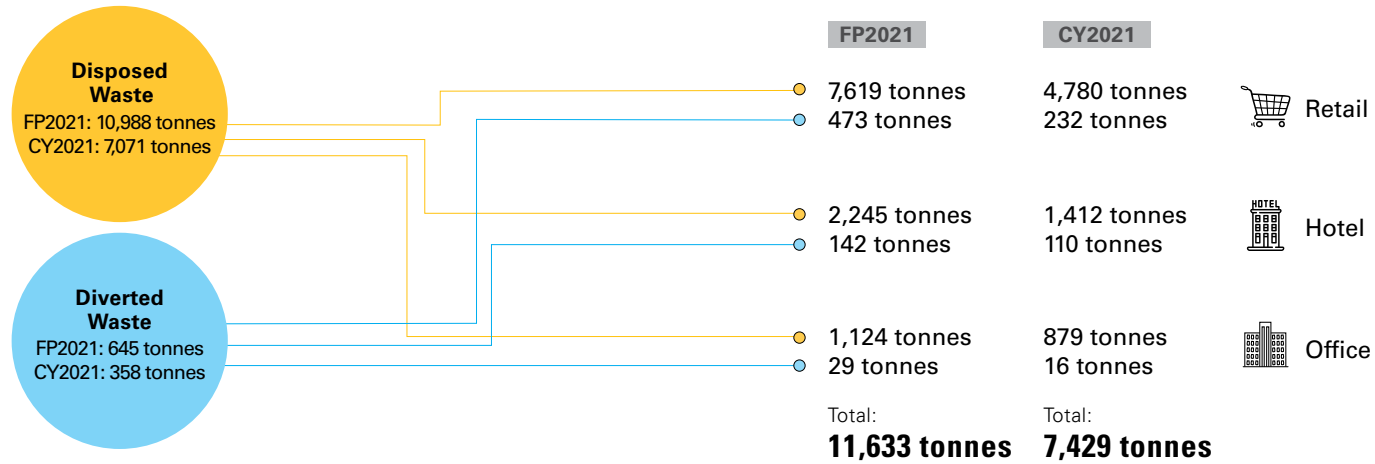
WORLD ENVIRONMENT DAY

In conjunction with World Environment Day 2021, an online talk was organised by Sunway Resort Hotel to share tips on reducing and composting food waste. Presented by the hotel's chef, together with Kechara Soup Kitchen and food waste specialist, MAEKO, the talk highlighted various ways to compost food, methods of handling leftover or expired food and some cooking tips on minimising waste and preserving the freshness of food. The talk attracted more than 100 viewers, including Sunway staff, through the digital platform, Microsoft Teams.

GOAL 1:
TRANSFORMING OUR PORTFOLIOS
TO LOW-CARBON ASSETS

GOAL 1:
TRANSFORMING OUR PORTFOLIOS
TO LOW-CARBON ASSETS

Managed Assets: Total Waste Generated by Business Segments (Tonnes) in 2021



Breakdown of Waste Generated in FP2021

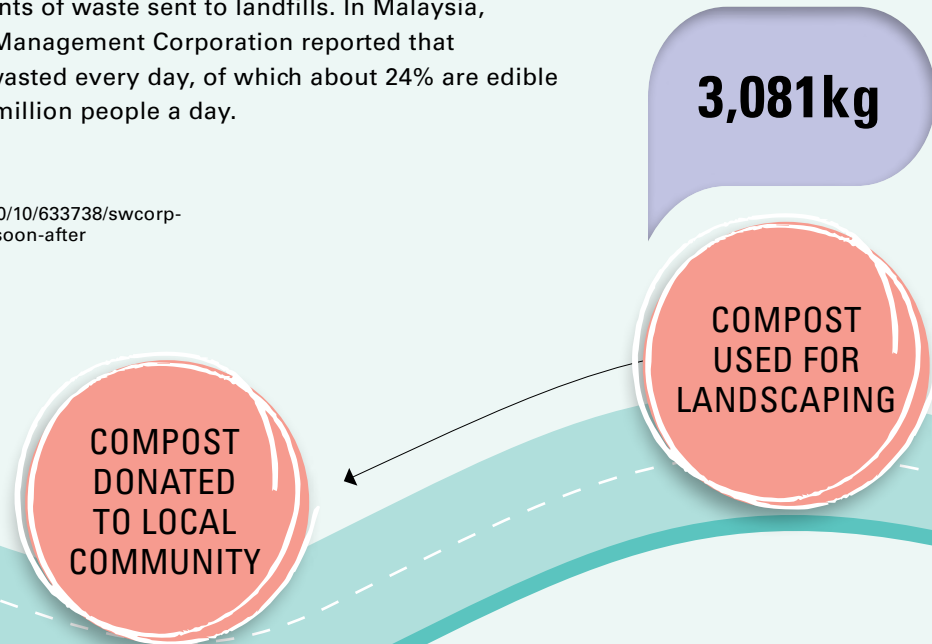


IMPACT STORY: SUNWAY REIT'S CIRCULAR ECONOMY

A circular economy takes place when the end-of-life of a product or a material is restored and turned into a useful resource that eliminates waste. Generating a circular economy will help to reduce waste and ultimately contribute to climate action.

Food waste is one of the largest amounts of waste sent to landfills. In Malaysia, the Solid Waste and Public Cleansing Management Corporation reported that more than 16,600 tonnes of food are wasted every day, of which about 24% are edible and capable of feeding close to three million people a day.

Source: www.nst.com.my/news/nation/2020/10/633738/swcorp-food-waste-drops-during-mco-rises-again-soon-after



01 Sunway Pyramid Shopping Mall and Sunway Resort Hotel have each invested in a composting machine for the mall's tenants and the hotel's kitchens to compost their food waste.

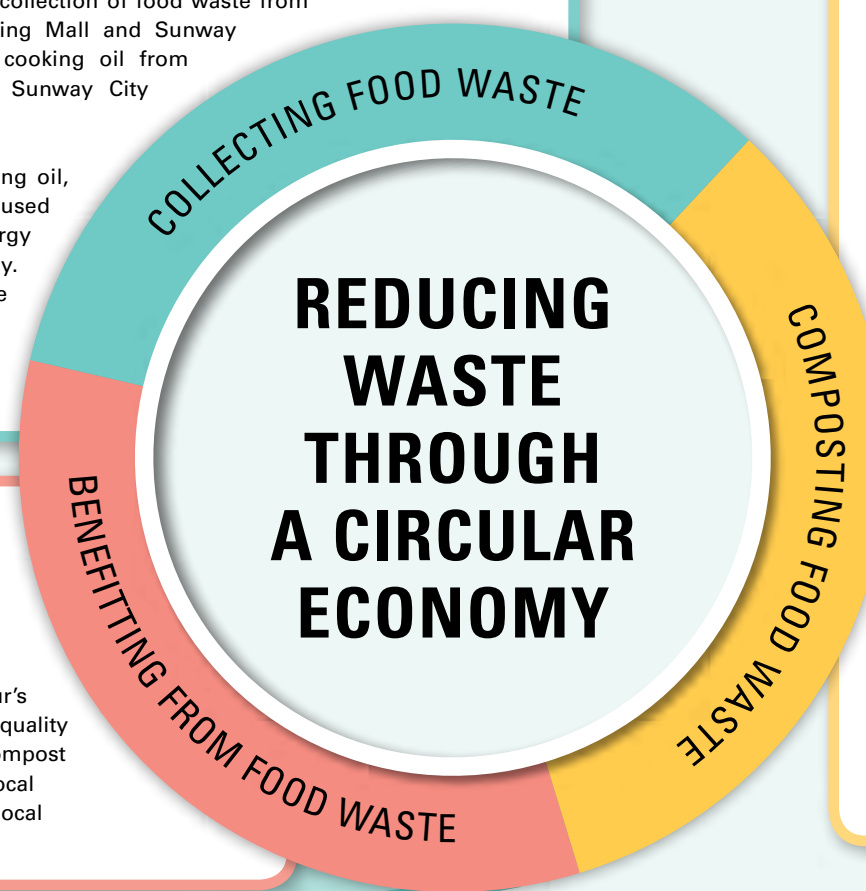
Recognising food waste as one of the major problems that leads to waste, Sunway REIT has been actively converting food waste to energy or compost to reduce waste to landfills and generate a circular economy. Our circular economy starts with the collection of food waste from Sunway Pyramid Shopping Mall and Sunway Resort Hotel and used cooking oil from Sunway REIT hotels in Sunway City Kuala Lumpur.

To repurpose used cooking oil, Sunway REIT sells its used cooking oil to waste energy producer, FatHopes Energy. In FP2021 alone, more than 14,000 kg of used cooking oil was sold.

03 When the compost is produced, it is used as soil conditioner in Sunway City Kuala Lumpur's landscape to improve the quality of the soil. Some of the compost is also distributed to the local community and sold to a local landscaping company.

02 The collected food waste gets broken down in the composting machine, which is capable of decomposing all types of food. Using controlled parameters, including temperature, agitation and airflow in an aerobic environment, the machine is able to convert all types of food into bio-organic compost within 24 hours. The food waste composting machine can reduce food waste volume by up to 80%.

REDUCING WASTE THROUGH A CIRCULAR ECONOMY



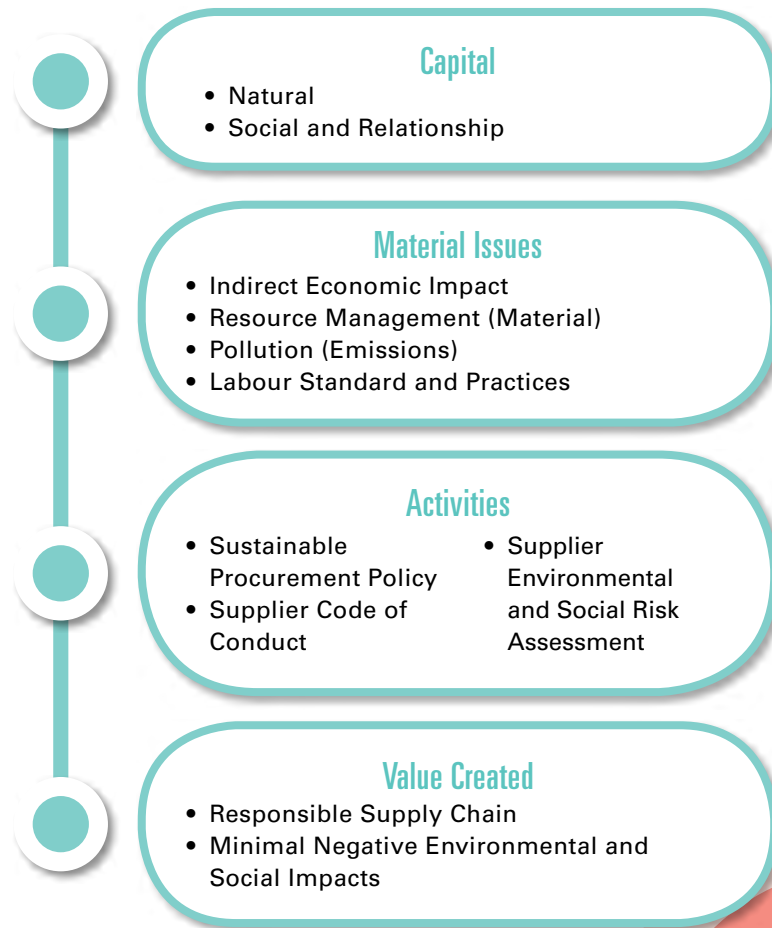
GOAL 2: ADVOCATING A RESPONSIBLE VALUE CHAIN



EMBEDDING SUSTAINABILITY IN OUR VALUE CHAIN

GRI 2-6, 2-15, 2-30, 3-3, 204-1, 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2

At Sunway REIT, responsible sourcing goes beyond appointing suppliers who demonstrate sustainability practices. Our approach is both external and internal, whereby we not only assess and guide our suppliers in ESG-compliance, but also provide sustainability training to our employees to ensure a robust and sustainable supply chain in our value creation journey.



In FP2021,

100%

Sunway REIT's procurement budget was used for significant locations of operations, which included operations in Malaysia

Sunway REIT's staff from the Contract & Project department attended the Sustainable Procurement Training

Sunway REIT suppliers completed the supplier environmental and social risk assessment starting July 2021

Sunway REIT suppliers had minimal negative environmental and social impacts on the supply chain

To the Manager's knowledge, Sunway REIT suppliers have not been identified to commit any non-compliance in the areas assessed such as freedom of association and collective bargaining, child labour, or forced or compulsory labour

In 2020, Sunway Berhad developed a Sustainable Procurement Policy to establish a best practice approach to sustainable procurement. This year, Sunway REIT adopted the policy and required all suppliers who completed the supplier registration forms to declare their current ESG practices via Supplier Environmental and Social Risk Assessment forms. The information provided was recorded and kept by all business segments. We introduced sustainable procurement best practices to our employees and suppliers. Our suppliers are able to refer to the Sustainable Procurement Policy as a guideline to benchmark their ESG practices against industry best practices. All Sunway REIT suppliers must comply with all relevant laws, regulations and standards, and any supplier found to have violated these will be removed from our supply chain.

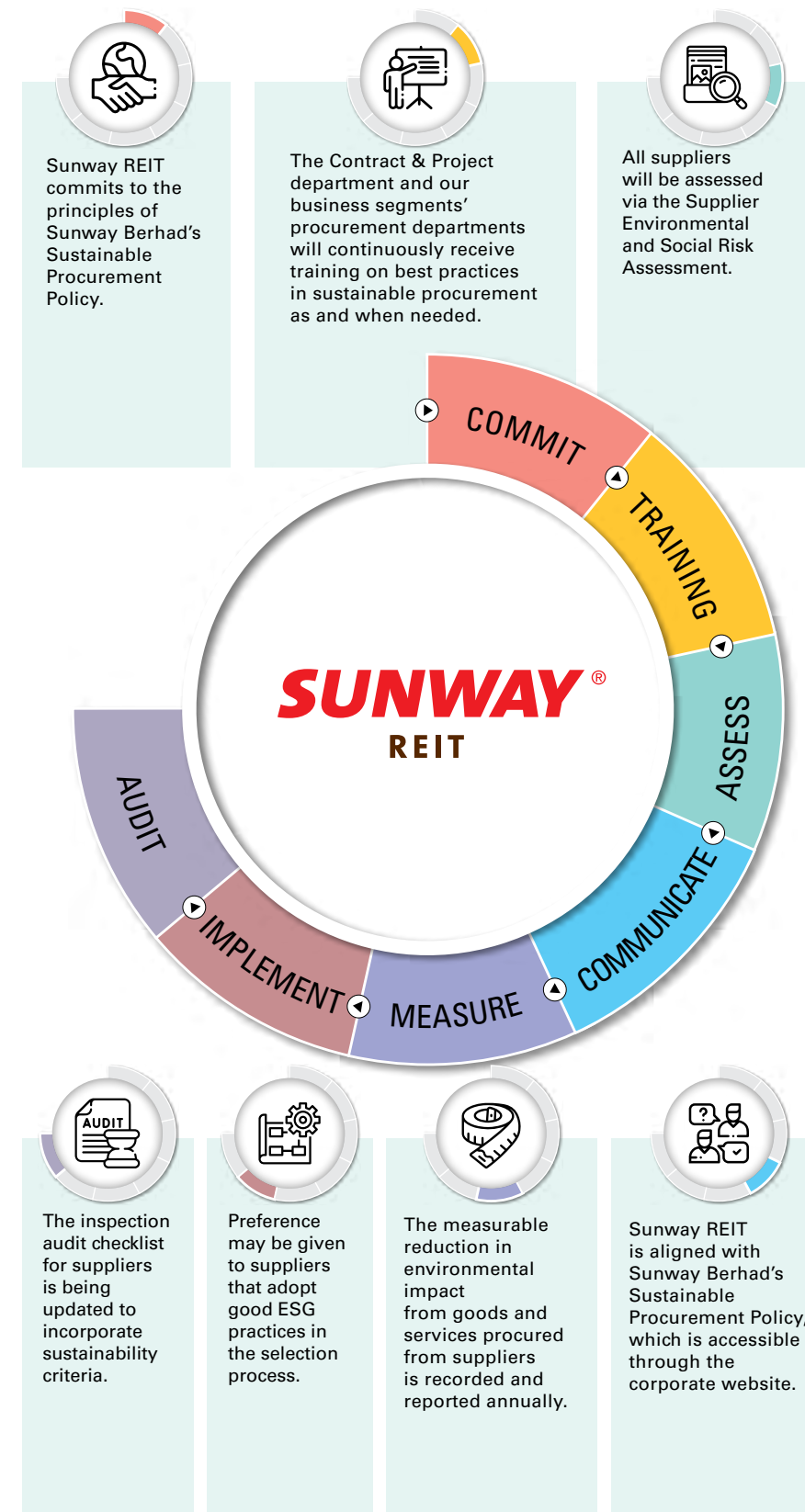
GOAL 2: ADVOCATING A RESPONSIBLE VALUE CHAIN

Our suppliers are given equal access to purchasing opportunities via credibility screening, which involves a tendering and bidding process that is done both online and offline, guided by transparent procurement policies and practices. They are also required to:

RULES

- 1 Comply with Sunway REIT's Supplier Code of Conduct and Sustainable Procurement Policy, which are adopted from Sunway Berhad, and Sunway's policies and procedures, including conflicts of interests, procurement relationships and Code of Conduct & Business Ethics. ✓
- 2 Comply with all relevant ethical laws and regulations, including fair trade practices and intellectual property rights, as well as laws against bribery, kickbacks and fraud. ✓
- 3 Observe all applicable labour and employment laws, ordinances, by-laws, rules, regulations or orders, and stipulations on how information is managed, monitored and reviewed. ✓

SUSTAINABLE PROCUREMENT



**GOAL 2:
ADVOCATING A RESPONSIBLE
VALUE CHAIN**



IMPACT STORY: FOREST STEWARDSHIP COUNCIL (FSC) LEADERSHIP AWARD

Since gaining recognition from the Forest Stewardship Council (FSC) in 2019 as a leader in the Asia Pacific in promoting forest sustainability awareness and educating shoppers, Sunway Malls has continued to implement eco-friendly efforts.

Sunway Malls' most notable effort is its commitment to providing toilet paper from FSC-managed forests and FSC-certified mills, which helps to safeguard the sustainable cycle of responsible harvesting and replanting to maintain the ecology of the forests. Its friendly notices, which are placed in every washroom to educate and remind shoppers to save the trees by reducing paper wastage, helped to save 35 million sheets of paper in 2021.

In September 2021, Sunway Malls and Sunway XFarms co-organised the FSC Friday 2021 Virtual Event with FSC. Themed "Save Our Forests. Save Our Climate", the event covered topics on sustainable products

including sustainable wood crafting and sustainable paper sourcing and products. In addition, Sunway XFarms and Sunway Malls shared their experiences as FSC promotional licence holders with the 66 participants, who were also given a virtual tour of the Taman Tugu Forest.

Sunway XFarms' participation as a co-organiser supported Sunway Malls' advocacy of FSC's aim of matching market supply and demand for sustainable products. The event was also aligned with Sunway XFarms' objective to scale and operate sustainable urban farms with pesticide-free produce that are close to consumers, thus reducing carbon footprint, food wastage and nutrition lost through complex food travel processes.

For more information on Sunway XFarms, please visit www.sunwayxfarms.com/.



3,500 trees saved
due to reduction in paper consumption

IMPACT STORY: SUNWAY SMART PARKING SYSTEM

Sunway Malls has avoided printing 3.52 million parking tickets since the launch of the Sunway Smart Parking System in 2019, equivalent to avoiding 282 kg of parking tickets.

The system, which recognises car registration numbers, allows visitors, shoppers and tenants to enter and exit Sunway REIT properties within Sunway City Kuala Lumpur, including Sunway Pyramid Shopping Mall, Sunway Resort Hotel, The Pinnacle Sunway and Menara Sunway, without using paper tickets.

THE SUNWAY SMART PARKING SYSTEM WAS THE 1ST RUNNER-UP AT THE ANUGERAH INOVASI NEGERI SELANGOR (AINS) 2021.

AINS, which aims to cultivate creativity and innovation within Selangor, recognised the system as an innovation that enhanced Sunway's parking system by enabling a ticketless and cashless experience. The Sunway Smart Parking System is Malaysia's largest fully unified smart parking system with multiple cashless payment options.

The benefits of the Sunway Smart Parking System include:

- Promoting paperless habit
- Allowing a hassle-free experience for users
- Reducing paper waste



**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**



Sunway REIT is committed to protecting the interests of both the Manager's employees and the local communities in which it operates. To continue to create value for our stakeholders, we strive to help our people grow professionally while keeping them safe and well at the workplace. The Manager's employees are also encouraged to volunteer in community engagement programmes to create long-lasting positive social impacts.

OUR PEOPLE
GRI 3-3

Our employees are our most precious asset and the backbone of our organisation. We believe that it is vital for us to prioritise their needs, health and safety by going beyond regulatory compliance and ensuring job satisfaction. Fulfilling the needs of our people is key to the long-term growth of our business organisation.

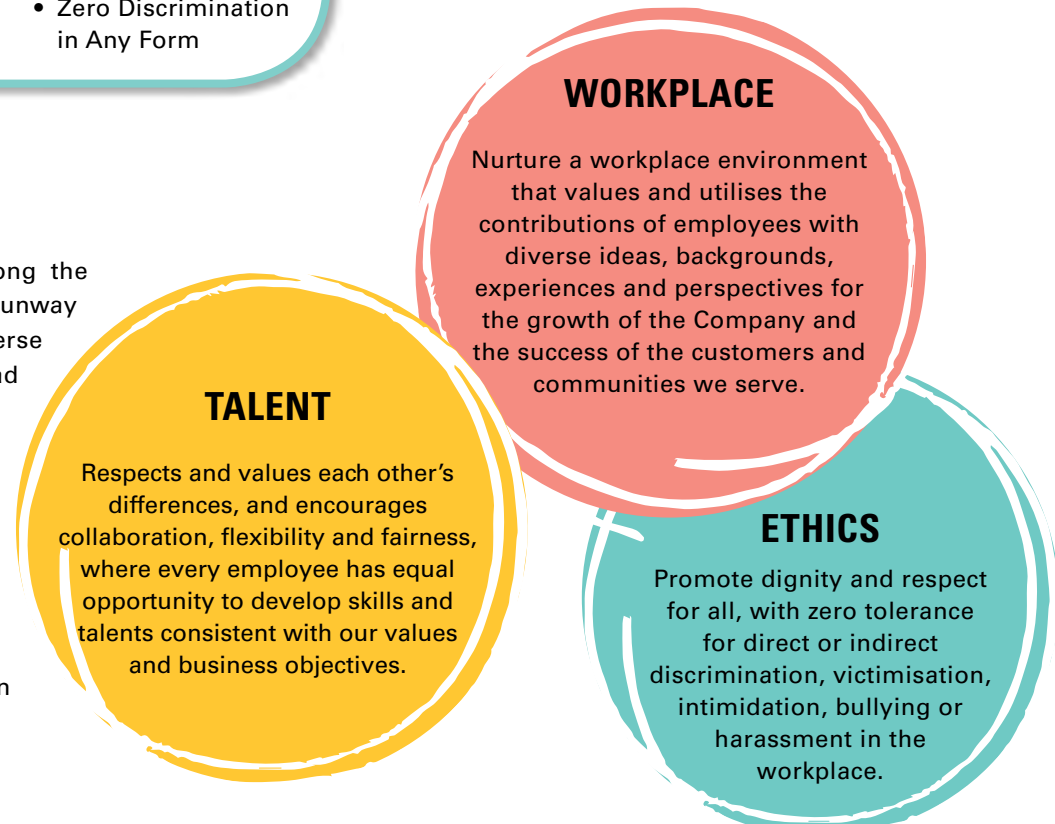
During the year, our commitment to the health and safety of our people was recognised by Randstad Malaysia, a leading global human resources consultancy firm, which named us as the only local private sector conglomerate among the top 10 most attractive employers to work for in Malaysia in 2021.

For more information about the recognition by Ranstad Malaysia, please visit www.sunway.com.my/stories/the-award-for-most-attractive-local-employer-in-2021-goes-to/.

DIVERSITY AND INCLUSION

GRI 2-7, 3-3, 202-2, 401-1, 405-1, 406-1

Diversity and inclusion are among the most important issues for Sunway REIT because they promote diverse perspectives, which will lead to innovation and enable our business to thrive even in the most difficult of times. Guided by Sunway Berhad's Diversity and Inclusion Policy, the Manager strives to provide equal opportunities to all employees at all levels, regardless of gender, age, ethnicity, disability, religion or any other status.



GOAL 3: INVESTING IN COMMUNITY INCLUSIVITY

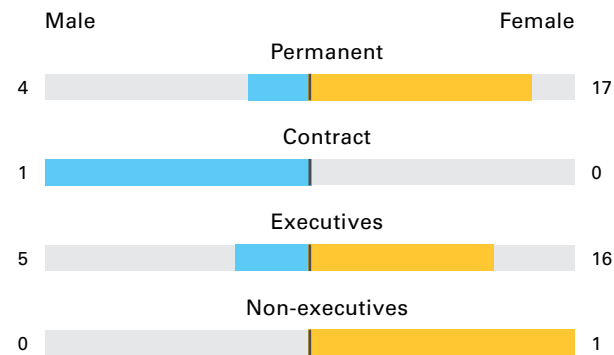
The Manager's aim is to create a culture that:

- 1 Respects and values each other's differences
- 2 Promotes equality and diversity
- 3 Encourages individuals to grow and develop in order to realise their full potential

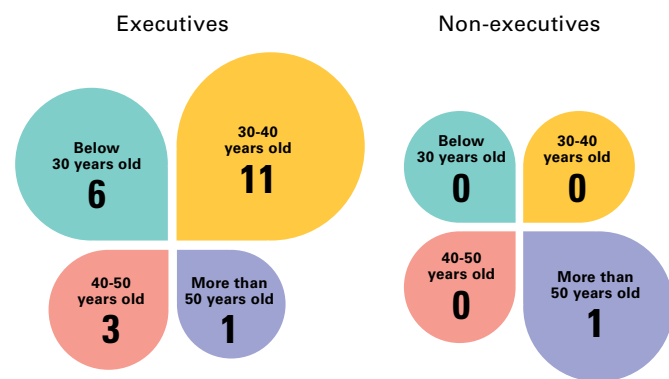
To provide a safe and equal workplace, our Whistleblowing Policy allows employees to report discrimination without fear of reprisal through our Whistleblowing hotline (+603 5639 8025) or email (whistleblowing@sunway.com.my). In FP2021, there were zero reported cases of discrimination.

Total Number of Employees (as at 31 December 2021): 22 Employees

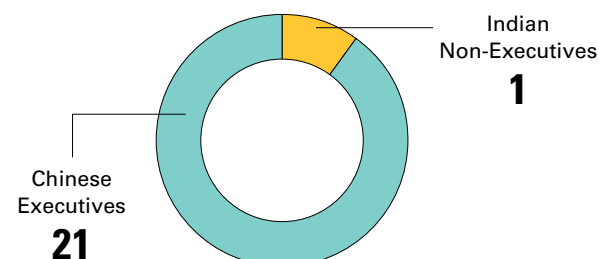
Employment Status by Gender



Employee Diversity (Age Group)



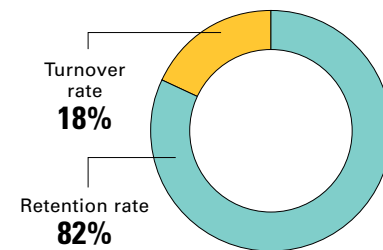
Employee Diversity (Ethnicity)



The Manager has **22 employees** who are **100% domestic**, including Senior Management.

0 Overseas Employment

Turnover Rate and Retention Rate



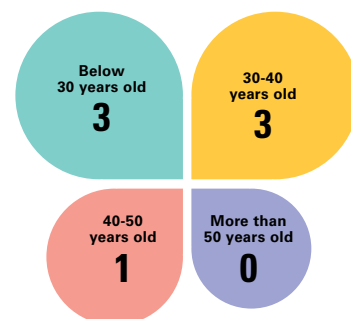
Attrition Rate

Number of Attritions: **5**
Rate of Attrition: **23%**

Total Number of New Hires (Gender)



Total Number of New Hires (Age Group)



GOAL 3: INVESTING IN COMMUNITY INCLUSIVITY

HUMAN CAPITAL DEVELOPMENT

GRI 401-1, 401-2, 401-3, 402-1, 404-1, 404-2, 404-3

As a forward-looking Manager, we fully support the professional and personal aspirations of our people by providing a continuous learning and development environment at the workplace. We nurture our people by equipping them with industry knowledge and leadership skills as we seek to shape a high-performing workforce.

IN FP2021, WE ACHIEVED

1,220
TOTAL LEARNING HOURS

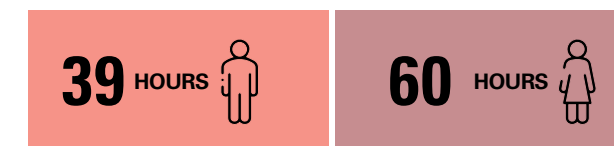
AN AVERAGE OF

55
TRAINING HOURS PER EMPLOYEE PER YEAR (EXECUTIVE LEVEL AND ABOVE)

TOTAL INVESTMENT IN TRAINING AND DEVELOPMENT

RM16,754

Average Training Hours by Gender



Average Training Hours by Employee Category



Amid disruptions from the pandemic, our employees continued to attend learning and development programmes through our three main learning platforms:

- 1 Online learning
- 2 Seminars and Webinars
- 3 Conferences

The learning platforms offer a wide range of topics that include professional certification, team building, leadership and soft-skills training. Most of the programmes were conducted online in the year under review to maintain social distancing and curb the spread of the virus.

LEADERSHIP PROGRAMMES

To nurture young leaders and develop a leadership pipeline, the Sunway Group's leadership programme, Excellence in My Career and Leadership (ExCeL@Sunway), supports employees in their leadership and career development. Established in 2018, the platform helps to identify growth areas in both personal and professional capacities, facilitates frequent and meaningful career conversations with leaders and develops personalised learning opportunities and a focused development journey.

The ExCeL@Sunway programme is open to all Sunway employees who wish to develop leadership qualities. Growth areas are identified through our Leadership Development Centre with a concerted effort from Sunway leaders across Sunway Group to ensure consistency in standards and expectations.

Sunway Group's other leadership competencies training programmes include First-Time Manager, Situational Leadership® II and 7 Habits of Highly Effective People.

LEARNING AND DEVELOPMENT PROGRAMMES IN 2021

Types of Learning and Development Courses and Programmes

- People Manager Series: Quality Conversation (Part 2)
- Personal Finance Talk
- Self-Disruptive Leader by Korn Ferry

Webinars

- The Power of Self-Reflection
- Combating Burnout Virtual Talk
- Happiness Talk
- Parenting Talk

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**


EMPLOYEE ENGAGEMENT

Engaging regularly with our employees is vital for the sustainable growth of our business organisation. Through employee engagement, we will better understand the needs of our people and fulfil their demands, ultimately enabling us to provide job satisfaction and retain our talent pool.

We engage with our employees through various channels of engagement such as birthday celebration gatherings, festive celebrations and team-building events. In terms of changes in employment terms and conditions, our employees will be notified based on the discretion of the Management as well as on an individual case basis.

However, in the year under review, we acknowledged that it was more important than ever to engage with our employees to ensure their mental well-being amid the new normal of working from home. We continued to hold dialogue sessions, albeit online via digital platforms, to communicate with employees and address issues such as safety concerns amid the ongoing health crisis.

Employees were also notified of return-to-work SOPs towards the end of the MCO, under which only fully vaccinated employees were allowed to return to work. Employees were also given a "Return to Office Care Kit" each, which consisted of face masks and self-testing kits, while new hires were presented with a "New Hires Care Kit" and a "Kelab Sosial Sunway Care Kit" each.

 For more information on return-to-work SOPs, please refer to the COVID-19 Business Continuity Plan, on page 49.

Talent Management

To retain and attract the best talent for the sustainability of Sunway REIT, we hire and promote based on merit and credibility. We manage our talent by conducting an annual performance review, which involves goal-setting, performance chat and a final performance evaluation.

In FP2021, **100%** of our employees received a performance review.











Care Kits provided to employees.



**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

EMPLOYEE BENEFITS

At Sunway REIT, we go beyond regulatory compliance to compensate the contributions of our employees. Our salary structure is reviewed every year against industry peers and best practices. In addition to ensuring monthly salaries, we offer our full-time employees a set of comprehensive benefits that are competitive and relevant to current needs.

PROGRAMMES	DESCRIPTION
FAMILY-FRIENDLY POLICIES	
 Supporting Working Mothers	<ul style="list-style-type: none"> Our premises offer designated car parks and escort assistance by security officers. Mothers' rooms are provided to facilitate the needs of mothers who wish to continue breastfeeding after returning to work from maternity leave.
 Childcare Subsidy	<ul style="list-style-type: none"> Sunway Group partially subsidises the tuition fees for R.E.A.L. Kids Sunway and The Parenthood, as well as the fees for Sunway Little Sunshine, a childcare centre catering to babies from two to three months old, if parents are employees. This subsidy is available for up to two children per family, with a monthly maximum of RM200 per child. Childcare subsidies of up to RM2,400 are tax-exempted.
 Leave	<ul style="list-style-type: none"> Extended maternity leave Maternity leave Medical/hospitalisation leave Parental/childcare leave Paternity leave Special leave (e.g. compassionate leave, marriage leave) Examination/study leave
WORK + LIFE INTEGRATION	
 Kelab Sosial Sunway	<p>A social club for Sunway employees that organises various activities such as:</p> <ul style="list-style-type: none"> Blood donation drives CSR activities Donation drives Health talks Sports and recreational activities
 Staff Discounts	<ul style="list-style-type: none"> Sunway Group acts as a co-investor in our integrated communities and we manage our assets within them. As part of our long-term co-investor proposition, we encourage Sunway employees to be part of the communities they serve and live, learn, play and be healthy alongside our communities. Live: discounts on property purchases. Learn: discounts on selected educational programmes in all our learning institutions. Play: discounts on theme park tickets, hotel room rates and food & beverages. Health: discounts on healthcare services.
HEALTH AND WELL-BEING INITIATIVES	
 Dental & Optical Benefits	<ul style="list-style-type: none"> Dental and optical benefits are extended to permanent confirmed executives; they are eligible for a maximum amount of RM500 per year. For permanent confirmed non-executives, they are eligible for a maximum amount of RM150 per year for dental benefits.
 Staff Medical & Life Coverage	<ul style="list-style-type: none"> Medical coverage is provided to all staff, including both inpatient and outpatient care.
 Return to Office Care Kit	<p>Care Kits that are provided to all staff include the following items:</p> <ul style="list-style-type: none"> Masks COVID-19 Self-Testing Kit

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

PROGRAMMES	DESCRIPTION
HEALTH AND WELL-BEING INITIATIVES	
 Employee Health Screening	<ul style="list-style-type: none"> Employee health screenings are made available for the employees which can be done at Sunway Medical Centre in Sunway City Kuala Lumpur. Confirmed executives of Sunway REIT with a minimum of six months' service may undergo the Health Screening Programme either once every two years or once a year, depending on their age range. The Health Screening Programme is also extended to all confirmed non-executives of Sunway REIT depending on their age range and duration of service.
FLEXIBLE WORKING HOURS	
 Flexible Working Arrangements	<ul style="list-style-type: none"> The flexible work arrangements allow all confirmed Sunway working mothers with a minimum of one year of service to opt for a variety of start and end times as long as they fulfil the working hours stipulated in their employment letter. Each request will be assessed and approved on a case-by-case basis by the Line Manager and Head of Department.

HUMAN RIGHTS

GRI 406-1, 410-1

Sunway REIT is committed to respecting the rights and dignity of every individual within our business operations and the communities in which we operate. We are guided by Sunway Berhad's Human Rights Policy, which was published in July 2021. The policy outlines Sunway Group's respect and support for the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, as well as the rights of all employees. Sunway Group has been committed to respecting human rights as set out in the United Nations Guiding Principles on Business and Human Rights and UN Global Compact (UNGC) Principles, of which we have been a signatory since 2012.

Our human rights principles and practices are integrated into our daily operations. To ensure our employees, business partners, vendors and suppliers observe and uphold our human rights principles, we work closely with them and guide them in respecting human rights through



awareness, training and communication. Our business partners, vendors and suppliers are also encouraged to have similar commitments within their own business practices.

During the year under review, a Sustainable Procurement Policy and Supplier Risk Assessment training were provided to all business segments. All new suppliers were also subjected to Supplier Environmental & Social Risk Assessment beginning July 2021 as part of our procurement process. Additionally, 9% of Sunway's security personnel received training on human rights, which covered the basic course, customer service, law and authority and domestic inquiry.

We also comply with the Employment Act 1995 and other labour laws of Malaysia, which guide us in ensuring fair working hours, fair payment of wages and fair treatment of all regardless of age, race, gender and religion. In FP2021, there were no incidents and grievances relating to discrimination, child labour and forced labour reported in Sunway REIT.

For more information about Sunway Berhad's Human Rights Policy, please visit www.sunway.com.my/wp-content/uploads/2021/12/Sunway-Human-Rights-Policy.pdf.

For more information on the integration of human rights and sustainability practices into our supply chain, please refer to Advocating A Responsible Value Chain section of pages 154 to 156 in this Report.

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

ENSURING A SAFE WORKPLACE

GRI 2-7, 2-8, 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 416-1, 416-2

As a REIT with properties across three business segments, the health and safety of our people is vital for smooth daily business operations. We are guided by Sunway Berhad's Occupational Health, Safety and Environment (OHSE) Policy, which was established in January 2021, in governing the occupational health and safety of all our employees, contractors, visitors and other stakeholders.

Sunway REIT adopts Sunway Berhad's five-year strategic OHSE plan with the aim of achieving best practices across all our properties over the next 10 years and reaching a Level 5 (generative) safety culture. The plan is based on the National Occupational Health and Safety Management Plan (OHSMP) 2021-2025 to ensure that we align with the national directive.

For more information on Sunway Berhad's Occupational Health, Safety and Environment Policy, please visit www.sunway.com.my/wp-content/uploads/2021/04/Sunway-Berhad-OHSE-policy-2021.pdf.

Ensuring a safe workplace for employees.

GOAL 3: INVESTING IN COMMUNITY INCLUSIVITY

LEADERSHIP EMPOWERMENT FOR OHSE MANAGEMENT

Sunway REIT remains guided by Sunway Berhad's OHSE Policy. Our OHSE accountabilities, roles and responsibilities are incorporated through a top-down approach, cascading from the Board to Management and then to site employees. The Board exercises oversight on the management of Sunway REIT's OHS matters, which are governed by Sunway Berhad's OHS Council. Decisions in Sunway Berhad's OHS Council are made by the President, who is also part of the Sunway Berhad's Sustainability Committee.

Sunway REIT's asset managers have established OHSE Committees across 12 operational sites as required by the Occupational Safety and Health Regulations 1996. The OHSE Committees are responsible for managing the OHS Management System (OHSMS) within their business segments. All OHSE Committee members are provided with relevant training to ensure they possess the required competencies to manage any issues.

The OHS Committees organise quarterly meetings that are chaired by the respective Senior Management and attended by employer and employee representatives. This allows employee participation in the development, implementation and evaluation of the OHSMS. All our meeting minutes are shared across the business segments to ensure employees are kept up to date on safety and health matters.

Business segments' OHSE Committee

- 1 Chaired by Asset Managers' Heads
- 2 Secretary: Business segments' OHS coordinators
- 3 Reports OHSE performance and raises issues for discussion

OHSE COMMITTEE RESPONSIBILITIES

- 1 Develop OHS rules and Safe System of Work
- 2 Review the effectiveness of OHS programmes
- 3 Incident studies, corrective and preventive actions
- 4 Review of OHS Policy
- 5 Investigation of any accidents
- 6 Inspection of place of work
- 7 Corrective and preventive actions (CAPA) on OHSE reports
- 8 Investigation of complaints
- 9 Resolution of complaints

PEOPLE DEVELOPMENT

To put in place a safe and healthy environment at our workplace, relevant OHSE training is provided to the employees and workers at our respective properties based on scope of work, operational needs and legal requirements. The OHSE coordinators and members attend training on various OHSE topics to ensure they remain updated on these issues. The topics include indoor air quality, roles and responsibility of OHSE Committee members, awareness on safety, health and environment, hazard identification, risk assessment and risk control, as well as legal requirements and regulations. Individual professionals with OHSE competencies further drive OHSMS transformation within their respective business segments.

GOAL 3: INVESTING IN COMMUNITY INCLUSIVITY

Training is provided to non-OHSE Committee members at the beginner, intermediate and advanced levels on over 18 general and specialised safety topics, covering induction and awareness, occupational safety, industrial hygiene and management systems. The training is conducted by trained instructors during paid working hours. To cater to our diverse employee demographics, our training sessions are conducted in both English and Bahasa Malaysia.

In CY2021, **186** employees* were inducted
370 employees* were trained on various OHSE topics

In FP2021, **307** employees* were inducted
590 employees* were trained on various OHSE topics

* The numbers refer to employees from Sunway REIT's business segments.

In FP2021, **301** OHS professionals from our business segments were engaged, including food trainers, search & rescue teams, fire fighters, HALAL officers & executives and OHS executives & coordinators, among others.

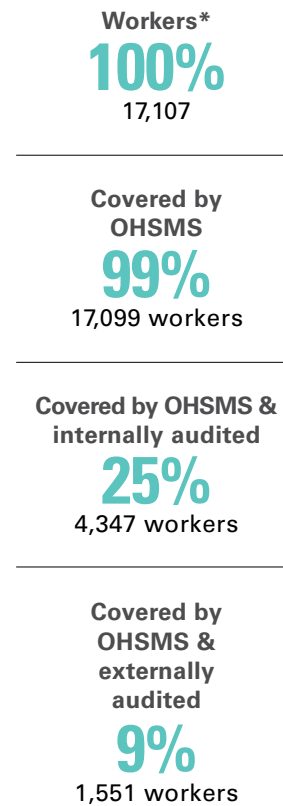
COMPLIANCE WITH OHSE STANDARDS

The OHSMS at our business segments complies with relevant regulations such as the Occupational Safety and Health Act (OSHA) 1994, Environmental Quality Act 1974 (EQA 1974) and Factories and Machineries Act 1967 (FMA 1967).

In the year under review, the Safety and Health practitioners across our business segments conducted internal audits on OSHA 1994 compliance at nine out of 12 sites. Regulators also performed external audits involving employees at all our sites. These external audits were conducted in conjunction with the renewal of certificates of fitness, fire certificates, and HALAL status, as well as COVID-19 and environmental compliance. Going forward, the business segments will be working towards assessing their compliance with the system and will continue to conduct regular internal and external audits to progressively improve their OHSMS based on the PDCA cycle ("plan-do-check-act").



The percentage of our workers covered by our OHSMS and audited internally and externally during CY2021 were as follows:



* Includes employees, contractors and business partners and excludes part-timers and interns hired on an ad hoc basis.

Note: Data compiled based on internal and certification audit procedures.

RISK IDENTIFICATION AND ASSESSMENT

Our business segments proactively identify potential work-related hazards that could cause high-consequence injuries by reviewing accident statistics and conducting site inspections and quarterly audits, as well as paying attention to employee feedback.

All business segments are required to undertake formal risk assessments for all activities, including routine and non-routine activities, in accordance with the OHSMS prior to the commencement of any activities. These assessments include identifying ways to avoid or reduce risks as well as mitigation measures to be taken as per the hierarchy of controls. Assessments are conducted by personnel from our respective business segments who have been trained and certified by a Safety & Health Officer (SHO), as well as a member of the business segment's OHSE Committee. Risk assessments are approved by the Chairman of the OHSE Committee and depending on the business segments, each assessment is reviewed either every year or once in three years. Assessments may also be conducted in the event of any significant changes that may affect our risk exposure (e.g. legal requirements, activities, equipment, incident occurrences, etc).

Risk assessments conducted in FP2021
92%
 11 out of 12 sites

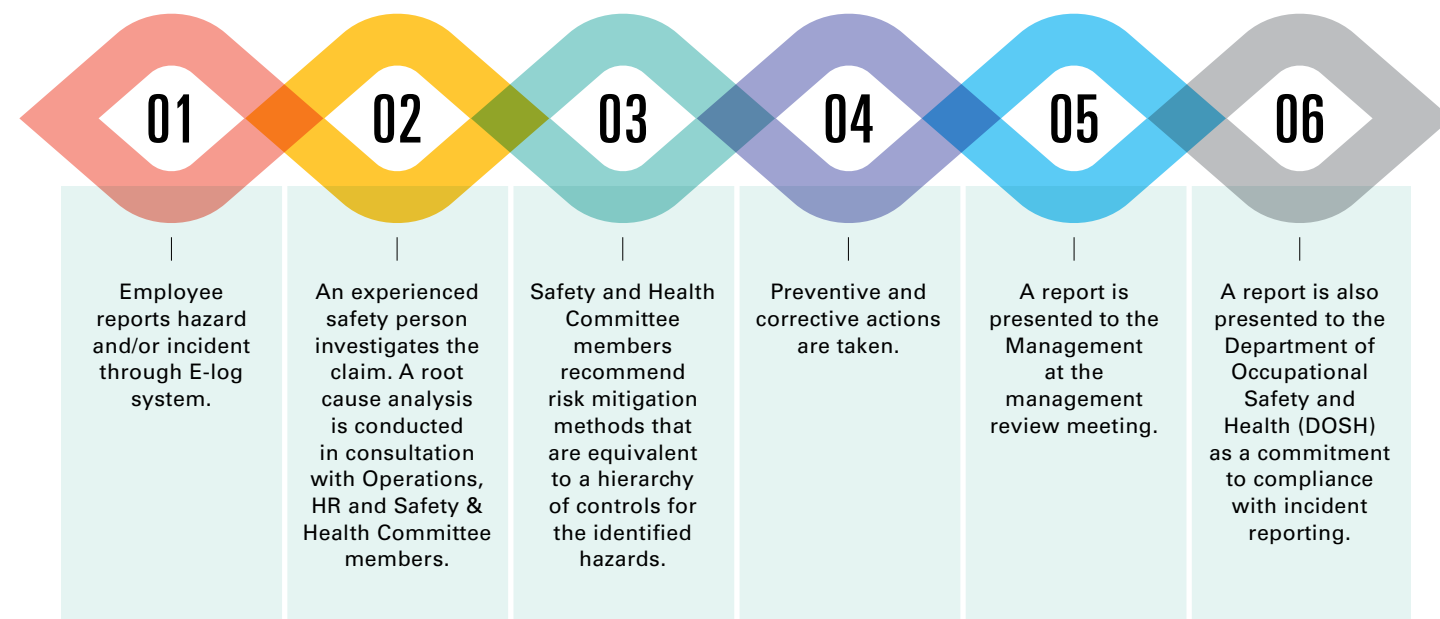
**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

BEST OHSE PRACTICES

INCIDENT REPORTING AND INVESTIGATION PROCESS

We are committed to providing a safe and healthy workplace to the employees across our business segments. This means ensuring relevant OHSE training for our workers to keep them informed and aware of their roles and responsibilities, as well as the risks involved in their daily jobs.

Employees are made aware of the risks and hazards as well as the process for reporting any hazards and incidents through OHS Induction training sessions. They are encouraged to be proactive in reporting all hazards and incidents, including near misses, to the Management, as well as assist with actions to reduce and eliminate risks. We align with Sunway Berhad's OHSE incident reporting process, which is outlined below:



To protect employees from reprisal, we treat all reports as private and confidential.

To maintain the confidentiality of workers' personal health-related information, only authorised staff, trained to adhere to legal requirements, are allowed to view the report in our E-Log System. This confidentiality requirement is highlighted during OHSE training.

OCCUPATIONAL HEALTH

Additionally, non-occupational medical and healthcare services that address major non-work-related health risks are made available to our employees. To ensure their quality, these services are conducted by relevant OHSE Managers, Fire, Life and Safety Officers and First Aiders from our business segments. The HR team of each business segment is responsible for creating awareness on and encouraging employee participation in these services and programmes through email blasts and communications on the HR portal.

In addition to the above, various occupational health services are offered to employees and tenants and are made available during working hours to further help identify and minimise health and safety risks, thus preventing harm and protecting workers from work-related injuries and ill health.

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

ENSURING THE SAFETY OF OUR SUPPLIERS

Our suppliers are guided by Sunway Berhad's Sustainable Procurement Policy and Supplier Code of Conduct and they are required to comply with all applicable laws, codes or regulations in the areas in which they operate. Third-party contractors providing services at our workplace are also subject to the same health and safety requirements adopted internally. All contractors are briefed on safety and health aspects when working within the perimeter of the workplace. They are also required to undertake a risk assessment prior to the commencement of work. The assessment identifies potential impacts and ensures necessary mitigation measures are undertaken to remove or reduce risks. During the duration of the work, contractors are closely supervised through work permits and inspections by security staff at the respective workplaces.

BEST REPORTING PRACTICES

In FP2021, there were no fatalities and no high-consequence work-related injuries reported. There were also 14 recordable work-related injuries involving employees from our business segments, which were mainly due to slips, trips and missteps. Following each incident, the OHSE Committee acted based on the hierarchy of controls to prevent such incidents from recurring in the future. From Q1 to Q3 2021, there was a downward trend in the number of incidents reported, which could likely be due to the MCOs in Malaysia, or the corrective actions taken, such as rectification work and training to increase staff awareness.

The data also suggests that our training session on slips, trips, falls and working at height has increased staff awareness on safety hazards. There were no cases of work-related injuries and ill health among the business segments' contractors.

Overall, the number of public incidents reported reduced substantially compared to previous years, mainly due to the closure of the majority of our sites during the MCOs. Moving forward, we expect to provide a centralised platform for the public to report any OHS complaints.

SAFETY PERFORMANCE



Recordable Work-Related Injuries		Lost Time Injury (LTI)	
FP2021	CY2021	FP2021	CY2021
14 Employees	8 Employees	14 Employees	8 Employees
0 Non-Employees	0 Non-Employees	0 Non-Employees	0 Non-Employees

Follow-up actions have been taken based on the hierarchy of controls to prevent cases mainly associated with slips, trips and missteps from occurring again. Some of the proposed initiatives include engineering controls such as flattening the walkway surfaces and administrative controls such as organising specialised training on slips, trips and missteps.

NUMBER OF HOURS WORKED:



Notes:
1. Employees refers to employees from business segments.
2. The rates are calculated based on 1,000,000 hours worked.
For more information on Sunway REIT's Safety and Health Key Performance Indicators, please refer to page 315.

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

SAFEGUARDING OUR COMMUNITIES

The safety of the communities in which we operate is as important as the safety of our employees. Safeguarding our communities will promote goodwill and instil trust in our stakeholders, including staff, residents, shoppers, tenants and the public, apart from increasing the value of our properties. Lack of safety precautions will expose our portfolios to loss of income and property damage.

Sunway REIT's stakeholders benefit from Sunway's Safe City concept, which is integrated into all Sunway's townships including Sunway City Kuala Lumpur, where most of our properties are located. The concept, which adopts the principles of Crime Prevention Through Environmental Design (CPTED) at the design and planning stage of all its integrated developments, keeps our stakeholders safe. Apart from closed circuit television cameras (CCTVs), our townships are guarded by security personnel and auxiliary police. We continue to work closely with our tenants, the local police departments and NGOs to address social issues and improve safety awareness.



SUNWAY'S SAFE CITY CONCEPT

- 1 SECURITY AND CRIME PREVENTION**
 - Enforced by 1,082 security personnel including auxiliary police, in-house security and outsourced Nepalese guards.
 - Partnered with the Royal Malaysian Police Force (PDRM) and Malaysian Crime Prevention Foundation (MCPF).
 - Auxiliary police are put through a two-month intensive training programme at PDRM's training centre.
- 2 EMERGENCY RESPONSE PLAN**
 - Panic buttons are installed in all Sunway Mall car parks.
 - At least one fire drill/ evacuation exercise is held annually to comply with the Fire and Rescue Department's (Bomba) requirements. Failure to comply will affect the renewal of fire safety certificates for Sunway REIT properties.
 - Equipped Sunway City with Sunway Immediate Forward Teams (SWIFT) to respond to emergencies and disasters.
- 3 ESCALATORS**
 - All new escalators are installed with additional auxiliary brakes, in accordance with British Standard EN 115. Regular inspections are conducted on all escalators and travelators.
- 4 ENFORCEMENT OF CLEAN AIR**
 - Sunway's auxiliary police was empowered by the Ministry of Health in 2019 to issue a summons to anyone caught smoking in non-smoking zones in Sunway City.
- 5 MINIMUM TRAINING FOR AUXILIARY POLICE AND SECURITY PERSONNEL**
 - Auxiliary police attend at least two firearm training sessions conducted by PDRM - Security personnel attend monthly training sessions conducted by Sunway's Group Security, annual 48-hour foot drills and Bomba training, a two-month intensive training programme and 16 hours of classroom training each year.

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

CUSTOMER SATISFACTION

Sunway REIT is committed to prioritising customer satisfaction and will do our utmost to address their concerns. We are dedicated to the process of obtaining feedback from our customers at all our properties through surveys and measurement tools to better understand what our customers think about our products and services. Through this important process, we are then able to introduce the appropriate measures and initiatives to improve customer satisfaction.

RETAIL

Due to the COVID-19 pandemic, customer satisfaction surveys have been suspended since the first Movement Control Order was implemented in March 2020. We are therefore unable to report customer satisfaction

scores for the period under review. However, ensuring our customers remained satisfied during the MCOs remained a top priority.

As safety, health and hygiene were identified as the main concerns of customers, we rolled out various initiatives and programmes to build confidence and gain customer satisfaction. These included the Safety, Health & Hygiene Programme and the Business Partners Assistance Programme. We also implemented the Safer Community Together initiative to drive home the message of combating the pandemic through collective efforts, such as being fully vaccinated, to enable business operations to continue over the long term. As a result of our proactive approach, our social media agency recorded positive responses from 98% of social media users.

Internet of Toilet

Sunway Malls continues to leverage innovation to enhance customer satisfaction by providing a seamless shopping experience through the Internet of Toilet. In 2021, Sunway Pyramid Shopping Mall unveiled its latest innovative facility, the Internet of Toilet system, for optimised performance and efficiency. The all-new smart toilet system, which was developed through a partnership with Singapore-based amenities expert RigelTechnology, aims to reduce cost, downtime and water consumption.

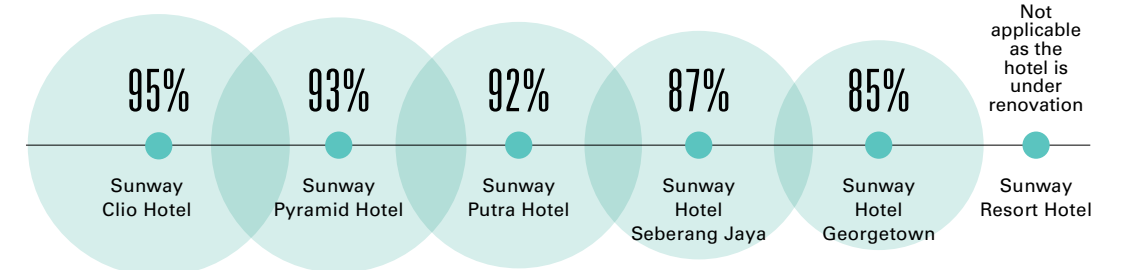


For more information on Sunway Pyramid Shopping Mall's Internet of Toilet system, please visit www.youtube.com/watch?v=9zV9LMWqKYA.

HOTEL

In the period under review, Sunway Hotels continued to score highly in the Global Review Index by ReviewPro, a measurement tool used by hotels globally to benchmark their reputation management efforts.

GLOBAL REVIEW INDEX SCORE FP2021

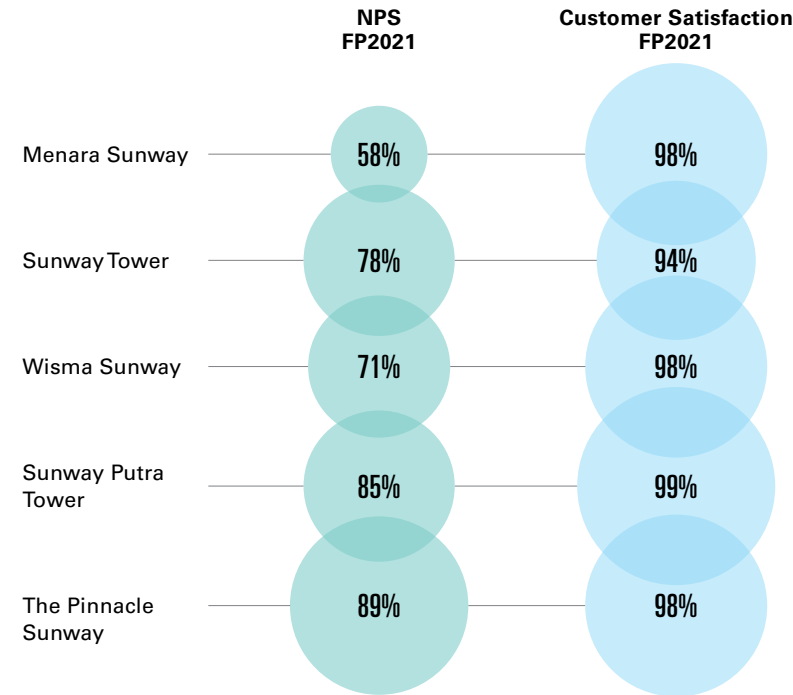


**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

OFFICE

Sunway Offices has once again improved its customer satisfaction scores, with nearly all five properties reaching near-perfect scores. The Net Promoter Score (NPS) has also increased significantly for all properties except for Menara Sunway.

One of the reasons for the improvements in these scores can be tracked back to the introduction of the Sunway Property Management App, which has been widely adopted, with 90% of building occupants being active users. It allows tenants to easily submit service requests, anytime and anywhere, through their mobile phones, after which their requests will be attended to and resolved within the time outlined in the service level agreement.



ENHANCING CUSTOMER EXPERIENCE

**TECHNOLOGY SOLUTIONS
FOR CUSTOMER
SATISFACTION**

At Sunway REIT, we always strive to enhance customer experience by leveraging technology and innovation across our properties. Most of our properties are currently equipped with smart technologies to provide seamless customer experience.

SMART PARKING

Our award-winning smart parking system recognises car registration numbers and allows cashless payments in all our properties.

SECURITY

Our shopping malls have upgraded building security through the installation of CCTVs with high resolutions, behaviour analysis and face detection.

**SELF-SERVICE
KIOSK**

We are currently developing a self-service kiosk in Sunway Pyramid Shopping Mall's ice rink to deliver a seamless experience to customers.

DIGITALISED PAYMENT

Our shopping malls are equipped with a Unified Payment Terminal, enabling retail tenants to accept cashless payments from e-wallets, debit cards and credit cards via an all-in-one payment terminal.

**BRIDGING
COMMUNICATION**

Tenants and mall operators are able to communicate via RetailTECH, a mobile app used by Sunway Malls to bridge communication gaps and improve the delivery of operational solutions.

INDOOR POSITIONING SYSTEM

Sunway Pyramid Shopping Mall offers an indoor positioning system facility on a mobile app, which allows shoppers to get directions within the mall via the app. The app will be available for other malls in the near future.

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

COMMUNITY INCLUSIVITY
GRI 3-3, 203-1, 203-2, 413-1, 413-2

As an inclusive organisation, we place the interests of the local communities at the heart of everything we do. Engaging with the local communities in which we operate and giving back to society will not only help us meet their needs but also enable them to thrive and grow with us, ensuring no one is left behind.

We align our efforts with Sunway Group's commitment to the UN SDGs through #SunwayforGood initiatives that are centred on **Education, Healthcare and Community Enrichment** as we seek to generate long-lasting positive impacts for our communities.

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**



EDUCATION

At Sunway REIT, education is a subject close to our heart. We believe everyone should be given equal access to quality education regardless of their race, religion or socio-economic status. As such, we are always reaching out to the underprivileged and children and youth from the lower-income community to help alleviate their financial burdens and ease their access to education.

Sunway REIT contributed towards Sunway Group's initiative of donating RM28,000 to Yayasan MyPrihatin to purchase 200 school uniforms sewn by single mothers for 100 students from B40 families and sponsored 200 units of tablets worth RM91,800 to 200 students from B40 families.



COMMUNITY ENRICHMENT

In 2021, we reached out to the communities in need to help ease their financial burdens amid several lockdown periods and a challenging economic landscape. These communities included the underprivileged, the lower group from the Bottom 40 (B40) income segment and frontliners, as well our tenants who needed financial and moral support.

Marketing efforts

Sunway Malls rolled out various innovative marketing efforts to boost the businesses of its tenants amid the pandemic recovery period. These included an Ultimate Spin & Win contest to attract shoppers by offering attractive prizes and cash vouchers worth up to RM1 million.



Sunway Putra Mall offered various rewards, such as F&B vouchers, to shoppers who had received their AstraZeneca vaccinations at the Putra World Trade Centre. To boost sales, retailers on the upper floors were given the opportunity to set up stalls at Level 1 to collect orders.



Sunway Pyramid Shopping Mall's ongoing "hands-free service" enables customers to shop freely in the mall and get their shopping delivered to them later. In addition, the mall's personal shopper service offers shopping services to unvaccinated customers who can order online and collect their shopping at the mall's entrance. The mall also implemented drive-through services, provided food delivery services and boosted sales via its mobile app by offering e-vouchers, goodies and rewards to shoppers who downloaded the app.



HEALTHCARE

In line with Sunway Group's commitment to building a sustainable future for all, we strive to support the public healthcare system and ensure access to healthcare for everyone. In 2021, we organised several blood donation campaigns to contribute to the blood supplies of local general hospitals and the National Blood Bank during the COVID-19 pandemic.

Sunway Pyramid Shopping Mall
>6,400 Donors

Sunway Putra Mall
>120 Donors

Sunway Carnival Shopping Mall
>600 Donors

Wisma Sunway
>60 Donors



**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

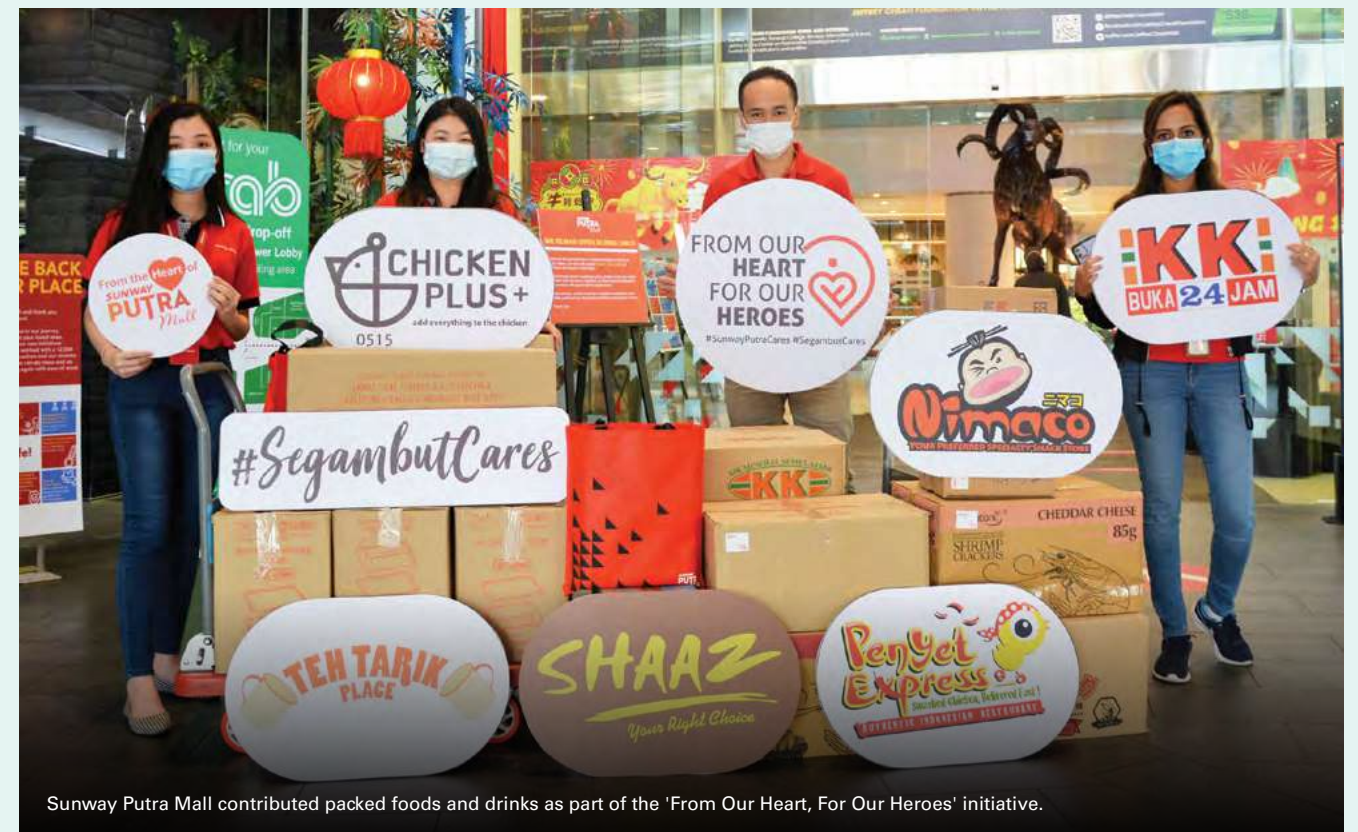
From Our Heart, For Our Heroes

In a joint effort with YB Puan Hannah Yeoh (Segambut Member of Parliament), Sunway Putra Mall contributed

400 packed meals to Kepong healthcare frontliners in February 2021.

Additionally, Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown contributed bottled water to

90 police officers who were on duty during the MCO from January to February 2021.



Sunway Putra Mall contributed packed foods and drinks as part of the 'From Our Heart, For Our Heroes' initiative.

Tree of Wishes

In the spirit of giving, Sunway Putra Mall put up a Christmas tree tagged with wish lists from 40 underprivileged children from Angel's Children Home and The Comforter's Hope in December 2020. The 40 wishes were all fulfilled by shoppers, who purchased the items at the mall.

Keceriaan Bersama

Sunway Putra Mall collaborated with YB Puan Hannah Yeoh (Segambut Member of Parliament) and the Lions Club to give a home makeover to families affected by the pandemic from April to May 2021. To encourage shoppers to be part of the initiative, the mall partnered with Kloth Cares and gave out 300 units of Upcycled Raya Pouches to shoppers who had each donated RM15.

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**



The Soapful Project by Sunway Hotels.

**The Soapful Project
by Sunway Hotels**

This project is one of our core initiatives, which has benefitted thousands of individuals from the underprivileged community. The initiative enables us to donate soap bars to the communities in need, which indirectly helps to reduce waste to landfill. In 2021, Sunway

Resort Hotel, Sunway Clio Hotel, Sunway Pyramid Hotel and

Sunway Hotel Seberang Jaya donated 3,860 of soap bars to inmates of Sg. Buloh Prison, Kajang Women's Prison and Seberang Perai Prison.

World Cleanup Day @ Sunway City

On 15 September 2021, 33 employees from Sunway Resort Hotel, Sunway Pyramid Hotel and Sunway Clio Hotel cleaned up the surrounding areas of the hotels on World Cleanup Day. They collected 53 kg of rubbish and 35 kg of recyclables.

Making Fruit Tarts

Instead of discarding near-expired canned fruit, Sunway Resort Hotel chefs turned them into fruit tarts before selling the tarts at cost price to NGO What-A-Waste (WAW). The tarts were then sold by WAW to raise funds for the communities in need.

Festivities

Chinese New Year Cheer 2021 In 2021, Sunway Resort Hotel, in a joint effort with various business units from Sunway Berhad, contributed more than RM42,000 worth of groceries, school bags, stationery, hand sanitisers, Vitamin C and festive goodies to eight orphanages in Perak. One laptop each was also given to seven homes while the other home received a one-year network data subscription fee. All the 230 children from the homes also received ang pows and packed lunches.

Raya Cheer 2021 Sunway Hotels and Sunway Malls, together with various business units from Sunway Berhad, contributed food, including bubur lambuk and packed food, and groceries worth more than RM300,000 to the less fortunate in Selangor, Kuala Lumpur, Perak, Penang, Johor and Kelantan from April to June 2021. The beneficiaries included inmates of Kajang Women's Prison.

Flood Relief Donations

During the refurbishment of Sunway Resort Hotel, the hotel donated its old furniture to charitable homes. It also donated mattresses, divans, towels and blankets to flood victims in Pahang in January and February 2021.

In December 2021, Sunway Resort Hotel collaborated with WAW to reach out to the flood victims in Shah Alam, Selangor when several states in the country were hit by one of the worst floods in decades. The hotel supplied drinking water and personal hygiene kits to ensure the victims had sufficient basic supplies.

500 bars of hand soap

500 shaving kits

400 toothbrushes

1,680 bottles of 500 ml mineral water

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**



**IMPACT STORY:
SUNWAY REIT AND COVID-19**

Amid the economic slowdown and lockdown periods, Sunway REIT helped its stakeholders and the nation overcome pandemic challenges by reaching out to its tenants and supporting the National COVID-19 Immunisation Programme.

QUARANTINE CENTRE

Sunway Clio Hotel served as a quarantine centre for foreigners and returning Malaysians.



Sunway Clio Hotel



No. of room nights occupied

>47,000

No. of staff involved

>150

Cost of sanitising guest rooms

>RM34,000

Sponsorship of accommodation and food for on-duty authority officers

>RM669,000

Provision of personal protective equipment for staff (face masks, face shields, suits and gloves)

>RM284,000

**GOAL 3:
INVESTING IN
COMMUNITY INCLUSIVITY**

VACCINATIONS

Sunway REIT provided rent-free spaces as vaccination centres to support the National COVID-19 Immunisation Programme, reaffirming its commitment towards nation-building.

**Sunway Carnival
Convention Centre**

**Sunway Pyramid
Convention Centre**

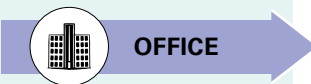
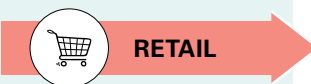
Total value: **> RM66.5 million**
(Including utilities, paid volunteers, free parking spaces, publicity value, marketing and communication, vouchers and sanitisation)

Total manhours of volunteers: **> 22,500**

Total number of volunteers: **> 2,100**

RENTAL REBATES

Sunway REIT helped to ease the financial challenges of its tenants by allowing them rental rebates during the lockdown periods.



Total value of rebates:
**up to
RM160 million**

TENANT SUPPORT

Sunway REIT rolled out various initiatives to alleviate the pandemic's impacts on its tenants.

Flexible operating hours	Tenants' redemption vouchers/promotions in exchange for rental	Marketing support	Relief support through the #kitasupportkita initiative for the malls
Tenants were allowed to operate for only eight hours compared to 12 hours during pre-pandemic days, enabling them to save on manpower cost.	The voucher redemption campaign required tenants to pay a certain percentage of their rental in vouchers, which were used by the malls to attract customers and boost sales.	Various initiatives were implemented to market the businesses of tenants, including blood donation drives, spin & win contests, food collection for the needy and festive and safety campaigns, among others.	The malls purchased vouchers from F&B and essential items tenants to be given as gifts to retailers' staff to encourage shopping and to boost business in the malls.

COMMUNITY

Sunway Malls organised several food collection campaigns through various initiatives, including the #SunwayforGood Food Bank, White Flag Campaign and New Hope Charity Drive, to contribute to the communities in need during lockdowns. Collection bins were placed in the malls for shoppers and visitors to donate non-perishable items such as rice, instant noodles, beverages, canned food and biscuits.

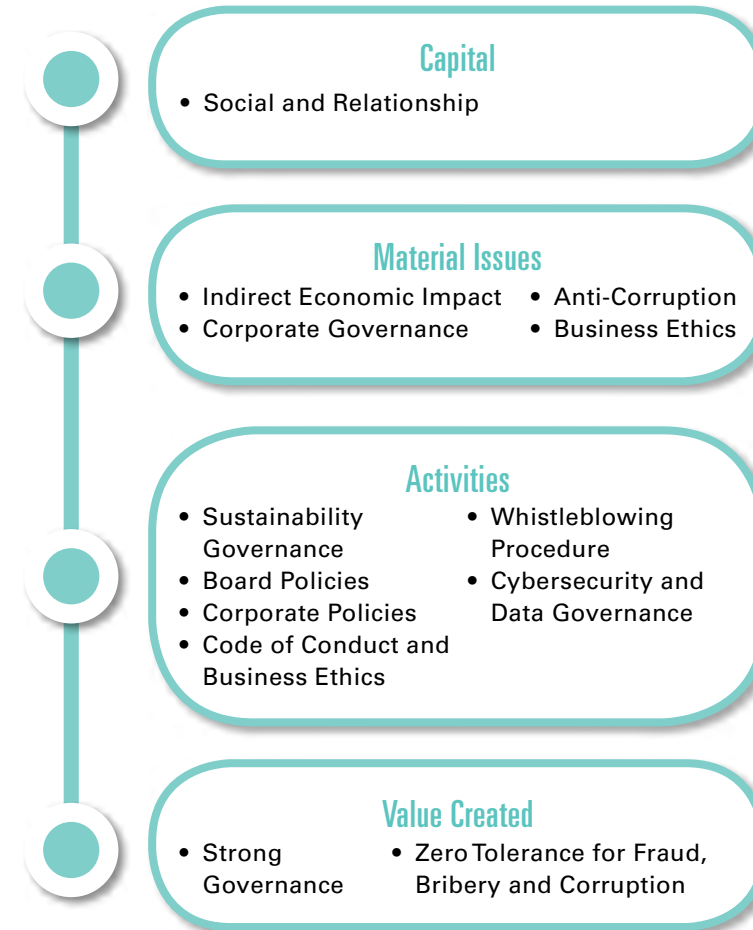
**FOOD
COLLECTION**



Sunway Malls
> 2,400 kg
of food collected



**GOAL 4:
RESPECTING ETHICAL PRINCIPLES**



SUSTAINABILITY GOVERNANCE

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-17, 2-18, 2-24

SUSTAINABILITY COMMITTEE

Sunway REIT's sustainability governance and strategy are driven by its Sustainability Committee, which was established in 2021. Chaired by Independent Non-Executive Director Yeo Kar Peng, the Sustainability Committee is responsible for reviewing, supervising and recommending to the Board of Directors on matters related to the three key areas that are aligned with Sunway Berhad's sustainability commitment:

Sustainability strategy and issues	Key ESG goals, targets and performance	Progress and scorecard
2030 Sustainability Goals and Targets	Donations, Sponsorships and Corporate Responsibility Policy	
Sustainability Policy	Internal Carbon Pricing Framework	

The Sustainability Committee also reviews feedback from relevant stakeholders including, but not limited to, authorities, regulators, investors and index funds on matters related to sustainability before advising the Board. Since its inception, the Sustainability Committee has recommended the following sustainability measures, which have been endorsed by the Board:

The Sustainability Committee meets twice a year to review Sunway REIT's sustainability plan and is supported by the Sustainability Working Group (SWG) and a Sustainability Officer.

SUSTAINABILITY WORKING GROUP (SWG) AND SUSTAINABILITY OFFICER

Sunway REIT has appointed a full-time Sustainability Officer to oversee the management of sustainability matters that reside with the Board, including the integration of sustainability considerations into the operations of the Company. The SWG occasionally invites the JSC to provide advice based on its expertise in sustainability. In 2021, the JSC was tasked with assessing Sunway REIT's risk exposure due to the effects of climate change on its properties. In 2021, the three entities collaborated to assess Sunway REIT's risk exposure to climate change.

Led by Sunway REIT's Chairperson, Dato' Jeffrey Ng, the SWG serves as the executive arm of the Sustainability Committee. It supports the Sustainability Committee in making informed decisions in embedding sustainability strategies in the Company's business operations and in implementing sustainability initiatives. The SWG also monitors and updates the Sustainability Committee on the progress of sustainability projects, identifies sustainability risks relevant to Sunway REIT and ensures compliance with sustainability guidelines and regulatory requirements.



**GOAL 4:
RESPECTING ETHICAL PRINCIPLES**

SUNWAY REIT'S POLICIES

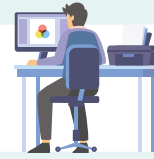
GRI 2-15, 2-19, 2-22, 2-23, 2-24, 2-17, 205-1, 205-2, 205-3

BOARD POLICIES

01 Directors' Remuneration Policy
Guides the Remuneration Committee in ensuring appropriate and fair remuneration for Sunway's Directors



02 Non-Audit Services Policy
Sets the guidelines and procedures for the Audit Committee to assess and monitor the provision of non-audit services by external auditors



03 Policy on Selection and Assessment of Board of Directors
Communicates the processes and criteria for selection and assessment of potential candidates for election to the Board of Directors and the Board Composition of the Company



04 Policy on Selection of External Auditors
Communicates the selection criteria of independent external auditors, who are recommended by the Audit Committee to the Board of Directors for selection



CORPORATE POLICIES

01 Anti-Bribery and Corruption Policy (ABC)
Guides Sunway employees and its associates in dealing with bribery and corruption



02 Anti-Money Laundering Policy (AML)
Outlines the rules and regulations for Sunway employees to fully comply with the Anti-Money Laundering, Anti-Terrorism and Proceeds of Unlawful Activities Act 2001



03 Whistleblowing Policy & Procedures
Act a mechanism for Sunway employees and external stakeholders to report on any misconduct relating to fraud, corruption and/or abuse without fear of reprisal



04 Donations, Sponsorships and Corporate Responsibility Policy
Guides Sunway REIT in governing its donation activities



05 Sustainability Policy
Lays the groundwork for the growth of assets without compromising opportunities present in the future



Sunway REIT is aligned with Sunway Berhad's policies, including:

- Water Management Policy
- Diversity and Inclusion Policy
- Group Occupational Health, Safety & Environment Policy
- Human Rights Policy

For more information on Sunway REIT's policies, please refer to Corporate Governance Overview Statement section on pages 188 to 214.

**GOAL 4:
RESPECTING ETHICAL PRINCIPLES**

DONATIONS, SPONSORSHIPS AND CORPORATE RESPONSIBILITY POLICY

GRI 415-1

As a responsible corporate citizen, Sunway REIT always seeks to give back to the community. Whether we contribute in cash or in kind, we believe that such contributions are important for improving the lives of the stakeholders we serve, for helping us build rapport with the community and for positioning Sunway REIT as a good corporate citizen.

In full compliance with all applicable laws and regulations, Sunway REIT enacted a Donations, Sponsorships and Corporate Responsibility Policy in FP2021 to govern our donation activities.

Nevertheless, in carrying out this responsibility, we are also cognisant that donations and/or contributions and/or sponsorships can be seen as high-risk in the context of bribery, money laundering or other corrupt activities. To ensure that our efforts continue to be above board and are

The Policy outlines the types of organisations and activities that Sunway REIT can and cannot donate to, in addition to a priority list of the types of organisations and activities that Sunway REIT may support. It also guides Sunway REIT in evaluating requests for donations in terms of whether they add tangible or intangible value to the overall business.

The Policy will:

Provide guidance for the donation and sponsorship strategy to ensure all proposals fit within the strategy and meet the established criteria.



Provide guidance on the conduct of due diligence on all proposed recipients to check whether they are affiliated with public officials or existing or potential customers, among other anti-bribery red flags.



Establish proper controls, including approval thresholds and counter-signatures, to counter the risk of kickbacks.



The Policy covers all donations of cash, services or donations in kind, to individuals, organisations or other bodies, excluding scholarships under the Education division. All donations, sponsorships and contributions referred to within the Policy must comply with the principles laid out in the Anti-Bribery and Corruption Policy and the Anti-Money Laundering Policy of Sunway REIT.

DONATIONS TO POLITICAL CAUSES

Sunway REIT does not make donations to political causes or any politically affiliated institutions. However, to meet our obligatory requirements as a corporate citizen, we may contribute in kind to events organised by political parties, especially those concerning industry/policy issues with key regulatory bodies, with private sector involvement. We do not usually make any donations requested by politicians unless if it is for a good cause. The donations, which will be made in kind, will be provided directly to the beneficiaries.

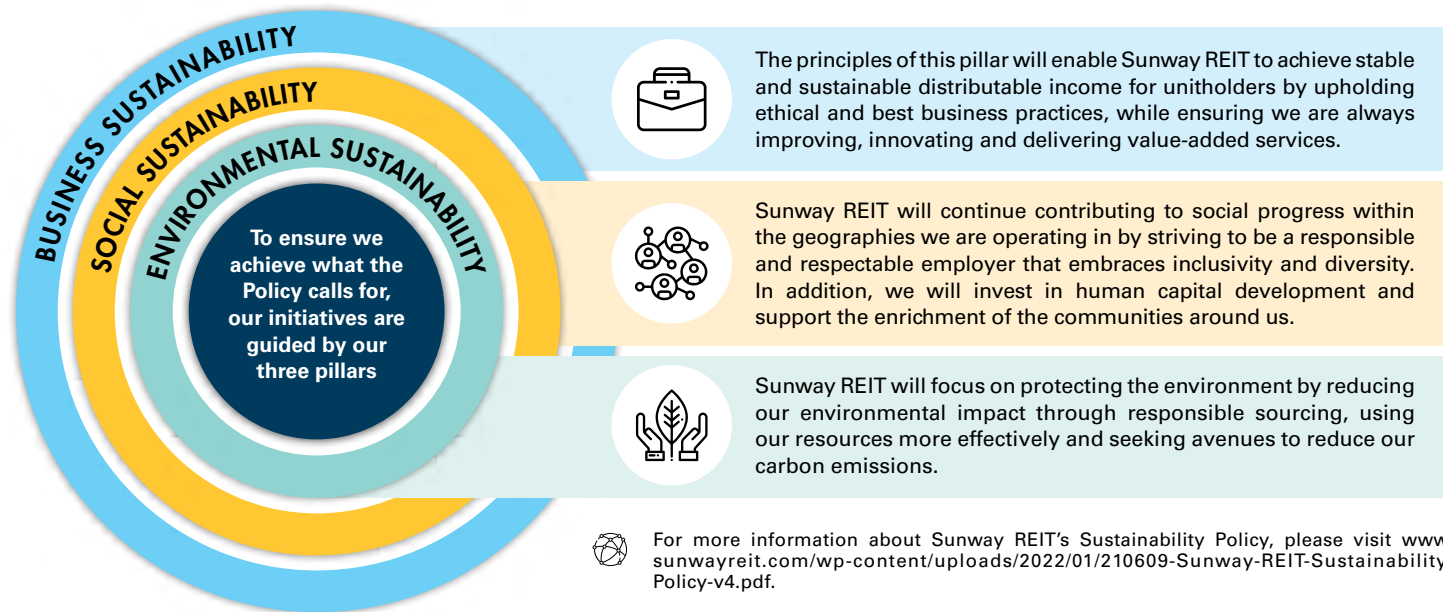


For more information about Sunway REIT's Donations, Sponsorships and Corporate Responsibility Policy, please visit <http://ir2.chartnexus.com/sunwayreit/docs/policies/Donations-Sponsorships-and-Corporate-Responsibility-Policy.pdf>.

**GOAL 4:
RESPECTING ETHICAL PRINCIPLES**

SUSTAINABILITY POLICY

Sunway REIT aspires to be a good corporate citizen by accepting responsibility for its asset management activities and the impact they have on people, the environment and society. In the year under review, we established a Sustainability Policy to lay the groundwork for the growth of our assets within our portfolio, without compromising opportunities present in the future. Comprising robust principles and a governance structure that will enable us to foster sustainable value creation, the Sustainability Policy is aligned with our purpose, our commitment to the United Nations Sustainable Development Goals and our sustainability strategy that is anchored on three pillars:

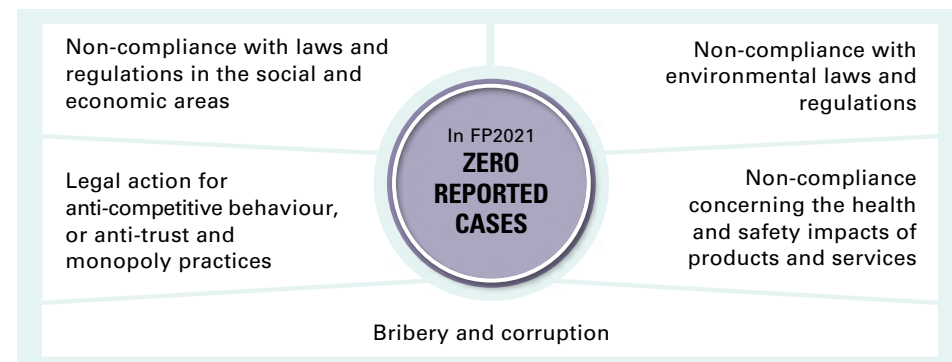


UPHOLDING GOOD BUSINESS ETHICS

GRI 2-16, 2-25, 2-26, 2-27, 206-1, 307-1, 416-1, 416-2, 419-1

Good business ethics is vital for the sustainability of any business organisation. At Sunway REIT, we prioritise ethical principles in all that we do to uphold the highest standards of business ethics.

We remain guided by our Code of Conduct and Business Ethics, which comprises a set of robust corporate policies that are reviewed from time to time to keep up with the evolving regulatory landscape, ensuring we comply with all applicable laws, rules and regulations. Sunway REIT's Code of Conduct and Business Ethics does not only provide an ethical framework for our Directors and employees; it also ensures that our business partners, vendors and anyone who wants to engage in business activities with us upholds good business ethics and integrity.



MEMBERSHIP IN ASSOCIATIONS

GRI 2-28

YEAR 2021

Real Estate and Housing Developers' Association (REHDA) Institute
Dato' Jeffrey Ng Tiong Lip,
Chairman

Malaysian REIT Managers Association (MRMA)
Dato' Jeffrey Ng Tiong Lip,
Immediate Past Chairman

Malaysian Institute of Accountants (MIA) Professional Accountants in Business (PAIB)
Irene Sin May Lin,
Committee Member

Malaysian Investor Relations Association (MIRA)

Climate Governance Malaysia

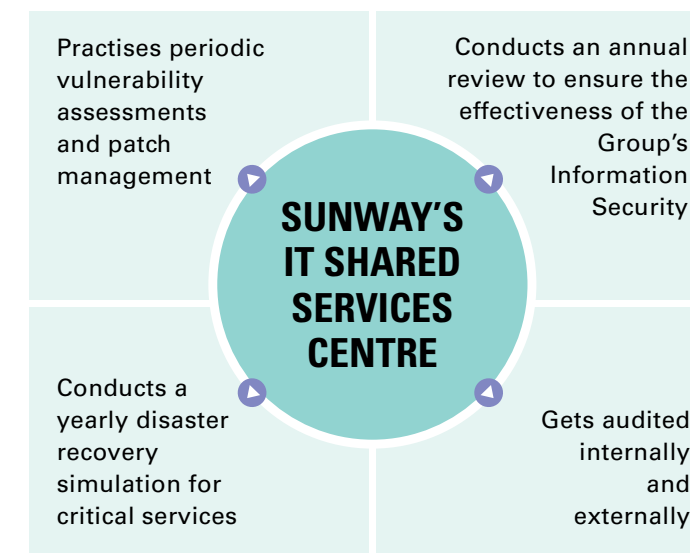
**GOAL 4:
RESPECTING ETHICAL PRINCIPLES**

CYBERSECURITY AND DATA GOVERNANCE

GRI 418-1

Cybersecurity threats are becoming rampant as more businesses pivot to navigate the pandemic-led disruptions by shifting their business operations to digital platforms. An organisation may be exposed to financial, legal and reputational risks if it does not invest in cybersecurity.

At Sunway REIT, we are supported by a resilient and comprehensive Group-wide governance infrastructure. Certified with the ISO 27001:2013 international standard, Sunway's IT Shared Services Centre focuses on the Information Security Management System (ISMS) – a framework of policies and procedures that includes the legal, physical and technical controls involved in an organisation's information risk management processes.



Sunway Group's Chief Information Officer (CIO) is responsible for the shared services centre and reports to the Board on the Group's latest cybersecurity and technology strategy whenever necessary. The CIO is also a member of the National Tech Association of Malaysia (PIKOM) CIO Chapter and PIKOM Cybersecurity User Group.

To guide our employees, we have in place an ePolicy, which is accessible via our Online Learning System. We regularly raise awareness by sharing tips and reminders on data protection and privacy in our monthly newsletters and annual performance reviews via the Online Learning System, as well as by conducting phishing simulation exercises. In addition, we have an information security email for employees to report cybersecurity-related incidents. There was one reported case of a cybersecurity breach in the year under review.

Protecting Customers' Privacy

We are committed to protecting the privacy of customers and their personal data to maintain their trust and customer satisfaction. We comply with the Personal Data Protection Act 2010 (PDPA), which guides us in our approach to data privacy and security. All employees of Sunway Malls and Sunway Hotels are required to:

- ▶ Comply with the PDPA
- ▶ Comply with Sunway's compliance manual and all Sunway policies that are related to the PDPA
- ▶ Read, understand and acknowledge Non-Disclosure Agreements (NDAs)
- ▶ Attend PDPA training, including an annual internal audit for PDPA compliance








Group Information Technology (GIT) has established a Data Governance Framework, Policies and Procedures that outlines how businesses within Sunway should manage the availability, usability, integrity, sharing and security of data. The framework ensures that there is consistency in the way data is handled within Sunway and reduces the risk of data misuse.

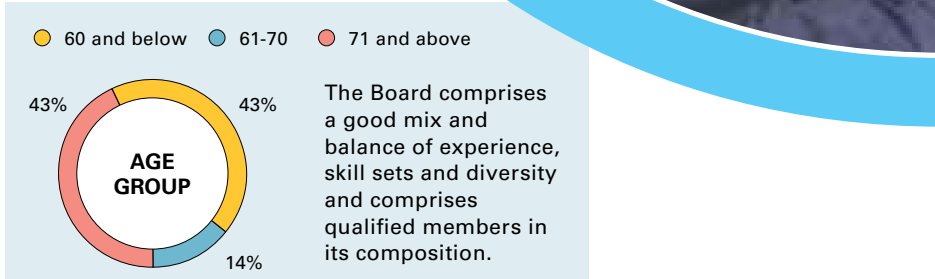
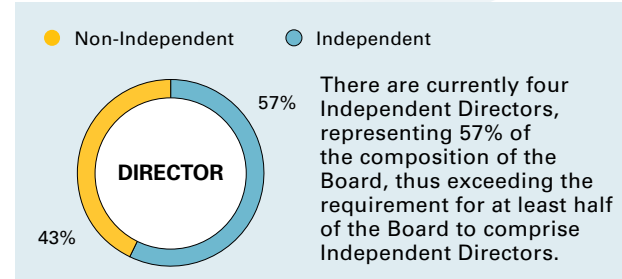
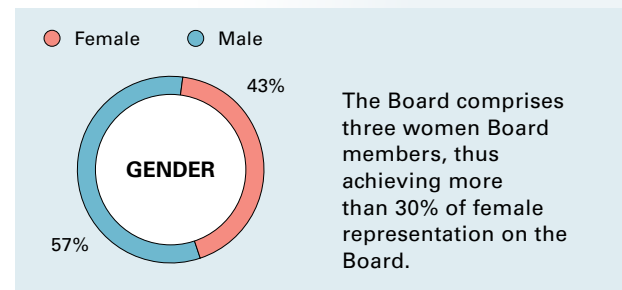
Cybersecurity challenges are managed through a stringent series of codes, policies and security controls. Customer data is protected from intrusions and unauthorised access. Employees are subjected to the strictest standards of privacy and confidentiality. A Company-wide governance infrastructure was established by GIT to take a holistic approach to data privacy and security. These practices are applied across all business segments including protecting the privacy of all stakeholders, such as shoppers in our malls.

To assure customers' privacy, shoppers are encouraged to inform the malls on their preferred contact methods and any forms requiring their personal details are complying to the PDPA. There are also reminders at the malls to inform shoppers that pictures or video footage taken by the malls may be used by the malls. At hotels, the personal data of our hotel guests are only accessible to authorised users while at offices, tenants' information is not disclosed to any third party without approval from the tenants.

DIRECTORS' PROFILE

GRI 2-9

-  **Tan Sri Ahmad Bin Mohd Don**
Chairman,
Independent Non-Executive Director
-  **Dato' Jeffrey Ng Tiong Lip**
Chief Executive Officer,
Non-Independent Executive Director
-  **Elvin A/L Bertly Luke Fernandez**
Senior Independent Non-Executive Director
-  **Yeo Kar Peng**
Independent Non-Executive Director
-  **Tengku Nurul Azian Binti Tengku Shahrman**
Independent Non-Executive Director
-  **Ng Sing Hwa**
Non-Independent Non-Executive Director
-  **Sarena Cheah Yean Tih, S.M.S.**
Non-Independent Non-Executive Director



DIRECTORS' PROFILE

NONE OF THE BOARD MEMBERS HOLD MORE THAN 5 DIRECTORSHIPS in listed issuers, thereby complying with Paragraph 15.06 of the Listing Requirements.

Their directorships in listed issuers and public companies are set out in their respective Directors' Profile in the Integrated Annual Report 2021 of Sunway REIT.

AVERAGE TECHNICAL COMPETENCIES - BOARD

Regulatory Compliance	2.86
Governance	2.81
Board Structure & Composition	2.81
Behavioural	2.79
Board Committee	2.75
Board Process	2.75
Board & Management Relationship	2.57
Technical	2.54
Stakeholder Relations & Stakeholder Engagement	2.51
Board Dynamics & Culture	2.46
Strategy & Risk Management Oversight	2.36
Sustainability	2.07
Emerging Trends	2.06

RATING DESCRIPTOR:

- **2.50 – 3.00**
 - Broad and in-depth proficiency in this competency
 - Able to contribute to the board specific expertise in the application of this capability
 - Able to assist, consult and lead others in the application of this competency
- **2.00 – 2.49**
 - Working or functional proficiency level in this competency
 - Have been exposed to this capability and experienced in decision making involving this competency for a certain period of time
- **1.00 – 1.99**
 - Limited exposure to and experience in this competency
 - Demonstrate minimal use of this competency and require development



74 | Male | Malaysian



65 | Male | Malaysian



72 | Male | Malaysian



47 | Female | Malaysian



76 | Male | Malaysian



58 | Female | Malaysian



60 | Female | Malaysian

TAN SRI AHMAD BIN MOHD DON

Chairman,
Independent Non-Executive Director

Appointed: 25 August 2010

- Board Committee(s):**
- Member of the Audit Committee*
 - Member of the Nomination and Remuneration Committee*
 - Member of the Risk Management Committee*

* ceased as a Member of the respective Board Committees with effect from 31 May 2021

- Academic/Professional Qualifications:**
- Bachelor of Science in Economics and Business, Summa cum Laude, Aberystwyth University, United Kingdom
 - Fellow, Institute of Chartered Accountants in England and Wales
 - Member, Malaysian Institute of Certified Public Accountants

- Working Experience:**
Present Appointments:
- Independent Non-Executive Director, Alliance Bank Malaysia Berhad
 - Independent Non-Executive Director, Malaysian Genomics Resource Centre Berhad

- Past Experiences:**
- Corp of Accountants, Government of Malaysia (1972 - 1974)
 - Financial Controller (1974 - 1980)
 - Syarikat Jengka Sdn Bhd
 - Mansfield Berhad
 - Pemas Securities Sdn Bhd
 - Company Secretary, Pemas Securities Sdn Bhd
 - Deputy General Manager, Permodalan Nasional Berhad (1981)
 - General Manager of Treasury, Malayan Banking Berhad (1982 - 1991)
 - Senior General Manager, Malayan Banking Berhad
 - Board Member, Malayan Banking Berhad
 - Executive Director, Malayan Banking Berhad
 - Group Managing Director and Chief Executive Officer, Malayan Banking Berhad (1991 - 1994)
 - Governor, Bank Negara Malaysia (1994 - 1998)
 - Independent Non-Executive Director, MAA Group Berhad
 - Independent Non-Executive Director, Hap Seng Plantations Holdings Berhad
 - Non-Independent Non-Executive Director, Zurich Life Insurance Malaysia Berhad
 - Independent Non-Executive Director, Zurich Takaful Malaysia Berhad
 - Independent Non-Executive Director, KAF Investment Bank Berhad
 - Independent Non-Executive Director, KomarkCorp Berhad
 - Director, HingYiap Group Berhad
 - Director, J.P. Morgan Chase Bank Berhad

- Other Directorships:**
Listed Issuers
- Alliance Bank Malaysia Berhad
 - Malaysian Genomics Resource Centre Berhad

Public Company
Nil

DATO' JEFFREY NG TIONG LIP

Chief Executive Officer,
Non-Independent Executive Director

Appointed: 24 March 2010

- Board Committee(s):**
- Member of the Sustainability Committee (established on 11 May 2021)

- Academic/Professional Qualifications:**
- Bachelor of Economics, Monash University, Melbourne
 - Member, Malaysian Institute of Certified Public Accountants
 - Fellow Member, Chartered Accountants, Australia & New Zealand
 - Capital Markets Services Representative's Licence Holder

- Working Experience:**
Present Appointments:
- Chairman and Independent Non-Executive Director, United Overseas Bank (Malaysia) Berhad
 - Chairman, Real Estate and Housing Developers Association (REHDA) Institute
 - Immediate Past Chairman, Malaysian REIT Managers Association (MRMA)
 - Panel Member, Appeal Board under the Federal Territory (Planning) Act 1982
 - Member, Board of Studies – Master of Real Estate Development, Universiti Tunku Abdul Rahman
 - Director, SUNREIT Capital Berhad
 - Director, SUNREIT Unrated Bond Berhad
 - Director, SUNREIT Perpetual Bond Berhad
 - Chairman, Sunway Lagoon Club Berhad

- Past Experiences:**
- Managing Director, AP Land Berhad
 - Executive Director, Sunway City Berhad (now known as Sunway City Sdn Bhd)
 - President, REHDA Malaysia
 - Chairman, REHDA Wilayah Persekutuan (KL) Branch
 - Director, Construction Industry Development Board (CIDB)
 - Vice President and Secretary General, FIABCI Malaysian Chapter (International Real Estate Federation)
 - Vice President, Malaysian Association of Hotel Owners (MAHO)
 - Chapter Chairman, Young Presidents Organisation (YPO) Malaysian Chapter
 - Vice Chairman, Malaysia Australia Business Council (MABC)
 - Chairman, MRMA

Other Directorships:
Listed Issuers

- United Overseas Bank (Malaysia) Berhad
- SUNREIT Capital Berhad
- SUNREIT Unrated Bond Berhad
- SUNREIT Perpetual Bond Berhad
- Sunway Lagoon Club Berhad

Public Companies
Nil

ELVIN A/L BERTLY LUKE FERNANDEZ

Senior Independent
Non-Executive Director

Appointed: 24 March 2010

- Board Committee(s):**
- Chairman of the Audit Committee
 - Member of the Nomination and Remuneration Committee
 - Member of the Risk Management Committee

- Academic/Professional Qualifications:**
- Institution of Surveyors Malaysia (Now known as the Royal Institution of Surveyors Malaysia)

- Working Experience:**
Present Appointments:
- Managing Director, Khong & Jaafar Sdn Bhd & Khong & Jaafar (Real Estate) Sdn Bhd
 - Chief Executive Officer, Khong & Jaafar (Corporate Services) Sdn Bhd
 - Fellow, Royal Institution of Chartered Surveyors (RICS), United Kingdom
 - Honorary Member, China Appraisal Society
 - Honorary Member, Indian Institution of Valuers
 - Honorary Member, Indonesian Society of Appraisers
 - Honorary Member, Institute of Philippine Real Estate Appraisers
 - Honorary Member, National Association of Romanian Valuers
 - Honorary Member, Practising Valuers Association, India
 - Member and Qualified Business Valuation Instructor, International Association of Certified Valuation Specialists
 - Member, Malaysian Institute of Estate Agents
 - Member, Malaysian Institute of Professional Property Managers
 - National Committee Member, FIABCI Malaysian Chapter
 - President, Business Valuers Association Malaysia
 - Executive Committee Member, Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS)
 - Chairman, Valuation & Property Consultancy Committee of PEPS
 - Committee Member of the Valuation Practice Committee and the Advisory Committee of the Board of Valuers, Appraisers, Estate Agents & Property Managers

- Past Experiences:**
- President, Royal Institution of Surveyors Malaysia (Session 2010/2011)
 - Member/Exco-Member, Board of Valuers, Appraisers & Estate Agents Malaysia (1993-2007)
 - President, Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (2000/2002)
 - Adjunct Professor, University Malaya - Faculty of Built Environment (2013/2014)
 - Member, RICS Malaysia Board (1 June 2014 - 31 May 2016)
 - Chairman, International Valuation Standards Council (2007/2008)
 - Secretary-General, ASEAN Valuers Association (2010/2018)
 - Consultant, Real Estate Investment Trust Framework (Valuation Aspects), Securities Commission of Pakistan

Other Directorships:
Listed Issuer

Public Company
Nil

SARENA CHEAH YEAN TIH^{r,s.m.s.}

Non-Independent
Non-Executive Director

Appointed: 25 August 2010

- Board Committee(s):**
- Member of the Sustainability Committee (established on 11 May 2021)

- Academic/Professional Qualifications:**
- Masters in Business Administration, Melbourne Business School
 - Bachelor of Commerce (Accounting and Finance), University of Western Australia
 - Member, Association of Chartered Certified Accountants (ACCA)
 - Capital Markets Services Representative's Licence holder

- Working Experience:**
Present Appointments:
- Managing Director, Property Development Division, Sunway Berhad
 - Non-Independent Executive Director, Sunway Berhad
 - Director, SUNREIT Capital Berhad
 - Director, SUNREIT Unrated Bond Berhad
 - Trustee, Yayasan Raja Muda Selangor
 - Director, SUNREIT Perpetual Bond Berhad
 - Director, Bank of America Malaysia Berhad

- Past Experiences:**
- Joint Managing Director, Property Development Division, Malaysia/ Singapore
 - Executive Director, Strategy and Corporate Development
 - General Manager, Sales and Marketing, Property Development Division, Sunway Group
 - Various Roles, Corporate Finance, Group Internal Audit Departments and Business Department departments, Sunway Group

Other Directorships:
Listed Issuers

- Sunway Berhad
- SUNREIT Capital Berhad
- SUNREIT Unrated Bond Berhad
- Yayasan Raja Muda Selangor
- SUNREIT Perpetual Bond Berhad
- Bank of America Malaysia Berhad

Public Companies

NG SING HWA

Non-Independent
Non-Executive Director

Appointed: 18 November 2013

- Board Committee(s):**
- Chairman of the Risk Management Committee

- Academic/Professional Qualifications:**
- Completed Program for Management Development, Harvard University Graduate School of Business Administration, Boston
 - Qualified chartered accountant
 - Member, Malaysian Institute of Accountants
 - Member, Malaysia Institute of Certified Public Accountants

- Working Experience:**
Present Appointments:
- Executive Chairman, Miramas Development Sdn Bhd
 - Director, Millennium Pavilion Sdn Bhd, a major shareholder of the REIT Manager

- Past Experiences:**
- Executive Chairman, Bertam Alliance Berhad (2002 - 2012)
 - Managing Director, CI Holdings Berhad (1985 - 1988)
 - Group Chief Executive, Faber Merlin Malaysia Berhad (1977 - 1985)

Other Directorship:
Listed Issuer

Public Company
Nil

TENGGU NURUL AZIAN BINTI TENGGU SHAHRIMAN

Independent
Non-Executive Director

Appointed: 11 March 2016

- Board Committee(s):**
- Chairperson of the Nomination and Remuneration Committee
 - Member of the Audit Committee
 - Member of the Risk Management Committee

- Academic/Professional Qualifications:**
- Bachelor of Law, School of Oriental & African Studies, University of London
 - Barrister-at-Law, The Honourable Society of Inner Temple
 - Former Advocate and Solicitor of the High Court of Malaya

- Working Experience:**
Present Appointments:
- Independent Non-Executive Director, Dutch Lady Milk Industries Berhad
 - Independent Non-Executive Chairman, FM Global Logistics Holdings Berhad (formerly known as Freight Management Holdings Berhad)
 - Board Member, PEMIMPIN GSL, Malaysia (Member of the GSL Networks)
 - Board of Governors, Convent Bukit Nanas

- Past Experiences:**
- Executive Vice President and Partner, PEMANDU Associates Sdn Bhd
 - Director of Education and Human Capital Development, National Transformation Programme of the Performance Management and Delivery Unit, Prime Minister's Department (PEMANDU)
 - Head of Corporate Finance, RHB Investment Bank Berhad
 - Advocate and Solicitor, Shook Lin & Bok

- Other Directorships:**
Listed Issuers
- Dutch Lady Milk Industries Berhad
 - FM Global Logistics Holdings Berhad (formerly known as Freight Management Holdings Berhad)

Public Company
Nil

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^{r,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 (other than traffic offences); and
- any public sanctions or penalties imposed by the relevant regulated bodies during the financial period ended 31 December 2021.

MANAGEMENT TEAM & KEY PERSONNEL



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DATO' JEFFREY NG TIONG LIP

Chief Executive Officer | Non-Independent Executive Director

Date of Appointment : 24 March 2010

For more information,
please refer to Directors' Profile section.



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IRENE SIN MAY LIN

Chief Financial Officer

Date of Appointment : 7 May 2018

Qualifications

- Bachelor of Business (Accounting), University of Technology, Sydney
- Fellow, CPA Australia
- Chartered Accountant, Malaysian Institute of Accountants ("MIA")
- Attended Executive Program from Harvard Business School
- Capital Markets Services Representative's Licence Holder

Other Directorship(s)

Listed issuer Nil Public Company Nil

Working Experience

Ms Irene Sin has more than 20 years of working experience in the Property, Real Estate and Corporate sectors focusing on 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 the nineties as an auditor with PricewaterhouseCoopers Assurance Division before expanded her experience to the corporate sector. Ms Irene Sin joined Sunway Group in 2010 and prior to her appointment as Chief Financial Officer of Sunway REIT, she was the General Manager - Finance, Property Investment Division of Sunway Property.

She currently serves as a committee member of MIA's Professional Accountants in Business.

Responsibilities

- Lead key functions in finance, investment, business development and investor relations to support overall strategic goals
- Active capital management to achieve a diversified capital portfolio base via equity fund raising and debt capital programmes with varied financing instruments
- Drive strategic finance initiatives from revenue enhancement strategies, cost discipline management and productivity assessment
- Active investment appraisals review, enabling the merger and acquisition progress in line with the strategic goals
- Strategic assessment of asset enhancement initiatives: review redevelopment concepts, strategic positioning, cost estimates and financial returns
- Assess risk and compliance, corporate governance framework
- Ensure the execution of sustainability strategies

MANAGEMENT TEAM & KEY PERSONNEL



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KOH SIN YEE

Assistant General Manager - Contract & Project Management

Date of Appointment : 1 November 2017

Qualifications

- Bachelor of Science in Building Contract Management, John Moores University, Liverpool, United Kingdom
- Graduate Member, The Royal Institution of Surveyors Malaysia

Other Directorship(s)

Listed issuer Nil Public Company Nil

Working Experience

Ms Koh started her career in 2004 with consultancy firm prior to joining Sunway City Berhad in 2009. At Sunway City Bhd (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.

Responsibilities

- Planning, managing, coordinating and monitoring for property development/upgrading/refurbishment of properties
- Bulk purchase/strategic sourcing
- Ensure compliance to Sunway REIT's Standard of Procedures for tender & award
- Examine and evaluate technical and financial independently on recurrent related party transactions mandate
- Verify and analyse the scope of work, project duration, budget cost estimate and feasibility for new Capex and operating expenditure approval, award and payment



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RAYMOND NG MENG CHUN

Head of Business Development

Date of Appointment : 10 July 2017

Qualifications

- Bachelor of Engineering (Hons) Electronics majoring in Telecommunications, Multimedia University, Malaysia
- Master of Science in Biomedical Engineering, University of Oxford, United Kingdom
- Chartered Financial Analyst (CFA) Charterholder
- Certificate of Higher Education in Law, University of London, United Kingdom

Other Directorship(s)

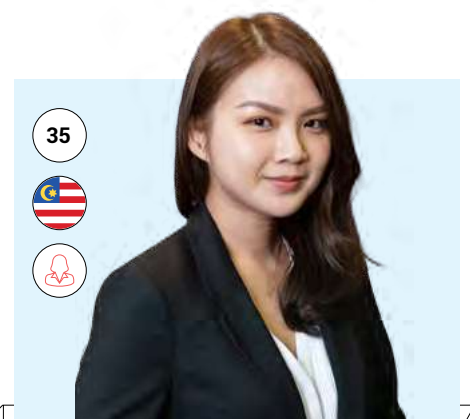
Listed issuer Nil Public Company Nil

Working Experience

Prior to joining the Company, 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.

Responsibilities

- Develop investment strategies and evaluate acquisition and investment proposals
- Conduct relevant industry and capital market researches
- Execute investment and corporate exercises
- Manage the annual property valuation and insurance renewal exercises



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LIM SZE-YIN

Compliance Officer

Date of Appointment : 30 July 2021

Qualifications

- Bachelor of Laws, Oxford Brookes University, United Kingdom
- Postgraduate Diploma in Bar Vocational Studies, University of the West of England Bristol, United Kingdom
- Barrister-At-Law, Middle Temple, United Kingdom
- Advocate & Solicitor, High Court of Malaya

Other Directorship(s)

Listed issuer Nil Public Company Nil

Working Experience

Ms Lim joined the legal department for Sunway Group on 21 July 2021 and additionally took on the role of compliance officer for Sunway REIT on 30 July 2021. She continues to be involved in property acquisitions and corporate and commercial exercises undertaken by Sunway REIT and Sunway Group. Ms Lim started her legal career in Kuala Lumpur, specialising in Equity Capital Markets, Corporate Real Estate, Real Estate Investment Trust and general corporate advisory. She was part of the advisory team involved in the listing of Sunway Construction Group Berhad in 2014, amongst other notable transactions. Prior to joining the Sunway Group, she was the regional legal counsel of an oil and gas pipeline construction company with predominantly South East Asian operations.

Responsibilities

- Monitor compliance of the Trust Deed, all applicable guidelines issued by the SC, applicable securities laws and Listing Requirements relating to Sunway REIT

Notes:

None of the Management Team members and key personnel have:

- any family relationship with any Director of the Company and/or major unitholder of Sunway REIT;
- any conflict of interest with Sunway REIT;
- any conviction for offences within the past 5 years (other than traffic offences); and
- any public sanctions or penalties imposed by the relevant regulated bodies during the financial period ended 31 December 2021.

PROMOTING THE LONG TERM, SUSTAINABLE SUCCESS OF THE COMPANY

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE EFFECTIVENESS OF OUR BOARD AND LEADERSHIP

GRI 2-10, 2-11, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-23, 2-24

Corporate governance plays an essential role in how the Manager operates Sunway REIT's businesses. Despite the challenging business environment in 2021, we took a number of significant steps to strengthen our leadership, our effectiveness and our understanding of the needs of our stakeholders.

The Board is responsible in ensuring the long-term success of Sunway REIT, generating value for unitholders and contributing to

the communities in which it operates and wider society. The Board is committed to ensuring that it provides effective leadership and promotes uncompromising ethical standards. One of the ways in which the Board achieves this is by requiring that good governance principles and practices are adhered to. The Board has determined that the following is a helpful summary of its role. Good governance is about helping to run the company well. It involves being satisfied that an effective internal framework of

systems and controls is in place which clearly defines authority and accountability and promotes success whilst permitting the management of risk to appropriate levels. It also involves the exercise of judgement as to the definitions of success for the company, the levels of risk we are willing to take to achieve that success, and the levels of delegation to management. The exercise of this judgement is the responsibility of the Board and involves consideration of processes and assumptions as well as outcomes.

The Board sets the tone for the company. The way in which it conducts itself, its attitude to ethical matters, its definition of success, and the assessment of appropriate risk, all define the atmosphere within which the Management Team and all colleagues work. The Board has ultimate responsibility for ensuring an appropriate culture in the company to act as a backdrop to the way in which the company behaves towards all stakeholders.

How we govern the organisation is set out in the following pages. **This governance overview is supplemented with our Corporate Governance Report 2021.**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE EFFECTIVENESS OF OUR BOARD AND LEADERSHIP

BOARD OF DIRECTORS	TAN SRI AHMAD BIN MOHD DON	DATO' JEFFREY NG TIONG LIP	ELVIN A/L BERTY LUKE FERNANDEZ	SARENA CHEAH YEAN TIH, S.M.S.	NG SING HWA	TENGGU NURUL AZIAN BINTI TENGGU SHAHRIMAN	YEO KAR PENG
	Total Attendance	Total Attendance	Total Attendance	Total Attendance	Total Attendance	Total Attendance	Total Attendance
	14/14	14/14	14/14	13/14	14/14	14/14	14/14
BOARD COMMITTEES	AC AUDIT COMMITTEE	NRC NOMINATION AND REMUNERATION COMMITTEE	RMC RISK MANAGEMENT COMMITTEE	SC SUSTAINABILITY COMMITTEE	IAWG INVESTMENT APPRAISAL WORKING GROUP	SWG SUSTAINABILITY WORKING GROUP	RMWG RISK MANAGEMENT WORKING GROUP
	<p>Chairman: Elvin A/L Bertly Luke Fernandez 7/8</p> <p>Members: Tan Sri Ahmad Bin Mohd Don 6/6¹ Tengku Nurul Azian 8/8 Binti Tengku Shahrman 8/8 Yeo Kar Peng 8/8</p> <p>¹ Ceased as a member of AC on 31 May 2021.</p> <p>Key Roles and Responsibilities: To oversee the financial and accounting reporting, evaluate audit processes, assess internal control systems, and review RPT & Conflict of Interest Situation.</p>	<p>Chairperson: Tengku Nurul Azian Binti Tengku Shahrman 6/6</p> <p>Members: Tan Sri Ahmad Bin Mohd Don 4/4² Elvin A/L Bertly Luke Fernandez 6/6 Yeo Kar Peng 6/6 Sarena Cheah Yean Tih, S.M.S. 2/3³</p> <p>² Ceased as a member of NRC on 31 May 2021. ³ Ceased as a member of NRC on 5 March 2021.</p> <p>Key Roles and Responsibilities: To review the remuneration matters of Directors and Senior Management, oversee the Director's selection process, annual Board and Board Committees' performance assessment, evaluate performance of CEO and CFO, and ensure management succession planning.</p>	<p>Chairman: Ng Sing Hwa 3/3</p> <p>Members: Tan Sri Ahmad Bin Mohd Don 2/2⁴ Elvin A/L Bertly Luke Fernandez 3/3 Tengku Nurul Azian Binti Tengku Shahrman 3/3 Yeo Kar Peng 3/3</p> <p>⁴ Ceased as a member of RMC on 31 May 2021.</p> <p>Key Roles and Responsibilities: To review the adequacy and effectiveness of the risk management framework and internal control systems of Sunway REIT.</p>	<p>Chairperson: Yeo Kar Peng 2/2</p> <p>Members: Dato' Jeffrey Ng Tiong Lip 2/2 Sarena Cheah Yean Tih, S.M.S. 2/2</p>	<p>Chairman: Dato' Jeffrey Ng Tiong Lip</p> <p>Members: Sarena Cheah Yean Tih, S.M.S. (Alternate: Clement Chen Kok Peng) Irene Sin May Lin Raymond Ng Meng Chun</p>	<p>Chairman: Dato' Jeffrey Ng Tiong Lip</p> <p>Members: Irene Sin May Lin Cheng Jew Keng Chan Hoi Choy Alex Castaldi Crystal Teh Lay Ling Jacqueline Wong Yin Teng Ng Poh Li (Sustainability Officer)</p>	<p>Chairman: Dato' Jeffrey Ng Tiong Lip</p> <p>Members: Sarena Cheah Yean Tih, S.M.S. (Alternate: Janet Lim Lee San) Irene Sin May Lin Lim Sze-Yin Chan Hoi Choy (Alternate: Wong Kong San) Alex Castaldi Cheng Jew Keng Cheng Shiau Ling (Risk Officer)</p>

OUR FRAMEWORK IS GOVERNED BY THE FOLLOWING CHAPTERS, POLICIES AND PROCEDURES:

- Board Charter
- Deed
- Code of Conduct and Business Ethics Policy
- Remuneration Policy for Directors & Senior Management
- Insider Trading Policy
- Whistleblower Policy
- Terms of Reference of Board Committees
- Risk Management Framework
- Policy Manual
- Sustainability Framework
- Standard Operating Procedures
- Anti-Bribery & Corruption Policy
- Anti-Money Laundering Policy
- Business Continuity Management Framework
- Global Reporting Initiatives (GRI) Standards: Core Option
- Donations, Sponsorships and Corporate Responsibility Policy
- Crisis Communication Policy
- Corporate Disclosure Policy

HOW OUR BOARD HAS DRIVEN THE ESG AGENDA:

Sunway REIT has always been pioneering good practices in terms of ESG and sustainability in our management and operations. The Board sets the tone from the top on ethical conduct and the management of Sunway REIT's sustainability risks and opportunities. It is responsible for the oversight and strategic management of ESG and sustainability related matters of Sunway REIT.

The Board has been forward-looking with respect to the ESG agenda and it is evident in the establishment of the Sustainability Committee in 2021. To further enhance the commitment, the sustainability KPIs have been endorsed for Senior Management which are linked to remuneration. This includes linking the remuneration for senior executives to climate change performance and ESG performance.

We always strive our best to adopt the best practices in governing our ESG and sustainability agenda.

For more information on best practices adopted, please refer to Corporate Governance Report 2021 on Practices 4.1 to 4.5 and Sustainability Statement section on pages 132 to 181.

OUR FOCUS FOR FY2022:

The Manager has commenced and is working on the following for financial year 2022:

- (i) enhance disclosure practices and sharing of information to unitholders and relevant stakeholders;
- (ii) implement additional good governance practices as required under the applicable guidelines issued by the SC, securities laws and Listing Requirements relating to Sunway REIT;
- (iii) integrate sustainability considerations and environmental, social and governance-related goals and targets in the operations of Sunway REIT;
- (iv) refreshing the Board composition;
- (v) achieve Net Zero Carbon Emissions by 2050;
- (vi) enhance the Remote Participation and Voting facilities during virtual general meetings to improve unitholders' and the relevant stakeholders' meeting experience; and
- (vii) continuously improve on cyber hygiene practices to prevent cyber security threats.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
THE EFFECTIVENESS OF OUR BOARD AND LEADERSHIP

The Board met sufficiently throughout the year to fully discharge its duties. There were fourteen scheduled meetings held, the majority of which took place via video conference as a result of the restrictions imposed following the outbreak of the COVID-19 virus.

The Chairman sets agendas, with support from the two Company Secretaries, and ensures sufficient time is allocated to promote effective debate and to support sound decision-making. The Company Secretaries support the Chairman in annual agenda planning, ensuring that matters are scheduled for the appropriate meetings based on the business cycle and an even distribution of matters throughout the year.

All Directors have full and unrestricted access to the advice and services of the Company Secretaries. The Directors are also assisted by a Compliance Officer to ensure compliance with the Deed, the Listing Requirements and all applicable SC guidelines and securities laws relating to Sunway REIT.

Board activities are structured to help the Board achieve its goals and to provide support and advice to the Senior Management Team on the delivery of group strategy within a robust governance framework. A formal schedule of matters reserved for the Board's decision can be found in our Board Charter: www.sunwayreit.com

A full schedule of Board activities and further detail on key actions can be found below.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
THE EFFECTIVENESS OF OUR BOARD AND LEADERSHIP

A RESPONSIBLE BOARD

The Board bears the ultimate responsibility for Sunway REIT's performances and core values. It is committed to implement sound corporate governance practices 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:

<p>1</p> <p>Scanning and keep track of changing operating environment and market trends in order to remain relevant as well as adopting the right strategic direction and formulating growth strategies for Sunway REIT;</p>	<p>2</p> <p>Establishing growth targets and corporate governance objectives and policies;</p>	<p>3</p> <p>Setting and assigning KPIs for the management team ("Management") to achieve the objectives;</p>	<p>4</p> <p>Establishing effective risk management framework and internal control systems and reporting;</p>
<p>5</p> <p>Monitoring financial reporting on a quarterly basis, management's performance and achievement of KPIs in order to ensure sustainable growth in Net Property Income of the assets under management and payment of dividend per unit to unitholders;</p>	<p>6</p> <p>Charting a sustainable long-term growth strategy in asset under management;</p>	<p>7</p> <p>Incorporating sustainability and ESG elements in the management of Sunway REIT's properties; and</p>	<p>8</p> <p>Providing a balanced and understandable assessment of Sunway REIT performance, total asset value and future prospects to unitholders and investing public.</p>

BOARD COMMITMENT

The Board recognises the importance of individual members having sufficient time to discharge their duties effectively. On an annual basis, each Director declares their external appointments and commitments to the Board as part of their declarations. None of the Board members hold more than 5 directorships in public listed companies which is in compliance with Paragraph 15.06 of the Listing Requirements. The Directors' significant commitments are set out in their biographies.

INFORMATION AND SUPPORT

The Board has established a procedure for directors, if deemed necessary, to take independent professional advice at the company's expense in the furtherance of their duties. Every Director has full, free and unrestricted access to information of the Manager and Sunway REIT. The Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties, the expenses of which are 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.

A CLEAR SEPARATION OF POWERS

Chairman

- Responsible for the leadership, effectiveness, conduct and governance of the Board;
- Ensuring the integrity and effectiveness of the governance process of the Board and the Management;
- Managing the interface between the Board and Management and promote constructive and respectful relations amongst Directors; and
- Promoting a conducive boardroom environment by encouraging active participation and allows dissenting views to be freely expressed.

CEO

- Has full executive responsibilities over the direction and operational decisions in the day-to-day management of Sunway REIT;
- Responsible for the implementation of the strategic, decisions and policies approved by the Board;
- Providing leadership and guidance to Management in order to meet the strategic and operational objectives of Sunway REIT; and
- Accountable to the Board by ensuring the Management manages Sunway REIT to meet its strategic objectives.

Senior Independent Director

- Act as a sounding board to the Chairman to offer counsel to the Chairman on matters such as board dynamic and concerns of stakeholders;
- Served as an intermediary for other Directors when necessary and as point of contact for unitholders of Sunway REIT and other stakeholders on concerns which cannot be resolved through the normal channels of the contact with the Chairman and/or CEO;
- Provides the Chairman with support in the delivery of objectives, where necessary; and
- Acts as an alternative contact for unitholders, providing a means of raising concerns other than with the Chairman or Senior Management.

Independent Board

The Independent Directors continue to act objectively and independently based on the following justifications:

- Their experiences and relevant expertise had added value to the Board's deliberations and decisions;
- At all times, they have acted in the best interest of the Manager and Sunway REIT. They had provided critical oversight and contributed valuable ideas and suggestions; and
- They have proven to be reliable with high integrity, professionalism, and possessed business aptitude; and their time commitment record was excellent.

Compliance Officer

Monitors and ensures compliance with the Deed, the Listing Requirements and all applicable SC guidelines and securities laws relating to Sunway REIT.

Professional Development

In order to ensure that the Board has not only the technical competencies, but also the right mindsets and behaviours to be effective amidst rapid changes due to emerging trends, the Board had during the FP2021 attended various training programmes.

Please refer to the "Board of Directors" section of the Manager on Sunway REIT's website at www.sunwayreit.com for the details of the training and education programme attended by the Directors in FP2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
THE EFFECTIVENESS OF OUR BOARD AND LEADERSHIP

**CONNECTED TO
ETHICAL BUSINESS**

ANTI-CORRUPTION AND ANTI-BRIBERY

Sunway REIT is strongly opposed to any form of corruption and bribery. We recognise that it impacts societies in many negative ways. Our reputation is built on trust: the trust of our customers, our people, our partners and suppliers, our investors and the communities we serve. Our anti-corruption and anti-bribery policies apply our strict standards and are reinforced through training and our day-to-day conduct. We encourage all with concerns to speak out and have facilitated this further through our Whistleblowing hotline, enabling reporting of concerns on a named or anonymous basis.

The Board is also guided by the Code of Conduct and Business Ethics Policy 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 Board has adopted the Anti-Bribery and Corruption Policy and Procedure for the Manager for implementation in the workplace and in operations and transactions carried out by the Manager for Sunway REIT. The Manager has also rolled out its compliance programme by sending a strong message to all its business associates, lessees, tenants, service providers, consultants, contractors, suppliers, vendors and other stakeholders on the zero tolerance approach taken by the Manager against any corrupt acts and bribes. Training and education of staff, vendors, contractors and suppliers have commenced to ensure full understanding and compliance to the policy. This policy is further supported by the existing Whistleblowing Policy and Procedures to ensure a well-defined, accessible, trusted and secure channel for the reporting of such acts related to bribes, corruption, fraud, dishonest practices, inappropriate behaviour and misconduct or other improprieties in the workplace to enable proper independent investigation of any reported incidents and appropriate follow up action to be taken.

Any employee or member of the public who has knowledge or is aware of any corrupt act or improper conduct within the Manager is encouraged to report through the following channels:

Whistleblowing hotline
Tel No: +603 5639 8025
E-mail: whistleblowing@sunway.com.my
Fax No: +603 5639 8027

Faxes and emails to these channels will be directed to the Chairman of the AC and the Head of the IAD.

BOARD ACTIVITIES FOR FP2021

The pandemic has created a new normal for social distancing practice as part of the safety measures to curb the spread of COVID-19. The Board met virtually for most of its Board meetings during the FP2021 as physical meetings were restricted in order to observe social distancing.

Meetings of the Board and Board Committees for the FP2021 were scheduled and fixed in advance to enable the Directors to plan and commit their time effectively. Notices and agendas of meetings duly endorsed by the Chairman together with the relevant board papers were issued to all Directors at least five business days

prior to the meetings for the Board to study and evaluate the matters to be discussed.

The Board had during the FP2021 considered/reviewed/deliberated/approved the following agendas and matters:

<p>1 BUSINESS DEVELOPMENT AND STRATEGY</p>	<ul style="list-style-type: none"> - Investment strategies and opportunity as well as update on acquisition progress by Investment Appraisal Working Group - Deliberate extensively on the TRANSCEND 2027 exercise including scope of advisory work, appointment of independent external consultant and the progress update - The fair values exercise of all the investment properties of Sunway REIT prepared by independent registered valuers 	
<p>2 FINANCE AND INVESTOR RELATIONS</p>	<ul style="list-style-type: none"> - Change financial year end of Sunway REIT from 30 June to 31 December - Overall financial performance of Sunway REIT against the approved budget and business plan for FP2021 including quarterly financial report and unaudited result as well as the Audited Financial Statements FY2020 together with the report of Manager, Trustee and Auditors - Establishment of a distribution reinvestment scheme that provides the unitholders with an option to elect to reinvest their cash income distribution in new units in Sunway REIT - Private placement exercise to raise gross proceeds of up to RM710 million by way of bookbuilding - Key updates on capital management and investor relations activities 	<ul style="list-style-type: none"> - Payment of the Manager's management fee, payment of the Income Distribution and payment of the Audit and Non-Audit fees - Business Plan for FP2021 and FY2022 - Issuance of Sustainability-Linked Bond ("SLB") up to RM250 million in nominal value by SUNREIT Unrated Bond Berhad and creation of new Pool C Assets for the MTN Programme, with the pledging of The Pinnacle Sunway under the new Pool C Assets, to secure the Proposed Issuance of SLB - Audit Planning Memorandum for FP2021 - Renewal of hotel master lease for Sunway Putra Hotel
<p>3 OPERATIONS AND PROJECT MANAGEMENT</p>	<ul style="list-style-type: none"> - Business Continuity Management Framework - Rent rebate concession for tenants and lessees of Sunway REIT - Progress update on project development activities and asset enhancement initiatives of Sunway Carnival Shopping Mall, Sunway Resort Hotel ("SRH"), SRH Rooftop, SRH Annexe, SRH Link Bridge and Sunway university & college campus. - Risk assessment of various risks including occupational safety and health, tenancy renewal and litigation - Review of the technology innovations or trends that could disrupt industries 	
<p>4 SUSTAINABILITY</p>	<ul style="list-style-type: none"> - Inclusion of new member in Sustainability Working Group - Appointment of Sustainability Officer - Appointment of Jeffrey Sachs Center on Sustainable Development for Value at Risk (VaR) assessment - Signing up as a supporter for Task Force on Climate-Related Financial Disclosures - Establishment of Sustainability Committee 	<ul style="list-style-type: none"> - Approval of TOR for Sustainability Committee - Approval of Sustainability Policy and Donations, Sponsorships and Corporate Responsibility Policy - Approval of Sunway REIT's 2030 Sustainability Goals and Targets - Establishment of Internal Carbon Pricing framework
<p>5 GOVERNANCE AND RISK</p>	<ul style="list-style-type: none"> - Progress update on the implementation of the Anti-Bribery and Corruption ("ABC") Policy and procedures as well as assigned a designated ABC officer to oversee the ABC Policy and procedures - Regulatory/statutory requirements and pronouncements as well as report on any non-compliances of the Deed, Capital Markets and Services Act 2007 and SC's Guidelines on Listed REITs - Report on Directors' and the Principal Officers' dealings in the units of Sunway REIT and Directors' disclosure pursuant to Section 57 and Section 219 - 2020 Integrated Report including Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control, Sustainability Statement, Chairman's Statement and Corporate Governance Report - Improvements to the Standard Operating Procedures 	<ul style="list-style-type: none"> - Unitholders' mandate for recurrent related party transactions of a revenue or trading nature - Engagement with regulatory authorities in relation to enquiries made - Amendments to the Policy Manual, Capital Management Policy, Crisis Communication Policy, Board Charter, TOR of Board Committees, Corporate Disclosure Policy - Review of the composition of Corporate Disclosure Working Group and Risk Management Working Group - Adoption of Data Governance Framework relating to Sunway REIT properties - Review of the material contract and material litigations - Adopted the meeting schedule for FY2022
<p>6 PEOPLE AND CULTURE</p>	<ul style="list-style-type: none"> - Board action plan on strategic objectives 2025 and succession management - Review of the Board composition, board diversity on gender, age, skills and knowledge - Limit tenure of Independent Non-Executive Directors to not more than 9 years - Board continuing education programme - Directors' meeting attendance record for Board and Board Committees - Re-election of directors who were subject to retirement by rotation - Reorganisation of Board Committee members 	<ul style="list-style-type: none"> - Performance scorecards of CEO and CFO - Appointment of new Compliance Officer and Risk Officer - Appointment of Tricor Investor and Issuing House Services Sdn Bhd as new Unit/Share Registrar and appointment of Mega Corporate Services Sdn Bhd as Event Manager for virtual general meeting(s) to be held in year 2022 - Appointment of Institute of Corporate Directors Malaysia ("ICDM") to conduct an independent Board and Directors' Effectiveness Assessment for FP2021 and review the Board and Directors effectiveness evaluation ("BDEE") report generated

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NOMINATION AND REMUNERATION COMMITTEE REPORT

NOMINATION AND REMUNERATION COMMITTEE

3 Members, all of whom are Independent Non-Executive Directors

1 Senior Independent Non-Executive Director

2 Independent Non-Executive 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 www.sunwayreit.com.

The NRC comprised exclusively Independent Non-Executive Directors with the resignation of Sarena Cheah Yean Tih, *S.M.S.* on 5 March 2021. Members of the Committee were Tengku Nurul Azian Binti Tengku Shahrman (Chairperson), Elvin A/L Berty Luke Fernandez and Yeo Kar Peng. In accordance with the best practice as recommended in the revised MCCG issued on 28 April 2021, Tan Sri Ahmad Bin Mohd Don, being Chairman of the Board stepped down from the NRC on 31 May 2021.

ACTIVITIES OF THE NRC

During the financial period under review, the NRC met 6 times to deliberate on the following matters:

In early August 2020, it conducted an internal evaluation of the effectiveness of the Board and its Committees. In addition, it had facilitated each individual director to undertake a self-evaluation as well as peer evaluation based on their contributions and performances in the Board and Board Committees. It also ensured that each Independent Director remained independent based on each director's self-declaration and confirmation. The NRC had also reviewed the matrix skills sets, experiences, knowledge and competencies of each individual Director. The training needs of each individual Director were discussed and identified. The Committee also reviewed and endorsed the NRC report for financial year ended 30 June 2020.

In November 2020, it had reviewed and evaluated the mid-year performances of the CEO and CFO based on the 9-month actual performance indicators up to 30 September 2020 against the approved KPIs. Due to the financial impact of the pandemic, the NRC did not approve any interim bonuses. It had also reviewed and endorsed the terms of annual renewal of the employment contract for the CEO.

In February 2021, the NRC deliberated and contributed ideas in the formulation of new KPIs and performance scorecards using Balanced Scorecard approach for the CEO and CFO for financial period ended 31 December 2021. The 2021 final KPIs and scorecards were subsequently recommended to the Board for approval. It had also reviewed their full year achievements of planned KPIs for the financial year 2020. The NRC then recommended and endorsed the final bonuses without any increments for the CEO and CFO for 2020. The reviews had also included industry and market bench-marking of the remuneration packages of the CEO and CFO to ensure that they were relevant and commensurate with their scope of responsibilities.

In May 2021, the NRC had deliberated on the management succession plan and development program for Senior Management as presented by the Group Human Resource Director. In addition, based on their performance evaluation, the NRC recommended the proposed re-election of retiring directors pursuant to the Manager's Articles of Association namely, Tan Sri Ahmad Bin Mohd Don and Sarena Cheah Yean Tih, *S.M.S.*

The NRC had reviewed and recommended the appointment of an external independent consultant i.e. the ICDM to undertake board, board committees as well as individual directors' effectiveness evaluation in line with Practice 6.1 of MCCG 2021. The objective was to provide an independent insight and external perspective of the Board's effectiveness in terms of oversight as well as its processes. In addition, the assessment would provide suggestions for improvements in its journey to becoming a high-performing board.

In August 2021, the NRC reviewed with the ICDM, the timeline, milestones and the survey questionnaires from the ICDM in relation to the board effectiveness evaluation.

In early November 2021, the NRC recommended necessary amendments to its TOR and revision to the Remuneration Policy for Directors and Senior Management to take into consideration sustainability and ESG matters.

It had also appraised the mid-year performance of the CEO and CFO based on the 9-month performance indicators up to 30 September 2021 against the approved KPIs as well as reviewed and endorsed the terms of annual renewal of the employment contract for the CEO.

EXTERNAL EVALUATION OF BOARD AND BOARD COMMITTEE PERFORMANCE

The ICDM presented its observations and findings in a formal report. It had concluded that the Board was led by an effective Chairman, who was open minded and welcomed ideas and concerns. The Board comprised a very good mix and balance of experience, skill sets and diversity as well as qualified members. It had recommended several improvements, one of which was to enhance the Board Skills Matrix and its succession planning. In order to refresh the Board's composition, directors who had served more than 9 years would retire and the NRC had commenced the process of sourcing for suitable candidates by engaging the ICDM to assist in the search process based on the criteria provided.

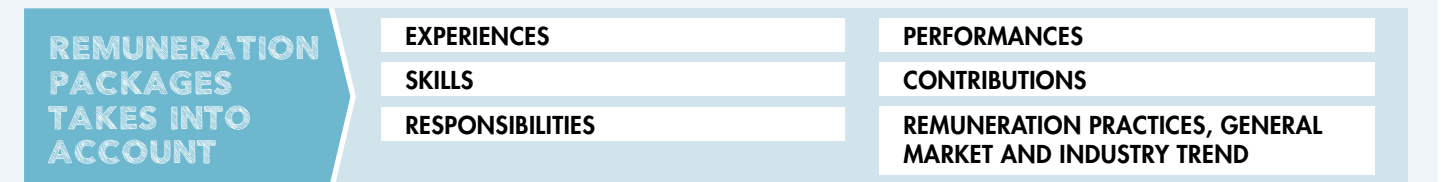
The CEO is a capable leader with good track record, possesses high level of integrity and has respect and trust of the Board and Management team. In general, the Board had dedicated ample time in focusing strategic formulation, oversight of operations and corporate transactions as well as succession planning.

The 4 Board Committees, the NRC, the AC, Risk Management Committee and Sustainability Committee were found to be effective in the discharge of their respective duties and functions in accordance with their TOR.

REMUNERATION

The remuneration of Directors and Senior Management are paid by the Manager and not by Sunway REIT.

In order to attract, retain and motivate Directors and Senior Management to drive and pursue long-term growth objectives of Sunway REIT, the Board has in place a fair and competitive remuneration package that commensurates with their experiences, skills, responsibilities, performances, contributions as well as benchmarking against the remuneration practices and market trends of other similar players. In designing the appropriate remuneration package, an external independent consultant has provided the latest framework and guidelines based on market data analysis.



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 had been revised on 9 November 2021 whereby a set of KPIs related to sustainability and ESG matters under the "Organisation Effectiveness" category had been officially introduced and formulated in the performance scorecards of CEO and Senior Management and would take effect for financial year ending 31 December 2022. These KPIs would have a weightage of minimum or more than 10% in the overall scorecard which could impact the overall rating and remuneration of the CEO and Senior Management.

The Remuneration Policy for Directors and Senior Management is available on Sunway REIT's website at www.sunwayreit.com.

For Independent Non-Executive Directors, the level of remuneration reflects their experiences, 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 duties and responsibilities of the NRC are set out in the TOR of the NRC which is available at Sunway REIT's website at www.sunwayreit.com.

The remuneration for Executive Director and Senior Management comprises:

- fixed components, e.g. fixed monthly salary and allowances;
- variable cash components, e.g. performance-based remuneration, such as bonus; and
- benefits components, e.g. annual leave, compulsory employer contribution to Employee Provident Fund, medical, personal accident and term life insurances, staff purchase discounts as well as benefits-in-kind.

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BOARD & DIRECTORS EFFECTIVENESS EVALUATION

The Board, through the NRC has endorsed the engagement of the ICDM to undertake an external independent evaluation of the BDEE for the financial period ended 31 December 2021. The objective of appointing ICDM was to provide the Board with an independent insight and external perspective of the Board's effectiveness in terms of oversight as well as its governance processes. In addition, the assessment would provide suggestions for improvements in its journey to becoming a high-performing Board.

The methodologies ICDM used to assess the effectiveness of the Board include document review, online questionnaires, confidential interviews, compliance assessment and observations evaluation.

The BDEE covered **9 key** parameters as outlined below:

- (i) Board leadership;
- (ii) Board composition, skills and development;
- (iii) Board governance oversight and processes;
- (iv) Board agenda, minutes and information;
- (v) Board dynamics and culture;
- (vi) Board and Management relationship;
- (vii) Board and stakeholder engagement;
- (viii) Board sustainability matters; and
- (ix) Board's pandemic/crisis management response

Upon completion of the assessment process, ICDM presented its final BDEE Report to the Board which sets out the detailed findings and the corresponding recommendations, benchmarking against corporate governance best practices.

BOARD LEADERSHIP

Board members see the Chairman as an effective leader who is open minded, and provides room, time and platform for all directors to voice out their ideas and concerns. The Board members consider the CEO to be a capable leader with a good track record, a high level of integrity and has the respect and trust of the Board and Senior Management Team. Independent directors actively participated in all discussions and demonstrated a high level of commitment to their fiduciary duties.

BOARD COMPOSITION, SKILLS AND DEVELOPMENT

The Board comprises a very good mix and balance of experience, skill sets and diversity, as well as qualified members. There are seven members on the Board, two of whom are independent directors. The Board comprises three women Board members, thus achieving more than 30% women directors. There are currently four independent directors, representing 57% of the Board.

BOARD GOVERNANCE OVERSIGHT AND PROCESSES

The Board meets the standards of corporate governance and has established key processes to undertake its duties and responsibilities.

BOARD AGENDA, MINUTES AND INFORMATION

The Board members have a good attendance record and were open to additional meetings, when required. The Chairman is involved in firming up the agenda, and members of the Board may request specific subject matters to be included in the agenda as needed. An adequate proportion or segment of the Board's time was allocated to discuss on issue relating to strategic direction and future focused issues.

RESULTS FROM THE EVALUATION

BOARD DYNAMICS AND CULTURE

The Board works as a team with emphasis on honest open communication, trust, respect as well as driving the right level of accountability and integrity. Board relationships are generally friendly and collegial and members are professional and respectful of one another.

BOARD AND MANAGEMENT RELATIONSHIP

The CEO manages the Board relationship well, is supportive and a bridge to the Senior Management Team. The Board is very responsive to Senior Management Team when urgent matters are brought to their attention and will do the necessary to make the required decisions in a timely manner.

BOARD AND STAKEHOLDER ENGAGEMENT

Stakeholder engagement and relationship with investors have been adequate. The Board is committed to maintaining effective communication and strengthening relationship with its stakeholders.

BOARD SUSTAINABILITY MATTERS

The Board has been very forward looking with respect to sustainability and actively looking into integrating sustainability aspects into the groups services as well as operations.
A dedicated sustainability officer has been appointed to ensure that Sunway REIT is aligned to Sunway Group's overall sustainability strategy and policies.

BOARD'S PANDEMIC/CRISIS MANAGEMENT RESPONSE

The Board responds swiftly and effectively to the evolving crisis and has taken proactive steps to manage the risks and its consequences to the business and the operating environment pursuant to changing regulatory developments. Sunway REIT has in place a Business Continuity Framework and Business Continuity Plan, which was adopted and executed by management to manage the pandemic crisis.

JOURNEY TOWARDS HIGH-PERFORMING BOARD



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CORPORATE GOVERNANCE OVERVIEW STATEMENT
ACCOUNTABILITY

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has established written policies and procedures for external and internal audit functions designed to ensure that they remain independent and effective and these are regularly reviewed. Annual questionnaire based evaluations are conducted of both our internal and external audit partners with the Board and members of the senior management team participating. The Board scrutinises financial and narrative statements in accordance with best practice supported by the advice of the auditor.

The Board has a well-established procedure to identify, monitor and manage risk, and has carried out reviews of the Manager’s risk management and internal control systems and the effectiveness of: all material controls, including financial, operational and compliance controls; and the mitigation of material risks.

The Integrated Annual Report 2021 comments in detail on pages 124 to 131 on the principal risks facing Sunway REIT, in particular those that would threaten our business model, future performance, solvency or liquidity, and the controls in place to mitigate them. The Board conducts a rigorous assessment of these risks, particularly operational risks that might affect Sunway REIT’s viability in the short term and emerging risks that might impact the medium to longer term.

In addition to our scheduled reviews, our risks and controls have all been carefully assessed to take into account the continuing impact of the COVID-19 pandemic. Internal audits carried out during the year have also specifically challenged whether we have made appropriate adjustments to the controls in the areas being reviewed to address the pandemic’s impact.

The Audit Committee Report on pages 198 to 207 describes the internal control system, how the Board assures itself of the independence and effectiveness of internal and external audit functions and how they are managed and monitored.

The Board acknowledges that such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

AUDIT COMMITTEE REPORT

The AC was appointed by the Board of the Manager for Sunway REIT. The AC Report provides insights into the manner in which the AC had discharged its duties and responsibilities in accordance with its TOR during the FP2021.

TERMS OF REFERENCE

The authority as well as the duties and responsibilities of the AC are clearly set out in its TOR which are periodically reviewed and updated to ensure its relevance based on regulatory changes and the recommended governance best practices. The TOR of the AC had been amended on 8 November 2021 to align with the MCCG 2021 and is available on Sunway REIT’s website at www.sunwayreit.com under the “Investor Relations” section.

COMPOSITION

The AC assists the Board to review, assess and make appropriate recommendations relating to financial and accounting reporting, internal controls systems, RPTs and management of potential conflict of interest.

The AC is chaired by a Senior Independent Non-Executive Director, who is not the Chairman of the Board, and comprised the following members, all of whom are Independent Non-Executive Directors, namely:

Elvin A/L Berty Luke Fernandez – **Chairman**
(Senior Independent Non-Executive Director)

Tan Sri Ahmad Bin Mohd Don
(Independent Non-Executive Director)
(Ceased to be a member of AC on 31 May 2021)

Tengku Nurul Azian Binti Tengku Shahrman
(Independent Non-Executive Director)

Yeo Kar Peng
(Independent Non-Executive Director)

In line with the recommendation of the MCCG 2021, Tan Sri Ahmad Bin Mohd Don ceased as a member of the AC since he was also Chairman of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
ACCOUNTABILITY

AUDIT COMMITTEE



Consequently, the composition of the AC has complied with the Listing Requirements and the principles and best practices set out in the MCCG 2021:

Listing Requirements	Commentary
Paragraphs 15.09(1)(a) and (b)	• The AC comprises 3 members, all of whom are Independent Non-Executive Directors, who have satisfied the test of independence under the Listing Requirements.
Paragraph 15.09(1)(c)	• Yeo Kar Peng, is a member of CPA Australia. The Manager has fulfilled the requirement that at least a member of the AC must possess relevant accounting qualification or have related financial management expertise or experience.

Best Practices of MCCG 2021	Commentary
Practice 9.1	• Elvin A/L Berty Luke Fernandez is not the Chairman of the Board.
Practice 9.2	• The TOR of the AC prohibit any former partner of Sunway REIT’s external auditors from being appointed as a member of the AC before observing a cooling-off of at least 3 years. Since the incorporation of the Manager on 14 February 2008, none of the members of the AC were former audit partners of Sunway REIT’s external auditors or hold any financial interest in the external auditors.
Practice 9.3	• The AC has policies and procedures to assess the suitability, objectivity and independence of the external auditors.
Practice 9.4 (Step Up)	• The AC comprises solely of independent directors.
Practice 9.5	• All members are financially literate, competent and are able to understand matters under the purview of the AC including the financial reporting process. • They have attended continuous professional development seminars/workshops to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

For more details, please refer to the Corporate Governance Report 2021 of the Manager on Sunway REIT’s website at www.sunwayreit.com under the “Investor Relations” section.

The Board had appointed an external consultant, the ICDM to independently assess the performance and effectiveness of the AC for the FP2021. The ICDM had reported to the Board that the composition of the AC was in compliance with the Listing Requirements. It was of the opinion that the AC had effectively fulfilled its functions and carried out its duties and responsibilities in accordance with the AC’s TOR.

AUDIT COMMITTEE REPORT

MEETINGS AND ATTENDANCE

A total of 8 AC meetings were held during the financial period under review. The members of the AC and their respective attendance records were as follows:

NAME	MEMBERSHIP	ATTENDANCE (attended/held)	% OF ATTENDANCE
Elvin A/L Berty Luke Fernandez <i>Senior Independent Non-Executive Director</i>	Chairman	7/8	87.5%
Tan Sri Ahmad Bin Mohd Don <i>Independent Non-Executive Director (Ceased to be a member of AC on 31 May 2021)</i>	Member	6/6	100%
Tengku Nurul Azian Binti Tengku Shahrman <i>Independent Non-Executive Director</i>	Member	8/8	100%
Yeo Kar Peng <i>Independent Non-Executive Director</i>	Member	8/8	100%

The following parties were invited to attend the AC meetings:

Invitees	Frequency of attendance	Purpose
CEO, CFO and Compliance Officer	All AC meetings	To present quarterly and annual financial reports and provide clarifications on the financial reports as well as any audit issues highlighted.
Head of IAD	All AC meetings	To present the annual risk-based internal audit plan, quarterly internal audit reports and any special audit investigation reports.
External auditors	5 meetings	To present to the AC the annual audit planning memorandum, the audit findings, the independent auditors' report as well as key audit matters in respect of Sunway REIT.
Management Team of the Manager and the relevant Business Units having charge over the relevant auditees	As and when necessary	To brief the AC on specific issues involving their respective areas of responsibilities arising from their respective reports or on any matters of interest.

Minutes of each AC meeting were tabled for confirmation at each subsequent quarterly AC meeting. All the AC minutes were subsequently presented to the Board for discussion and decision. The Chairman of the AC reported the AC's recommendations (if any) for the Board's consideration and implementation.

The AC, the CEO and the Head of IAD monitored 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 period under review, there were no cases reported through this channel.

SUMMARY OF ACTIVITIES

The AC carried out the following activities during the FP2021:

1. Financial Reporting

(a) Quarterly Financial Results

The AC had reviewed and discussed with the Management the quarterly financial reports and unaudited results. The AC also monitored RPTs closely and enquired on potential conflict of interest situations. There were no unusual transactions and accounting treatments highlighted during the FP2021. In addition, the AC ensured all regulatory and accounting disclosures and applicable accounting standards were adhered to.

At each of the AC meetings held on 3 August 2020, 23 November 2020, 9 February 2021, 19 May 2021, 30 August 2021 and 8 November 2021, the AC deliberated and confirmed with the CFO that:

- (i) the relevant accounting policies and methods of computation adopted by Sunway REIT were consistent with those adopted in the previous audited financial statements;
- (ii) the new MFRS which have financial impact on Sunway REIT were also adopted;
- (iii) there were no significant and unusual issues other than those reported in the unaudited financial results;
- (iv) Sunway REIT would continue to operate as a going concern; and
- (v) the relevant regulatory and legal requirements had been complied with for the preparation of the unaudited financial results.

The AC had satisfied itself that the quarterly unaudited financial results of Sunway REIT had been prepared in accordance with the relevant financial reporting standards, the Listing Requirements, SC's Guidelines on Listed REITs and the provisions of the Deed.

The AC's recommendations were presented to the Board for approval at each subsequent Board meeting.

(b) Accounting standards and other relevant regulatory requirements

On 3 August 2020, the AC was briefed on the MFRS 9: *Financial Instruments* and MFRS 16: *Leases*, as well as the accounting treatments and disclosures required in respect of the said accounting standards.

2. External Audit

On 11 August 2020, the AC reviewed the financial results for the fourth quarter ended 30 June 2020 and the annual audited financial statements of Sunway REIT for the financial year ended 30 June 2020 ("FY2020").

During the meeting, the AC had reviewed and discussed the following matters with the external auditors. The AC focused its attention on:

- (i) the audit report;
- (ii) significant audit findings;
- (iii) the key audit matters;
- (iv) the impact assessment on adoption of new accounting standards;
- (v) the disclosures required in the Independent Auditors' Report;
- (vi) internal control and fraud related matters
- (vii) key accounting and audit adjustments; and
- (viii) the Management's responses to audit queries.

The AC was also briefed on the financial reporting updates to the audit requirements issued by the Audit Oversight Board and the MFRS requirements arising from the COVID-19 pandemic.

Based on the significant audit findings, the AC endorsed the inclusion of the following key audit matter in the external auditors' report as follows:-

The valuation of investment properties was material and it involved significant judgements and estimates in relation to the valuation of Sunway REIT's investment properties including allowance for void, term yield rates, reversionary yield rates, capitalisation rate and discount rates.

AUDIT COMMITTEE REPORT

The Management and external auditors at the meeting confirmed that the Audited Financial Statements were prepared in accordance with the applicable MFRS and International Financial Reporting Standards, the SC's Guidelines on Listed REITs, the provisions of the Deed and the Listing Requirements. The external auditors had also reviewed the internal auditor's reports and performed the required procedures in accordance with "ISA 610-Using the Work of Internal Auditors". The AC then recommended the Audited Financial Statements for the Board's approval on 11 August 2020.

The AC also reviewed and endorsed the proposed non-audit services relating to the annual review of the Statement on Risk Management and Internal Control and the appointment of BDO PLT as reporting accountant for the acquisition of an office building known as "The Pinnacle Sunway" ("Non-audit Services"). A total audit and Non-audit Services fees for FY2020 amounting to RM126,000 and RM25,500 respectively were approved by the AC.

An annual assessment of the performance and effectiveness of the external auditors were performed by the AC in respect to their statutory audit services and non-audit services for FY2020. The assessments were based on a set of measurable and objective criteria.

The AC was satisfied with the scope of audit work, adequacy of audit resources and quality of audit services rendered as well as the leadership of the audit engagement partner and fieldwork leaders. Potential issues 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 had also 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 Accountants (including International Independence Standard), 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 assessment, the AC recommended to the Trustee the re-appointment of BDO PLT as the external auditors of Sunway REIT for FP2021.

(a) On 30 August 2021, the AC reviewed and discussed with the Management and external auditors, the Audit Planning Memorandum for FP2021 ("APM FP2021"). The APM FP2021 outlined the following:

- (i) nature and scope of the audit plan;
- (ii) areas of audit emphasis;
- (iii) key audit matters;
- (iv) audit approach and methodology;
- (v) engagement team and its reporting responsibilities;
- (vi) audit materiality;
- (vii) audit reporting timelines and deliverables;
- (viii) new MFRS adopted or to be adopted;
- (ix) updates on International Standard on Quality Management 1;
- (x) non-audit services covering the review of the Statement on Risk Management and Internal Control; and
- (xi) proposed audit and non-audit fees for FP2021.

The external auditors had at the meeting:

- (a) confirmed that they had complied with the relevant ethical standards, including those pertaining to the auditors' independence; and
- (b) assured the AC that they would assess the new processes and measures established in light of the growing trend of working from home.

The AC then recommended for the Board's approval, the APM FP2021.

(b) The AC conducted 3 private meetings with the external auditors on 11 August 2020, 30 August 2021 and 8 November 2021, without the presence of Management. The external auditors did not raise any major concerns which would hinder their audit work. The external auditors confirmed that they had received full cooperation from the Management and were given unrestricted access to the Manager and Sunway REIT's records.

3. Internal Audit

(a) On 3 August 2020, the AC reviewed and approved the annual risk-based internal audit plan for FY2021 ("IA Plan FY2021"). The AC had subsequently on 11 May 2021 reviewed and approved the extended audit plan for FP2021 to include the audit assignments and schedule for the 6-month period from 1 July 2021 to 31 December 2021 in line with Sunway REIT's change of financial year end from 30 June 2021 to 31 December 2021 ("Extended IA Plan FP2021"). Both the IA Plan FY2021 and Extended

IA Plan FP2021 had been prepared in accordance with the 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 of resources and their competencies to carry out the internal audit function effectively and independently. The planned assignments were selected based on identification and evaluation of the respective risks and control environment. The internal auditors planned its internal audit schedules in consultation with, but independent of the Management.

The key emphasis areas covered under the IA Plan FY2021 and the Extended IA Plan FP2021 were as follows:

- (i) to review the adequacy and effectiveness of internal controls system focusing on key auditable areas of significant properties; and
- (ii) to review the governance and compliance framework of the Manager and Sunway REIT to ensure compliance with policies, procedures, law and regulations.

A total of 16 audit assignments were planned for the FP2021, covering the following areas:

- (i) reviewing the internal control processes of the significant properties:
 - retail and office properties – internal controls review of key operational processes focusing on tenancy management and tenant sales verification audit (for retail malls only); billing, collection and credit management processes; procurement processes and compliance to established standard operating procedures for tender and award processes; and risk management and governance related review;
 - hospitality properties – internal controls review of key operational processes focusing on processes assessed to be weaker in controls or susceptible to fraud which included front office, food & beverage operations, procurement, income audit functions & payroll; and mystery shopping audits on front office and F&B outlets, involving cash-handling procedures;

- (ii) reviewing the tender and award exercises for major asset enhancement initiatives;
- (iii) reviewing the compliance framework of the Manager and at Sunway REIT Fund level;
- (iv) review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent related party transactions; and
- (v) review the implementation of Anti-Bribery and Corruption Programme in response to the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

(b) The AC on a quarterly basis also monitored and reviewed the IA Plan FY2021 and Extended IA Plan FP2021 to ensure adequate audit coverage of the key risk areas taking into account developments which would impact the audit coverage.

(c) The AC reviewed on a quarterly basis the internal audit reports presented by the IAD comprising audit findings, IAD's recommendations, Management responses and corrective actions taken. The AC also deliberated on the audit findings of unplanned assignments or ad-hoc investigations, progress status of the IA Plan FY2021 and Extended IA Plan FP2021 as well as man hours utilisation to carry out the audit assignments.

(d) The AC had on 11 August 2020 assessed the annual performance of the IAD for FY2020 and reviewed its independence and 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, nature and scope of activities. The AC concluded that the IAD was effective and was able to function independently. The IAD was able to provide the Board and the Management with pertinent information on potential weaknesses in the system of internal controls as well as constructive input and ideas for remedial action.

AUDIT COMMITTEE REPORT

- (e) The IAD had on 23 November 2020 briefed the AC on the key takeaways from the review conducted by Bursa Malaysia and the IIA on selected listed issuers ("Thematic Review"). The IAD had also conducted a gap analysis focusing on 7 criteria of the Thematic Review on the overall internal audit function of the Manager and Sunway REIT and had reported to the AC that based on the gap analysis, there was no gap observed on the overall internal audit function of the Manager and Sunway REIT. Nonetheless, the IAD had advised the AC to consider several measures to enhance the internal audit function.
- (f) The AC had on 9 February 2021 and 30 August 2021 met up with the internal auditors, without the presence of Management, to facilitate discussion of any matter in relation to audit issues and internal control weaknesses noted in the course of its audit. 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 period under review, the AC reviewed and deliberated on the related party transaction entered into by Sunway REIT with Sunway Putra Hotel Sdn Bhd, a related party of Sunway REIT, in relation to the renewal of the hotel master lease agreement ("HML") for Sunway Putra Hotel ("SPH"). The AC was satisfied that the transaction was undertaken on an arm's length basis, on normal commercial terms and were not detrimental to the interests of the minority unitholders.

To this end, the AC had probed Management on the effect of the proposed rental formula of the HML on the unitholders and the valuation of SPH.
- (b) The AC on quarterly basis also reviewed the recurrent RPTs of a revenue or trading nature entered into by Sunway REIT at its meetings held on 3 August 2020, 23 November 2020, 9 February 2021, 11 May 2021, 30 August 2021 and 8 November 2021. The CFO confirmed to the AC that all recurrent RPTs were entered into in accordance with the terms of the unitholders' recurrent RPT mandate.
- (c) At the quarterly AC meetings held on 3 August 2020, 23 November 2020, 9 February 2021, 11 May 2021, 30 August 2021 and 8 November 2021, no management conflict of interest was reported to the AC.

- (d) On 11 August 2020, the AC reviewed the circular to unitholders in relation to the proposed renewal of unitholders' mandate for recurrent RPTs of a revenue or trading nature before recommending the same to the Board for approval.

The AC was satisfied that the monitoring processes and procedures to ensure that all recurrent RPTs would be undertaken in a fair manner 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.

- (e) The AC had during the financial period under review, discussed at length with the management and the external auditors, the disclosure requirements in the financial reports of Sunway REIT in relation to the investment by a related party, Sunway Berhad, in the RM340 million Sunway REIT's perpetual notes through wholesale funds regarded as structured entities controlled by Sunway Berhad ("Wholesale Funds"), under the Perpetual Note Programme of up to RM10.0 billion in nominal value of SUNREIT Perpetual Bond Berhad ("Perpetual Note Programme") ("Issuance of PERPS").

In its deliberation, the AC had considered legal opinions from the lawyers and the advice of Sunway REIT's external auditors.

The AC had subsequently concluded that:

- (i) whilst the Issuance of PERPS was not a related party transaction pursuant to the Listing Requirements, the Wholesale Funds were regarded as structured entities controlled by Sunway Berhad in accordance with MFRS 10: Consolidated Financial Statements;
- (ii) in order to ensure compliance with MFRS 124: Related Party Disclosures, the respective disclosures for the Issuance of PERPS and the distribution to the holders of the PERPS, who were related parties to Sunway REIT, would be included in Sunway REIT's financial statements for the financial period under review; and
- (iii) the Manager would seek confirmation from Sunway Berhad on its investment in the PERPS through the Wholesale Funds on a quarterly basis to ensure full and accurate disclosure in the quarterly financial results of Sunway REIT.

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 11 August 2020, the external auditors reported to the AC that based on the audit work performed, there were no significant weaknesses in Sunway REIT's internal controls system in respect of their audit on Sunway REIT for the FY2020.
- (c) As part of the IAD's review on the adequacy and effectiveness of Sunway REIT's internal controls system, compliance and governance, the IAD had reviewed, amongst others, the following:

- (i) internal controls over the procurement processes of the respective Retail properties;
- (ii) car park operations, revenue and collections of Sunway Putra Mall;
- (iii) key operational processes of the Office properties;
- (iv) outsourced unit registry services provided by Sunway Management Sdn Bhd;
- (v) Regulatory and Legal Compliance Review of Manager and Sunway REIT with the Listing Requirements, SC's Guidelines on Listed REITs, Deed and the SC Licensing Handbook; and
- (vi) Compliance to Information Security Management System Standards ("ISMS") Review.

The overall ratings for the above internal control systems had been assessed to be either "Satisfactory" or "Satisfactory-High". No non-compliance noted in the compliance review.

- (d) The AC had 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, the SC's Guidelines on Listed REITs, Capital Markets and Services Act 2007 as well as with the Deed. Consequently, the AC was pleased that there were no non-compliances with the applicable laws as reported by the Compliance Officer at the quarterly meetings during the financial period under review.

The AC was advised by the Company Secretary that there were no breaches of the Listing Requirements at each quarterly meeting held during the financial period under review.

- (b) On 11 August 2020, 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 2020 Integrated Report of Sunway REIT.

The AC had also reviewed and recommended for the Board's approval, the 2020 Integrated Report of Sunway REIT.

- (c) On 11 August 2020, 23 November 2020, 11 May 2021 and 30 August 2021, the AC was updated by the Company Secretary on the following developments in regulations and laws:

- (i) Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries issued by the SC, which took effect on 30 July 2020 (save for Chapter 5 on Group Governance which came into effect on 1 January 2021);
- (ii) Disclosure Guidance on COVID-19 related Impacts and Investments issued by Bursa Malaysia on 10 June 2020;
- (iii) amendments made to the Listing Requirements in relation to new issue of securities and other disclosure enhancements which took effect on 13 August 2020;
- (iv) new guidelines on the use of electronic signature issued by the SC on 23 October 2020;
- (v) the temporary increase in gearing limit for Malaysian REITs from 50% to 60% until 31 December 2022 announced by the SC on 12 August 2020;
- (vi) the Corporate Governance Monitor 2020 published by the SC on 8 October 2020;
- (vii) the temporary relief measure announced by Bursa Malaysia on 10 November 2020 allowing eligible listed issuers to obtain mandated securities holders' approval at a general meeting to undertake rights issue exercises;
- (viii) the amendments made to the Listing Requirements in relation to lower public security holding spread requirements, subject to certain criteria being met, which came into effect on 1 March 2021;

AUDIT COMMITTEE REPORT

- (ix) the insertion of a Guidance on Group Governance as an appendix in the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries by the SC on 12 April 2021;
- (x) the updates to the Malaysian Code on Corporate Governance by the SC on 28 April 2021 with the introduction of new best practices and further guidance to strengthen the corporate governance culture of Malaysia's listed companies pursuant to the MCCG 2021;
- (xi) Employees Provident Fund and Permodalan Nasional Berhad's new voting guidelines at general meetings to be held in 2021; and
- (xii) the Guidance Note on Co-operation and Self-Reporting issued by the SC on 23 June 2021 to promote early resolution of enforcement action and to instil greater self-discipline among regulatees pursuant to the Capital Market Masterplan 3 Work Programme.

- (d) The AC had on 11 May 2021 discussed the level of adoption of the new best practices pursuant to the MCCG 2021 by the Manager. Whilst Sunway REIT and the Manager were not subject to the MCCG 2021, the Manager would endeavor to apply the best practices under the MCCG 2021 where applicable and plausible.
- (e) The AC had at its meeting held on 8 November 2021 reviewed and recommended to the Board for approval, the amendments to its Standard Operating Procedures and TOR as part of the periodic review.
- (f) On 14 December 2021, the AC met with Sunway REIT's valuers, First Pacific Valuers Property Consultants Sdn Bhd, Savills (Malaysia) Sdn Bhd and Knight Frank Malaysia Sdn Bhd, to review the valuation reports in relation to the revaluation exercise carried out on the investment properties for FP2021. The AC had focused its attention on the valuation methodology and approach adopted by the Valuers.
- (g) During the financial period, 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 www.sunwayreit.com for the details of the continuing education programme that the Directors have attended for FP2021.

INTERNAL AUDIT FUNCTION

The internal audit function is performed in-house and 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 had undertaken regular and systematic reviews of the risk management and internal controls system so as to provide reasonable assurance that the risk management and internal controls system continues to operate adequately and effectively at Sunway REIT.

To uphold the independence and objectivity of the internal audit function, 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. In addition, the IAD has unfettered access to the Manager and Sunway REIT's documents, records, properties and personnel.

The 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. The IAD successfully completed its External Quality Assessment Review ("EQAR") by Protiviti Pte Ltd of Singapore in 2015 and it was concluded that the IAD continues to meet or has exceeded the IIA Standards in all key aspects. The next EQAR was originally planned to be carried out in year 2020 but it has been rescheduled to year 2022 due to the COVID-19 pandemic.

In order to ensure that the responsibilities of the IAD and the internal audit function were fully discharged, the AC had reviewed the IA Plan FY2021 and Extended IA Plan FP2021, 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 during the financial period under review.

Internal audit reports encompassing the audit findings together with the recommendations were presented to the AC on a quarterly basis. The IAD and Management were responsible for ensuring the corrective action plans had been carried out effectively within the agreed timeframe and regular follow-up audits had been performed to ensure management actions had been effectively implemented.

The IAD is led by Ms Khong Shiyi who has more than 15 years of audit experience and reports directly to the AC to ensure impartiality and independence. She holds a

Bachelors of Commerce Degree in Accounting and Marketing, and is a member of the CPA Australia. She is also a Chartered Accountant registered with the MIA.

The IAD comprises 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.

To ensure the organisational independence of the IAD, the Head of IAD and all the internal auditors had signed the Annual Declaration that they were free from any relationships or conflict of interest, which would impair their objectivity and independence in their audit activities for the FP2021.

The internal audit activities undertaken by the IAD during the financial period under review were as follows:

1. prepared and presented the risk-based IA Plan FY2021 and subsequently, the Extended IA Plan FP2021 to include the audit assignments and timetable for the 6-month period from 1 July 2021 to 31 December 2021 in line with Sunway REIT's change of financial year end from 30 June 2021 to 31 December 2021, both of which set out the audit strategy, risk-based audit approach, scope of work, key areas of audit emphasis and resource plans, to the AC for deliberation and approval;
2. updated the AC on the progress in executing the IA Plan FY2021 and the Extended IA Plan FP2021, and any major internal control gaps and lapses;
3. performed planned audit engagements which covered reviews of internal controls system, accounting and management information systems, compliance, risk management and governance practices;
4. briefed the Chairman of the AC in advance of the internal audit reports prior to presentation of the same to the AC;
5. 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;
6. 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;
7. reported to the AC on review of the adequacy, appropriateness and compliance with procedures established to monitor recurrent RPTs;
8. reviewed the implementation of the Anti-Bribery and Corruption Policy which was implemented by Management in response to the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act 2018;
9. acted on suggestions made by the AC and/or Management on concerns over operations and internal controls pertinent to the assets of Sunway REIT;
10. performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels;
11. ascertained the level of operational of Sunway REIT's compliance with established policies, procedures and statutory requirements;
12. provided the Board, through the AC, reasonable assurance of the effectiveness of Sunway REIT's risk management, internal controls and governance framework; and
13. reviewed the AC Report and the Statement on Risk Management and Internal Control published in the 2020 Integrated Report of Sunway REIT, as well as the Corporate Governance Report of Sunway REIT for FY2020.

The total costs incurred by the IAD for the internal audit function of Sunway REIT for FP2021 amounted to RM824,904 as compared to RM573,709 in FY2020.

This AC Report was approved by the Board on 10 February 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
COMMUNICATION WITH STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

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Sunway REIT has developed dynamic stakeholders' management platforms to ensure robust engagement with our diverse spectrum of stakeholders. We encourage inclusive and interactive regular engagements with our stakeholders through multi-faceted platforms in aligning Sunway REIT's strategic objectives/priorities to stakeholders' expectations. The dynamic and robust engagement facilitates and guides Sunway REIT in rethinking our strategies to deliver financial performance whilst enriching the long-term value to our stakeholders. These engagements are undertaken at both the Manager and property levels, entailing extensive discussion scopes on business strategies, financial performance, capital management strategies, sustainability and ESG.

The past year has been a challenging period where the world was adversely impacted by the health-led COVID-19 crisis. It is during these trying times that we should engage our internal and external stakeholders frequently to keep abreast with the current situation and plan ahead. In engaging and managing our stakeholders, we have laid out the medium, stakeholders' concerns and our approach in which we are addressing them. We have also included key concerns that were raised by the focus group during the materiality assessment.

For more information on Sunway REIT's materiality assessment, please refer to Determining Materiality section.

For more information on how Sunway REIT manages its risks, please refer to Mitigating Our Risks section.

AWARDS AND ACCOLADES

The Asset ESG Corporate Awards 2021: Best Investor Relations Team

Malaysian Investor Relations Association (MIRA) Awards 2020 Mid Cap: Best Investor Relations Professional

INVESTOR RELATIONS ACTIVITIES

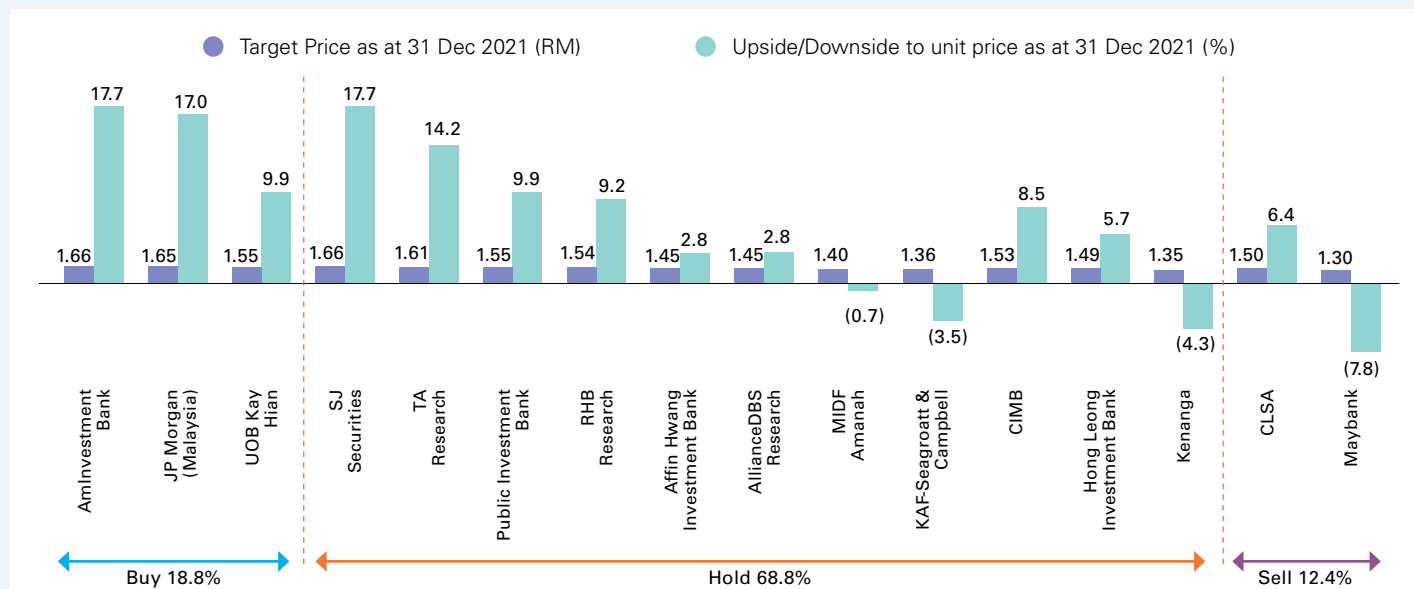
Analyst Coverage

16
(FY2020:15)

Number of Meetings

44

ANALYSTS RECOMMENDATION (as at 31 December 2021)



CORPORATE GOVERNANCE OVERVIEW STATEMENT
COMMUNICATION WITH STAKEHOLDERS

ENGAGING AND MANAGING OUR STAKEHOLDERS

STAKEHOLDERS	THE WAY WE ENGAGE	STAKEHOLDERS' KEY CONCERNS	HOW WE ADDRESS THE CONCERNS
Investment Community (Unitholders, Analysts, Fund Managers)	<ul style="list-style-type: none"> Statutory announcement Annual General Meeting Unitholders meeting Integrated Annual Report Investors and analysts briefing Group and one-on-one meeting Conferences and non-deal roadshow Retail investors webinar Corporate website Dedicated Investor Relations team email and contact Social media 	<ul style="list-style-type: none"> Financial and operational performance and DPU Business resilience and continuity Strategic direction and business growth Impact of COVID-19 Prudent risk management 	<ul style="list-style-type: none"> Guidance on segmental performance and earnings outlook Update on progress of strategic direction and business strategies Updates on COVID-19 and policy changes impact on ongoing operation and business developments Briefing on material corporate development Dedicated personnel to attend to investor relations enquiries Retail investors workshop to improve investor's knowledge
Financiers	<ul style="list-style-type: none"> Statutory announcement Quarterly and annual compliance letters Management meeting Email and phone call 	<ul style="list-style-type: none"> Sustainability practices, ESG impact and ongoing effort to achieve sustainability goals and targets. Related material issues: <ul style="list-style-type: none"> Physical Impacts of Climate Change Pollution (Waste/ Effluents) Resource Management (Energy) Resource Management (Water) Indirect Economic Impact Health and Safety Customer Welfare Risk and Crisis Management Corporate Governance Business Ethics 	<ul style="list-style-type: none"> Update on cashflow requirements Update on impact of COVID-19 on financial performance and business operation Ensure timely submission of financial, insurance and valuation information

CORPORATE GOVERNANCE OVERVIEW STATEMENT
COMMUNICATION WITH STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

GRI 2-29, 2-30

STAKEHOLDERS	THE WAY WE ENGAGE	STAKEHOLDERS' KEY CONCERNS	HOW WE ADDRESS THE CONCERNS
Employees	<ul style="list-style-type: none"> ▶ Townhall by C-suite executives ▶ Engagement dialogues and survey ▶ Training and workshops ▶ Performance and career development review ▶ Festive and birthday celebration 	<ul style="list-style-type: none"> ▶ Career development and progression ▶ Health, safety and well-being ▶ Work-life balance, remuneration and employee benefits ▶ Good corporate governance ▶ Related material issues: <ul style="list-style-type: none"> - Business Ethics - Human Capital Development - Health and Safety - Anti-Corruption - Corporate Governance 	<ul style="list-style-type: none"> ▶ Refer to Goal 3: Investing in Community Inclusivity from pages 157 to 176. ▶ Refer to Goal 4: Respecting Ethical Principles from pages 177 to 181. ▶ Grievance mechanism ▶ Whistleblowing hotline
Media	<ul style="list-style-type: none"> ▶ Media conference ▶ Media interview ▶ Media release ▶ Sunway REIT website ▶ Social media 	<ul style="list-style-type: none"> ▶ Financial and business performance, business outlook, strategic direction and strategies ▶ Industry thought leader's contribution ▶ Timely and fair dissemination of information 	<ul style="list-style-type: none"> ▶ Issue media releases on financial earnings and corporate development ▶ Host media conferences
		<ul style="list-style-type: none"> ▶ Resource management and environmental conservation ▶ Business ethics ▶ Related material issues: <ul style="list-style-type: none"> - Health and Safety - Corporate Governance - Pollution (Waste/ Effluents) 	<ul style="list-style-type: none"> ▶ Refer to Goal 1: Transforming our Portfolios to Low-Carbon Assets from pages 142 to 153. ▶ Refer to Goal 3: Investing in Community Inclusivity from pages 157 to 176. ▶ Refer to Goal 4: Respecting Ethical Principles from pages 177 to 181.
Government, local authorities, regulators and industry affiliations	<ul style="list-style-type: none"> ▶ Work with Government on community enhancement projects ▶ Consultation paper ▶ Commentaries on policy implementations ▶ Maintain rapport with local authorities ▶ Engagement meeting and workshop 	<ul style="list-style-type: none"> ▶ Compliance with government policies, rules and regulations ▶ Contribution to national, industry and capital market development ▶ Adoption of industry best practices in corporate governance ▶ Related material issues: <ul style="list-style-type: none"> - Anti-Corruption - Business Ethics - Corporate Governance 	<ul style="list-style-type: none"> ▶ Adherence and compliance to all policies and regulations ▶ Spearhead M-REIT's industry improvement initiatives and policies through MRMA ▶ Collaboration with local authorities in managing our properties ▶ Refer to Goal 4: Respecting Ethical Principles from pages 177 to 181.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
COMMUNICATION WITH STAKEHOLDERS

STAKEHOLDERS	THE WAY WE ENGAGE	STAKEHOLDERS' KEY CONCERNS	HOW WE ADDRESS THE CONCERNS
Business partners (Tenants and Lessees)	<ul style="list-style-type: none"> ▶ Periodic meeting or as necessary ▶ Announcement and marketing updates ▶ Business opportunity networking ▶ Business partner survey and feedback ▶ Tenant evaluation 	<ul style="list-style-type: none"> ▶ Physical impacts of climate change ▶ Landlord support and assistance (marketing, financial, repair, facility improvements etc.) ▶ Stringent safety and security ▶ Prompt customer/facility management service ▶ Optimum building uptime and quality of facilities ▶ Related material issues: <ul style="list-style-type: none"> - Health and Safety - Business Ethics - Anti-Corruption - Risk and Crisis Management - Corporate Governance 	<ul style="list-style-type: none"> ▶ Refer to Goal 1: Transforming our Portfolios to Low-Carbon Assets from pages 142 to 153. ▶ Refer to Goal 3: Investing in Community Inclusivity from pages 157 to 176. ▶ Refer to Goal 4: Respecting Ethical Principles from pages 177 to 181.
Suppliers and Contractors	<ul style="list-style-type: none"> ▶ Request for proposal ▶ Meeting and workshop ▶ Tender interview ▶ Suppliers briefing and training programme ▶ Supplier evaluation and audit 	<ul style="list-style-type: none"> ▶ Transparent procurement processes and fair competition in compliance with procurement policies and ethical practices ▶ Occupational health and safety ▶ Related material issues: <ul style="list-style-type: none"> - Anti-Corruption - Business Ethics - Health and Safety - Corporate Governance - Risk and Crisis Management 	<ul style="list-style-type: none"> ▶ Refer to Goal 1: Transforming our Portfolios to Low-Carbon Assets from pages 142 to 153. ▶ Refer to Goal 2: Advocating a Responsible Value Chain from pages 154 to 156 ▶ Refer to Goal 4: Respecting Ethical Principles from pages 177 to 181.
Community	<ul style="list-style-type: none"> ▶ Surveys, customers' feedback, customer service channels ▶ Loyalty programme ▶ Social media ▶ Community development programme ▶ CSR programme to promote sustainability awareness 	<ul style="list-style-type: none"> ▶ Stewardship in environmental and social responsibility, and good governance ▶ Related material issues: <ul style="list-style-type: none"> - Anti-Corruption - Health and Safety - Risk and Crisis Management - Business Ethics - Customer Welfare - Human Capital Development 	<ul style="list-style-type: none"> ▶ Refer to Goal 1: Transforming our Portfolios to Low-Carbon Assets from pages 142 to 153. ▶ Refer to Goal 3: Investing in Community Inclusivity from pages 157 to 176. ▶ Refer to Goal 4: Respecting Ethical Principles from pages 177 to 181.

STAKEHOLDER ENGAGEMENT

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Sunway REIT maintains a corporate website, www.sunwayreit.com to disseminate information and enhance its investor relations practices. All disclosures, material information and announcements made to Bursa Malaysia via Bursa LINK are published on the website shortly after the same is released by the newswire service or the relevant authorities. Supplemental, non-material information will be posted on the website as soon as practicable after it is available. The Investor Relations section on the website provides the Manager's investor relations efforts as well as all relevant information about Sunway REIT, such as financial information, announcements released to Bursa Malaysia, general meetings' materials, investor presentations, corporate governance matters, distribution information, press releases to the media and investor centres. The information is easily and readily accessible by the general public. Annual reports and circulars to unitholders are also made available on the website for review.

In addition, the Manager 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 release timing 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 to ensure that the information on 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 also has in place an insider trading policy to safeguard confidentiality of the material and price-sensitive information of Sunway REIT.

The Manager has an Investor Relations team to facilitate effective communication with unitholders, analysts, fund managers and the media. In addition, the Manager

also listed on Sunway REIT's website the email address, name and contact number of the Manager's designated IR personnel as a channel to allow the public to forward queries relating to Sunway REIT to the Manager. For any concerns or queries regarding Sunway REIT, the unitholders may direct the attention of the queries to the Senior Independent Director of the Manager.

The Board continues to ensure active engagement and is committed to transparent 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 transparency and timely 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.

CONDUCT OF GENERAL MEETING

Each copy of the 2020 Integrated Report of Sunway REIT and the relevant Circular to unitholders, including the notices of meetings, are made available to unitholders before the 8th AGM and Unitholders' Meeting held on 2 October 2020. The notices of the meetings were also advertised in the local national language and English daily newspapers and announced to Bursa Malaysia via Bursa LINK. Sunway REIT served notice of its 8th AGM more than 28 days before the meeting, well in advance of the 21-day requirement under the Listing Requirements. The additional time given to the unitholders had allowed them to have sufficient time to scrutinise the 2020 Integrated Report and to make necessary registration to participate in the virtual meeting. It had also given at least 14-day notice for its Unitholders' Meeting in 2020.

Sunway REIT also distributed together with its notices of 8th AGM and Unitholders' Meeting, the Administrative Guides for the respective meetings, which furnished useful information regarding the conduct of the 8th AGM and Unitholders' Meeting such as details of the virtual meeting, unitholders' entitlement to participate and vote in the virtual meeting, their right to appoint proxy, steps and procedures to access and vote in the virtual AGM/Unitholders' Meeting.

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 assets performance 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. Due to the pandemic in 2020, the Company had conducted its 8th AGM and Unitholders' Meeting on a fully virtual basis through livestreaming and online remote voting using the Remote Participation and Voting facility. The virtual meetings had enabled unitholders to participate remotely and safely from wherever they were. A unitholder who was not able to participate in the AGM/Unitholders' Meeting was given the option of appointing a proxy to participate remotely and vote online on his/her behalf.

At the commencement of the 8th AGM, the CEO of the Manager briefed the unitholders on the highlights of the financial performance and achievements of Sunway REIT for the last financial year ended 30 June 2020 as well as the market outlook and strategic direction (TRANSCEND 2025) of Sunway REIT moving forward. As for the Unitholders' Meeting, a representative from RHB Investment Bank Berhad, the Principal Adviser, presented the details of the corporate proposals tabled at the Unitholders' Meeting for the unitholders' understanding.

The Chairman provided ample time and opportunities for the Questions and Answers sessions during the AGM and Unitholders' Meeting. All Directors of the Manager together with the CEO, CFO, the Trustee, the Principal Adviser, the Legal Adviser, the Valuer, the Management Team, both internal and external auditors were present to respond to any queries and clarifications addressed to them. Unitholders were also encouraged to send in their questions prior to the AGM/Unitholders' Meeting via email or through the online platform.

All resolutions, set out in the notices of the 8th AGM and Unitholders' Meeting, were voted remotely by poll. Messrs BDO Consulting Sdn Bhd, 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 Sunway Management Sdn Bhd as the Polling Administrator to conduct the polling process.



The Minutes of the 8th AGM and Unitholders' Meeting were made available on Sunway REIT's website at www.sunwayreit.com for the information of all unitholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
COMMUNICATION WITH STAKEHOLDERS

ANNOUNCEMENT OF QUARTERLY RESULTS

23 NOVEMBER 2020

Announcement of the unaudited results for the first quarter ended 30 September 2020

19 MAY 2021

Announcement of the unaudited results for the third quarter ended 31 March 2021

9 NOVEMBER 2021

Announcement of the unaudited results for the fifth quarter ended 30 September 2021

9 FEBRUARY 2021

Announcement of the unaudited results for the second quarter ended 31 December 2020

30 AUGUST 2021

Announcement of the unaudited results for the fourth quarter ended 30 June 2021

28 JANUARY 2022

Announcement of the unaudited results for the sixth quarter ended 31 December 2021

INCOME DISTRIBUTION

For the first quarter ended 30 September 2020

0.90 sen per unit (of which 0.55 sen per unit was taxable and 0.30 sen per unit was non-taxable and 0.05 sen per unit was tax exempt)

- Announcement of the notice of entitlement and payment: 12 October 2020
- Date of entitlement: 26 October 2020
- Date of payment: 10 November 2020

For the second quarter ended 31 December 2020

0.77 sen per unit (of which 0.39 sen per unit was taxable and 0.32 sen per unit was non-taxable and 0.06 sen per unit was tax exempt)

- Announcement of the notice of entitlement and payment: 9 February 2021
- Date of entitlement: 25 February 2021
- Date of payment: 11 March 2021

For the semi-annual period ended 30 June 2021

1.63 sen per unit (of which 1.17 sen per unit was taxable and 0.35 sen per unit was non-taxable and 0.11 sen per unit was tax exempt)

- Announcement of the notice of entitlement and payment: 30 August 2021
- Date of entitlement: 15 September 2021
- Date of payment: 29 September 2021

For the semi-annual period ended 31 December 2021

2.80 sen per unit (of which 2.62 sen per unit was taxable and 0.07 sen per unit was non-taxable and 0.11 sen per unit was tax exempt)

- Announcement of the notice of entitlement and payment: 28 January 2022
- Date of entitlement: 16 February 2022
- Date of payment: 25 February 2022

INTEGRATED ANNUAL REPORT & ANNUAL GENERAL MEETING

28 FEBRUARY 2022

Date of Notice of 9th Annual General Meeting
Date of Issuance of Integrated Annual Report 2021

7 APRIL 2022

Date of 9th Annual General Meeting

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Manager is cognisant that Sunway REIT operates in a dynamic business environment in which the Manager's risk management and internal controls system must be responsive to the changes in business environment to support the business objectives and strategies of Sunway REIT and to safeguard the investment of the unitholders of Sunway REIT.

The Board of the Manager is pleased to present this Statement on Risk Management and Internal Control which outlines the main features of risk management and internal control framework of the Manager for Sunway REIT for the financial period under review.

This Statement is prepared in accordance with Paragraph 15.26(b) of the Listing Requirements, Principle B of the Malaysian Code on Corporate Governance 2021 and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued on 31 December 2012 ("Guidelines").

THE BOARD'S RESPONSIBILITY

The Board takes overall responsibility in the oversight and is committed in maintaining a sound system of internal controls and effective risk management practices of the Manager in managing Sunway REIT. The Board plays a pivotal role in setting the acceptable risk appetite and nurturing the culture towards managing key risks and continuously reviews the adequacy and effectiveness in identifying, assessing and responding to key risks of Sunway REIT assisted by its Board Committees.

The Risk Management Committee ("RMC") assists the Board in overseeing the risk management framework and policies and the Audit Committee ("AC") supports the Board in reviewing and monitoring the effectiveness of the system of internal controls, including soliciting feedback from the independent external auditors. The Board receives periodic reports from these Board Committees to keep the Board informed of the key deliberations and decisions on delegated roles.

The internal controls system of the Manager is designed to manage and minimise rather than eliminate the risks which may hinder the achievement of the business objectives of Sunway REIT and therefore, the system can only provide reasonable but not absolute assurance against material misstatements, financial losses or fraud.

THE MANAGEMENT'S RESPONSIBILITY

The Management is responsible for implementing the risk management framework and policies approved by the Board. The Management has in place an on-going process of identifying, evaluating, monitoring and reporting the key risk areas affecting the achievement of the business objectives and strategies of Sunway REIT throughout the financial period. The Management ensures suitable internal controls and adequate mitigating action plans are taken to minimise possible impact from the risks.

The Management is also responsible in setting the right example to encourage and emphasise the importance of ethical business conduct.

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") assured the Board that the Manager's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Manager.

THE MANAGER'S RISK MANAGEMENT FRAMEWORK

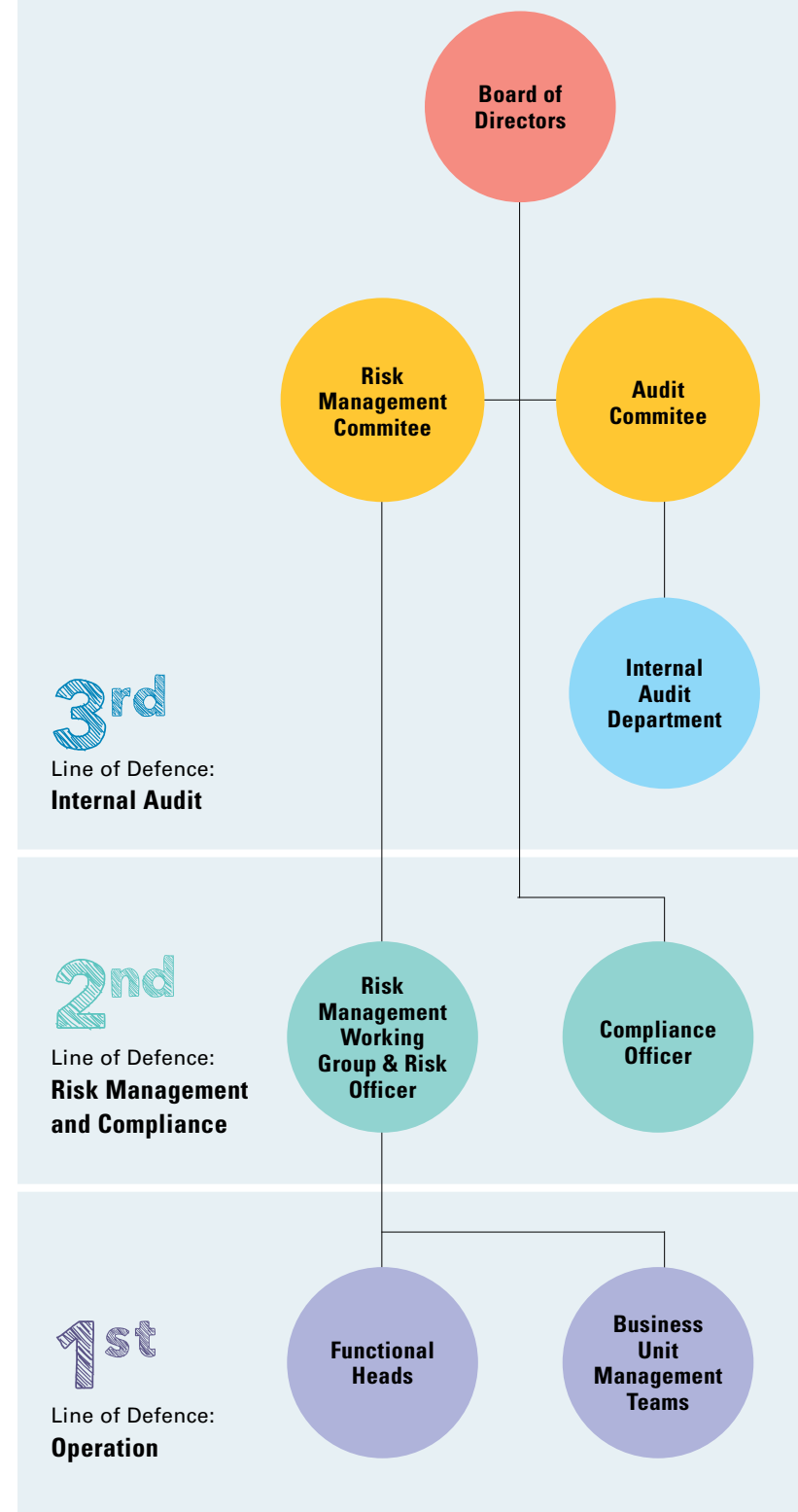
The Manager established a robust enterprise risk management framework designed and adapted as reasonably practicable from ISO 31000:2018 Risk Management Guidelines which aimed to put in place a continuous process in identifying all business risks relevant to Sunway REIT, at the operation level of each property as well as at the fund level, within the defined risk parameters in a timely and effective manner. The Manager periodically reviewed the effectiveness of the risk management framework. All identified risks are recorded in a risk management scorecard to facilitate systematic and comprehensive review with proper mitigating action plans developed to manage the risks to an acceptable level and monitored on continuous basis. The Manager can only mitigate but not completely eliminate all risks, in particular systemic risks.

The framework principally:

- establishes clear governance structure with 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;
- promotes strong risk management practices and processes; and
- ensures appropriate skills, resources and system infrastructure are applied to risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The diagram below provides the overview of the governance structure of the Manager:



The Manager’s enterprise risk management framework is embedded into core business activities and decision-making processes of Sunway REIT to ensure that all material business risk at the operation level of each property as well as the fund level are prudently identified, analysed and effectively managed within the defined risk parameters.

The table below provides the key risk assessment activities for Sunway REIT:

<p>Strategic</p> <ul style="list-style-type: none"> Annual business plan TRANSCEND 2027 strategy paper Set risk appetite, tolerance, limit and threshold
<p>Enterprise-wide (Function and Business Unit)</p> <ul style="list-style-type: none"> Half-yearly risk reports Updates risk assessment and rating, status of control measures and mitigation action plans
<p>Major Investment Proposals</p> <ul style="list-style-type: none"> Proposal papers for acquisition and asset enhancement initiatives Identify and assess key risks and recommendation to manage the risks

With this framework, the responsibility of the day-to-day risk management resides with the management teams of each business unit and heads of each function where they are the risk owners and accountable for managing the risks identified.

Risk Management Working Group and Risk Officer

The Risk Officer communicates risk policies and procedures of the Manager to the risk owners and is responsible for ensuring all identified risks are recorded in the risk management scorecard to facilitate systematic review and monitoring and proper reporting to Risk Management Working Group (“RMWG”) and RMC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The RMC, with the assistance of the RMWG and Risk Officer:

- evaluates and determines the nature and extent of the risks the Board is ready to endorse in pursuit of Sunway REIT’s strategic objectives;
- ensures an appropriate and effective risk management framework is established and maintained;
- monitors the design and implementation of the risk management framework; and
- oversees management of risk identification, reporting and mitigation efforts.

The enterprise-wide risk management review is reported to the RMC on a half-yearly basis for deliberation. The Chairman of the RMC shall report the proceedings of each Committee meeting to the Board and highlight key risks that warrant the Board’s attention.

During the financial period, three (3) RMC meetings were held to deliberate on the following matters:

- reviewed the half-yearly risk reports which covered key risks identified at fund and operational levels, the corresponding rating for each risk as well as the control and mitigating action plans taken;
- endorsed the Statement on Risk Management and Internal Control to be included in Sunway REIT’s 2020 Integrated Report;
- reviewed the Business Continuity Management Framework of the Manager; and
- reviewed the compliance with Guide on Cyber-Hygiene Practices issued by SC.

Key risks of Sunway REIT are discussed in Mitigating Our Risks section.

Risk Appetite

The Board has adopted a conservative risk appetite. Notwithstanding that, the appropriate level of risk tolerance will depend on the nature of projects undertaken and the objectives pursued. The risk appetite will be reviewed periodically by the RMC in response to the operating environment.

The RMWG comprises of the CEO, CFO, Risk Officer, Compliance Officer and business unit heads. RMWG is chaired by the CEO who holds ultimate responsibility on the implementation of the risk management practices in Sunway REIT. The CEO actively communicates the Board’s expectations to the business unit management teams and functional heads at the periodic management meetings. At these meetings, risks relating to strategy, operational, financial, environment and compliance are discussed and dealt with action plans.

Risk Management Committee

The RMC has oversight on Sunway REIT’s risk management framework and policies. The RMC supports the Board in setting the tone from the top so as to embed and maintain appropriate risk culture. It guides the development of the risk appetite for various types of risk and exercises and recommends for the Board’s approval, oversight on how this is operationalised into individual risk appetite limits.

The RMC comprises of four members, all of whom are Non-Executive Directors; one being Senior Independent Non-Executive Director, two being Independent Non-Executive Directors and one being Non-Independent Non-Executive Director.

- Ng Sing Hwa – Chairman**
(Non-Independent Non-Executive Director)
- Tan Sri Ahmad Bin Mohd Don**
(Independent Non-Executive Director)
(Ceased to be the member of RMC on 31 May 2021)
- Elvin A/L Berty Luke Fernandez**
(Senior Independent Non-Executive Director)
- Tengku Nurul Azian Binti Tengku Shahrman**
(Independent Non-Executive Director)
- Yeo Kar Peng**
(Independent Non-Executive Director)

The scope of responsibilities of the RMC is outlined in its TOR, as approved by the Board.

Please refer to Sunway REIT’s website at www.sunwayreit.com for TOR of the RMC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY HIGHLIGHTS FOR FP2021

The priorities for FP2021 set in the 2020 Integrated Report and additional initiatives during the financial period have been successfully implemented.

Risk Management Monitoring

Three new key risks have been identified from the core business activities and changes in the operating landscape for mitigation during the financial period.

Business Continuity Management

Adopted Business Continuity Management Framework in accordance with the Guiding Principles on Business Continuity SC-GP/1-2019 issued by the SC to strengthen the preparedness and resiliency of Sunway REIT during a crisis, supplemented by a Crisis Communication Policy approved by the Board.

Anti-Bribery & Corruption Practices and Monitoring

- Conducted Anti-bribery & Corruption Policy and related policies training and communication to employees through medium such as email communication, virtual training and mandatory e-learning.
- Tailored a focused Anti-bribery & Corruption training to the Board, senior management personnel in key positions or roles.
- Facilitated corruption risk assessment workshop at the properties level during the financial period.
- Issued Anti-bribery & Corruption Declaration form and questionnaires to business associates, lessees, tenants, service providers, consultants, contractors, vendors and suppliers of Sunway REIT to cultivate shared commitment on high integrity and ZERO TOLERANCE towards bribery and corruption.
- Assessment by IAD on Anti-bribery & Corruption Program at the properties level and the Manager level.

Cyber-Hygiene Practices

Reviewed the compliance of current practices against the Guide on Cyber-Hygiene Practices issued by SC to provide strong foundation to address cyber-related risks and enhance the cyber defences of Sunway REIT.



Data Privacy Management

Operationalised Data Governance Framework of Sunway Berhad for the Manager and Business Unit Management Teams to ensure standardisation of data collection, management, usage and protection.



Climate Change Risk Assessment

Appointed Jeffrey Sachs Center on Sustainable Development to conduct study and assessment on climate value-at-risk on the properties of Sunway REIT and to provide suggestions on mitigation action plan.



Please refer to Sustainability Statement section for further details on Climate Value-at-Risk assessment.

PRIORITIES FOR FY2022

The RMC will continue to assist the Board to oversee the implementation the risk management framework while aims to continuously improve the risk management framework, capabilities and culture across the Manager to ensure the long-term growth and sustainability of the business of Sunway REIT.

Risk Management Monitoring

Identification of emerging risks and ensure all risks are appropriately managed through effective monitoring by the relevant risk owners, comprising the Functional Heads and respective Business Unit Management Teams.

Anti-Bribery & Corruption Best Practices

- Study on the observations and good practices adopted by capital market intermediaries in their compliance with the Corporate Liability Provision as shared by SC for implementation where relevant to further enhance the Anti-bribery & Corruption Policy and framework.
- Facilitate corruption risk assessment workshop at the properties level and the Manager level.

Appraise Major Investment Proposals

Evaluate and ensure risks pertaining to new acquisition and asset enhancement initiatives proposals are properly addressed.

Risk Appetite Statement

Review the existing risk appetite statement in line with TRANSCEND 2027 strategic action plans.

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 IAD 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 employees.
- Relevant training provided to personnel across all functions to maintain a high level of competency and capability.

Compliance Officer

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 Deed, the SC's Guidelines on Listed REITs, the SC Licensing Handbook, the Capital Markets and Services Act 2007 and the Listing Requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Audit Committee and Internal Audit Department

The AC, with the assistance of the IAD is tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of the system of risk management and internal controls. 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.

REVIEW BY EXTERNAL AUDITORS

This Statement on Risk Management and Internal Control ("Statement") is reviewed by External Auditors in accordance with Paragraph 15.23 of the Listing Requirements. 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 practices. There was no material control failure or weakness that would have material adverse effect on the results of Sunway REIT for the financial period under review.

The Board is satisfied that the risk management and internal control system in place for the financial period under review and up to the date of approval of this Statement, are adequate and effective.

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.

This Statement on Risk Management and Internal Control was approved by the Board on 10 February 2022.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia and SC's Guidelines on Listed REITs:

1. SANCTIONS OR PENALTIES

There was no public sanction or penalty imposed on the Manager by the relevant regulatory bodies during the FP2021.

2. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

On 29 June 2020, Sunway REIT had announced a proposal to undertake a private placement to raise gross proceeds of up to RM710.0 million at an issue price to be determined later by the Board ("Proposed Private Placement").

On 12 October 2020, following the book building process, the Board fixed the issue price at RM1.48 per unit. The Proposed Private Placement has been completed following the listing and quotation of 479,729,700 new units on Bursa Malaysia on 28 October 2020, raising gross proceeds of approximately RM710.0 million.

The gross proceeds raised from the Proposed Private Placement were utilised for settlement of balance purchase consideration of The Pinnacle Sunway, capital expenditure for expansion of Sunway Carnival Shopping Mall and to defray the expenses incurred in relation to the proposals.


As at 31 December 2021, the unutilised gross proceeds amounting to RM84.7 million has been placed in deposits with licensed financial institutions.

3. AUDIT AND NON-AUDIT FEES

Total audit and non-audit fees paid and payable to the external auditors, BDO PLT, for services rendered to Sunway REIT and its subsidiaries during the FP2021 were RM128,000 and RM25,500 respectively.

4. RECURRENT RELATED PARTY TRANSACTIONS

The details of significant recurrent related party transactions are disclosed in Note 33 to the Audited Financial Statements.

 For more information, please refer to Audited Financial Statements section.



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 (“**Sunway REIT**”) are responsible for the preparation of the financial statements of Sunway REIT 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 (“**Bursa Malaysia**”), and to present it before the unitholders of Sunway REIT 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 Sunway REIT as at 31 December 2021, and of the financial performance and cash flows of the Group and of Sunway REIT for the financial period ended 31 December 2021.

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 Sunway REIT keep accounting records which disclose the financial position of the Group and of Sunway REIT 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 Sunway REIT 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 period ended 31 December 2021.

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:

- active asset management strategy;
- acquisition growth strategy;
- capital and risk management strategy; and
- asset enhancement initiatives, including property development activities.

The Manager is of the view that it has achieved the investment objective for the financial period ended 31 December 2021. There was no change in the strategies and policies employed during the financial period.

DIRECTORS

The Directors of the Manager who have held office during the financial period until the date of this report are as follows:

Tan Sri Ahmad Bin Mohd Don
Dato’ Ng Tiong Lip
Elvin A/L Bertey Luke Fernandez
Sarena Cheah Yean Tih, *S.M.S.*
Ng Sing Hwa
Tengku Nurul Azian Binti Tengku Shahrman
Yeo Kar Peng

DIRECTORS’ BENEFITS

Neither at the end of the financial period, nor at any time during that period, 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.

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 period in units in Sunway REIT during the financial period were as follows:

	Number of units			As at 31.12.2021 Unit '000
	As at 1.7.2020 Unit '000	Acquired Unit '000	Sold Unit '000	
Direct interest:				
Elvin A/L Bertey Luke Fernandez	90	-	-	90
Indirect interest:				
Sarena Cheah Yean Tih, <i>S.M.S.</i> *	1,204,081	196,216	-	1,400,297

* 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 City Sdn. Bhd., Sunway REIT Holdings Sdn. Bhd. and spouse.

The other Directors of the Manager in office at the end of the financial period did not have any interests in units in Sunway REIT during the financial period.

SOFT COMMISSION

There was no soft commission received by the Manager during the financial period 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 prepared, 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 had 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.

OTHER INFORMATION (CONT'D.)

- (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 period 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 period except for material litigation as disclosed in Note 35 to the financial statements.
- (f) In the opinion of the Manager:
 - (i) the results of the operations of the Group and of the Fund during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature, except for the impact arising from the COVID-19 pandemic as disclosed in Note 34 to the financial statements;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period 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 period 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 period which would or may affect the ability of the Group or of the Fund to meet their obligations when they fall due.

SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

Significant event during the financial period is disclosed in Note 34 to the financial statements.

MATERIAL LITIGATION

Material litigation is disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF0206), have expressed their willingness to continue in office.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 10 February 2022.



Dato' Ng Tiong Lip



Sarena Cheah Yean Tih, *S.M.S.*

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 231 to 297 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 31 December 2021 and of their financial performance and cash flows for the financial period from 1 July 2020 to 31 December 2021.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 10 February 2022.



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 231 to 297 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 10 February 2022



Irene Sin May Lin

Before me,



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 period ended 31 December 2021. 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 231 to 297, 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 valuation has been carried out on all the properties of Sunway REIT in accordance with the Deed and any other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial period ended 31 December 2021 are in line with and are reflective of the objective of Sunway REIT.

For and on behalf of the Trustee,
RHB Trustees Berhad



Mohd Sofian Bin Kamaruddin
Vice President



Lai Swee Lan
Assistant Vice President

Kuala Lumpur, Malaysia
10 February 2022

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 31 December 2021 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 period from 1 July 2020 to 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 231 to 297.

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 31 December 2021, and of their financial performance and their cash flows for the financial period from 1 July 2020 to 31 December 2021 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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 period. 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 RM8,701,745,000 as at 31 December 2021.

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) Tested the integrity of the data provided to the independent valuers to underlying lease agreements.
- (d) Benchmarked and assessed the key assumptions in the valuation reports 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

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.

RESPONSIBILITIES 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 that 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.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS
OF SUNWAY REAL ESTATE INVESTMENT TRUST**

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.)

- (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.
- (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, actions taken to eliminate threats or safeguards applied.

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 period 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

BDO PLT
LLP0018825-LCA & AF0206
Chartered Accountants

Kuala Lumpur
10 February 2022



Lum Chiew Mun
03039/04/2023 J
Chartered Accountant

**STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

	Note	Group		Fund	
		1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Gross revenue	6				
- Realised		655,974	539,945	655,974	539,945
- Unrealised (in relation to unbilled lease income receivable)		19,584	16,930	19,584	16,930
		675,558	556,875	675,558	556,875
Property operating expenses	7	(218,482)	(140,066)	(218,482)	(140,066)
Net property income		457,076	416,809	457,076	416,809
Interest income	8	11,307	5,392	11,307	5,392
Other income		180	224	180	224
Changes in fair value of investment properties	14				
- As per valuation reports		(57,343)	(41,283)	(57,343)	(41,283)
- Unbilled lease income receivable		(19,584)	(16,930)	(19,584)	(16,930)
Net investment income		391,636	364,212	391,636	364,212
Manager's fees	9	(53,912)	(36,989)	(53,912)	(36,989)
Trustee's fees		(1,130)	(722)	(1,050)	(672)
Auditors' remuneration:					
- Statutory audits		(128)	(126)	(122)	(122)
- Other services		(26)	(3)	(26)	(3)
Tax agent's fee		(40)	(37)	(34)	(32)
Valuation fees		(652)	(626)	(652)	(626)
Other trust expenses		(4,145)	(2,010)	(4,346)	(2,141)
Finance costs	10	(136,969)	(116,392)	(166,777)	(136,264)
Total expenses		(197,002)	(156,905)	(226,919)	(176,849)
Profit before tax		194,634	207,307	164,717	187,363
Taxation	11	850	900	850	900
Profit for the financial period/year		195,484	208,207	165,567	188,263
Profit for the financial period/year comprises the following:					
Realised					
- Unitholders		221,907	228,449	221,907	228,449
- Perpetual note holders		29,917	19,944	-	-
		251,824	248,393	221,907	228,449
Unrealised		(56,340)	(40,186)	(56,340)	(40,186)
		195,484	208,207	165,567	188,263
Basic earnings per unit attributable to unitholders (sen):	12				
Realised		6.68	7.76	6.68	7.76
Unrealised		(1.70)	(1.36)	(1.70)	(1.36)
		4.98	6.40	4.98	6.40
Distribution per unit (sen)	13	6.10	7.33	6.10	7.33

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

	Group		Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Profit for the financial period/year	195,484	208,207	165,567	188,263
Other comprehensive income to be reclassified to profit or loss in subsequent periods*:				
Cash flow hedge - fair value gain on derivative	35,605	9,184	35,605	9,184
Cash flow hedge reserve recycled to profit or loss	(32,977)	(11,300)	(32,977)	(11,300)
Total comprehensive income for the financial period/year	198,112	206,091	168,195	186,147
Realised profit for the financial period/year is arrived at as follows:				
Profit for the financial period/year	195,484	208,207	165,567	188,263
Add: Changes in fair value of investment properties	76,927	58,213	76,927	58,213
Less: Unbilled lease income receivable	(19,584)	(16,930)	(19,584)	(16,930)
Less: Deferred tax expense on fair value loss of investment properties	(850)	(900)	(850)	(900)
Add: Unrealised foreign exchange loss (hedged item)	32,977	11,300	32,977	11,300
Less: Cash flow hedge reserve recycled to profit or loss	(32,977)	(11,300)	(32,977)	(11,300)
Less: Others	(153)	(197)	(153)	(197)
Realised profit for the financial period/year	251,824	248,393	221,907	228,449
Less: Amount reserved for distribution to perpetual note holders	(29,917)	(19,944)	-	-
Realised profit attributable to unitholders	221,907	228,449	221,907	228,449

* 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**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

INCOME DISTRIBUTION TO UNITHOLDERS

	Group/Fund	
	31.12.2021 RM'000	30.6.2020 RM'000
Realised profit for the financial period/year, representing income available for distribution for the financial period/year	221,907	228,449
Brought forward undistributed income available for distribution	-	453
Total income available for distribution	221,907	228,902
Distribution to unitholders during the period/year:		
Distribution of 2.50 sen per unit for period from 1 July 2019 to 30 September 2019	-	(73,627)
Distribution of 2.45 sen per unit for period from 1 October 2019 to 31 December 2019	-	(72,154)
Final income distribution of 2.38 sen per unit for period from 1 January 2020 to 30 June 2020	-	(70,093)
Distribution of 0.90 sen per unit for period from 1 July 2020 to 30 September 2020	(26,506)	-
Distribution of 0.77 sen per unit for period from 1 October 2020 to 31 December 2020	(26,371)	-
Distribution of 1.63 sen per unit for period from 1 January 2021 to 30 June 2021	(55,824)	-
Proposed final income distribution of 2.80 sen per unit for period from 1 July 2021 to 31 December 2021 ¹	(95,895)	-
Balance undistributed income	17,311	13,028

¹ The proposed final income distribution will be recognised and paid in the financial year ending 31 December 2022.

The accompanying notes form an integral part of the financial statements.

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STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group	
		31.12.2021 RM'000	30.6.2020 Restated RM'000
Assets			
Non-current assets			
Investment properties	14	8,701,745	8,020,233
Investment properties - accrued lease income	18	36,514	16,930
Plant and equipment	15	11,556	12,902
Right-of-use asset		871	-
		8,750,686	8,050,065
Current assets			
Trade receivables	17	39,788	53,266
Other receivables	18	8,277	55,349
Derivatives	21	11,188	20,039
Short term investment	19	49,991	179,710
Cash and bank balances	20	290,543	101,816
		399,787	410,180
Total assets		9,150,473	8,460,245
Equity and liabilities			
Equity			
Unitholders' capital	22	3,433,864	2,727,829
Undistributed income		1,691,629	1,702,228
Total Unitholders' funds		5,125,493	4,430,057
Perpetual note holders' funds	23	339,717	339,717
Total equity		5,465,210	4,769,774
Non-current liabilities			
Borrowings	24	1,810,000	1,800,000
Long term liabilities	26	57,072	78,524
Deferred tax liability	27	13,091	13,941
Lease liability		861	-
		1,881,024	1,892,465
Current liabilities			
Borrowings	24	1,595,366	1,645,418
Trade payables	28	5,150	1,698
Other payables	29	203,693	150,890
Lease liability		30	-
		1,804,239	1,798,006
Total liabilities		3,685,263	3,690,471
Total equity and liabilities		9,150,473	8,460,245

The accompanying notes form an integral part of the financial statements.

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STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group	
		31.12.2021 RM'000	30.6.2020 Restated RM'000
Units in circulation ('000)	22	3,424,808	2,945,078
Net asset value ("NAV") attributable to unitholders:			
Before income distribution		5,125,493	4,430,057
After income distribution		5,029,598	4,359,964
NAV per unit attributable to unitholders (RM):			
Before income distribution ¹		1.4966	1.5042
After income distribution ²		1.4686	1.4804

¹ Before the proposed final income distribution of 2.80 sen per unit (30.6.2020: 2.38 sen per unit)

² After the proposed final income distribution of 2.80 sen per unit (30.6.2020: 2.38 sen per unit)

The accompanying notes form an integral part of the financial statements.

SUNWAY REIT

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**STATEMENTS OF
FINANCIAL POSITION**

AS AT 31 DECEMBER 2021

	Note	Fund	
		31.12.2021 RM'000	30.6.2020 Restated RM'000
Assets			
Non-current assets			
Investment properties	14	8,701,745	8,020,233
Investment properties - accrued lease income	18	36,514	16,930
Plant and equipment	15	11,556	12,902
Right-of-use asset		871	-
Investments in subsidiaries	16	100	- ¹
		8,750,786	8,050,065
Current assets			
Trade receivables	17	39,788	53,266
Other receivables	18	8,277	55,349
Derivatives	21	11,188	20,039
Short term investment	19	49,991	179,710
Cash and bank balances	20	290,383	101,755
		399,627	410,119
Total assets		9,150,413	8,460,184
Equity and liabilities			
Equity			
Unitholders' capital	22	3,433,864	2,727,829
Undistributed income		1,691,632	1,702,231
Total Unitholders' funds		5,125,496	4,430,060
Non-current liabilities			
Borrowings	24	1,600,000	1,600,000
Amounts due to subsidiaries	25	549,690	539,582
Long term liabilities	26	57,072	78,524
Deferred tax liability	27	13,091	13,941
Lease liability		861	-
		2,220,714	2,232,047
Current liabilities			
Borrowings	24	395,675	395,941
Trade payables	28	5,150	1,698
Other payables	29	193,312	138,966
Amounts due to subsidiaries	25	1,210,036	1,261,472
Lease liability		30	-
		1,804,203	1,798,077
Total liabilities		4,024,917	4,030,124
Total equity and liabilities		9,150,413	8,460,184

¹ Value less than RM1,000

The accompanying notes form an integral part of the financial statements.

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**STATEMENTS OF
FINANCIAL POSITION**

AS AT 31 DECEMBER 2021

	Note	Fund	
		31.12.2021 RM'000	30.6.2020 Restated RM'000
Units in circulation ('000)	22	3,424,808	2,945,078
Net asset value ("NAV") attributable to unitholders:			
Before income distribution		5,125,496	4,430,060
After income distribution		5,029,601	4,359,967
NAV per unit attributable to unitholders (RM):			
Before income distribution ¹		1.4966	1.5042
After income distribution ²		1.4686	1.4804

¹ Before the proposed final income distribution of 2.80 sen per unit (30.6.2020: 2.38 sen per unit)

² After the proposed final income distribution of 2.80 sen per unit (30.6.2020: 2.38 sen per unit)

The accompanying notes form an integral part of the financial statements.

SUNWAY REIT

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STATEMENTS OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

GROUP

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000	Perpetual Note Holders' Funds RM'000	Total Equity RM'000
At 1 July 2020	2,727,829	1,702,228	4,430,057	339,717	4,769,774
Total comprehensive income					
Profit for the financial period	-	195,484	195,484	-	195,484
Other comprehensive income:					
- Cash flow hedge - fair value gain on derivative	-	35,605	35,605	-	35,605
- Cash flow hedge reserve recycled to profit or loss	-	(32,977)	(32,977)	-	(32,977)
Total comprehensive income, representing the increase in net assets resulting from operations	-	198,112	198,112	-	198,112
Unitholders' transactions					
Creation of units pursuant to private placement ¹	710,000	-	710,000	-	710,000
Unit issuance expenses	(3,965)	-	(3,965)	-	(3,965)
Distribution to unitholders:					
- Income distribution declared and paid in current period (Note 13)	-	(108,701)	(108,701)	-	(108,701)
- Income distribution proposed in prior year but paid in current period	-	(70,093)	(70,093)	-	(70,093)
Increase in net assets resulting from unitholders' transactions	706,035	(178,794)	527,241	-	527,241
Perpetual Note Holders' transactions					
Amount reserved for distribution to perpetual note holders	-	(29,917)	(29,917)	-	(29,917)
Decrease in net assets resulting from perpetual note holders' transactions	-	(29,917)	(29,917)	-	(29,917)
At 31 December 2021	3,433,864	1,691,629	5,125,493	339,717	5,465,210

¹ Issuance of 479,729,700 new units at the issue price of RM1.48 per unit, pursuant to the private placement exercise completed on 28 October 2020.

The accompanying notes form an integral part of the financial statements.

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STATEMENTS OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

GROUP (CONT'D.)

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000	Perpetual Note Holders' Funds RM'000	Total Equity RM'000
At 1 July 2019	2,727,829	1,729,010	4,456,839	339,717	4,796,556
Total comprehensive income					
Profit for the financial year	-	208,207	208,207	-	208,207
Other comprehensive income:					
- Cash flow hedge - fair value gain on derivative	-	9,184	9,184	-	9,184
- Cash flow hedge reserve recycled to profit or loss	-	(11,300)	(11,300)	-	(11,300)
Total comprehensive income, representing the increase in net assets resulting from operations	-	206,091	206,091	-	206,091
Unitholders' transactions					
Distribution to unitholders:					
- Income distribution declared and paid in current year (Note 13)	-	(145,781)	(145,781)	-	(145,781)
- Income distribution proposed in prior year but paid in current year	-	(67,148)	(67,148)	-	(67,148)
Decrease in net assets resulting from unitholders' transactions	-	(212,929)	(212,929)	-	(212,929)
Perpetual Note Holders' transactions					
Amount reserved for distribution to perpetual note holders	-	(19,944)	(19,944)	-	(19,944)
Decrease in net assets resulting from perpetual note holders' transactions	-	(19,944)	(19,944)	-	(19,944)
At 30 June 2020	2,727,829	1,702,228	4,430,057	339,717	4,769,774

The accompanying notes form an integral part of the financial statements.

SUNWAY REIT

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**STATEMENTS OF CHANGES
IN NET ASSET VALUE**

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

FUND

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000
At 1 July 2020	2,727,829	1,702,231	4,430,060
Total comprehensive income			
Profit for the financial period	-	165,567	165,567
Other comprehensive income:			
- Cash flow hedge - fair value gain on derivative	-	35,605	35,605
- Cash flow hedge reserve recycled to profit or loss	-	(32,977)	(32,977)
Total comprehensive income, representing the increase in net assets resulting from operations	-	168,195	168,195
Unitholders' transactions			
Creation of units pursuant to private placement ¹	710,000	-	710,000
Unit issuance expenses	(3,965)	-	(3,965)
Distribution to unitholders:			
- Income distribution declared and paid in current period (Note 13)	-	(108,701)	(108,701)
- Income distribution proposed in prior year but paid in current period	-	(70,093)	(70,093)
Increase in net assets resulting from unitholders' transactions	706,035	(178,794)	527,241
At 31 December 2021	3,433,864	1,691,632	5,125,496

¹ Issuance of 479,729,700 new units at the issue price of RM1.48 per unit, pursuant to the private placement exercise completed on 28 October 2020.

The accompanying notes form an integral part of the financial statements.

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**STATEMENTS OF CHANGES
IN NET ASSET VALUE**

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

FUND (CONT'D.)

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000
At 1 July 2019	2,727,829	1,729,013	4,456,842
Total comprehensive income			
Profit for the financial year	-	188,263	188,263
Other comprehensive income:			
- Cash flow hedge - fair value gain on derivative	-	9,184	9,184
- Cash flow hedge reserve recycled to profit or loss	-	(11,300)	(11,300)
Total comprehensive income, representing the increase in net assets resulting from operations	-	186,147	186,147
Unitholders' transactions			
Distribution to unitholders:			
- Income distribution declared and paid in current year (Note 13)	-	(145,781)	(145,781)
- Income distribution proposed in prior year but paid in current year	-	(67,148)	(67,148)
Decrease in net assets resulting from unitholders' transactions	-	(212,929)	(212,929)
At 30 June 2020	2,727,829	1,702,231	4,430,060

The accompanying notes form an integral part of the financial statements.

SUNWAY REIT

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STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

	Note	Group		Fund	
		31.12.2021 RM'000	30.6.2020 Restated RM'000	31.12.2021 RM'000	30.6.2020 Restated RM'000
Cash flows from operating activities					
Cash receipts from customers		687,596	562,005	687,596	562,005
Refundable security deposits from customers		5,610	821	5,610	821
Cash paid for operating expenses		(260,686)	(217,919)	(260,686)	(217,919)
Net cash from operating activities		432,520	344,907	432,520	344,907
Cash flows from investing activities					
Acquisition of plant and equipment	Note a	(2,180)	(2,290)	(2,180)	(2,290)
Deposit for acquisition of investment property		(3,410)	(45,000)	(3,410)	(45,000)
Balance payment for acquisition of investment property	14	(405,000)	-	(405,000)	-
Incidental costs on acquisition of investment property	14	(4,717)	-	(4,717)	-
Subsequent expenditure of investment properties	Note b	(300,259)	(72,358)	(300,259)	(72,358)
Investment in short term money market instrument		(850,000)	(1,020,000)	(850,000)	(1,020,000)
Redemption of short term money market instrument		980,000	840,000	980,000	840,000
Investment in a subsidiary		-	-	(100)	-
Net cash flows from licensed financial institutions with maturity of over 3 months		-	20,000	-	20,000
Interest received		10,569	6,041	10,569	6,041
Net cash used in investing activities		(574,997)	(273,607)	(575,097)	(273,607)
Cash flows from financing activities					
Proceeds from issuance of commercial papers		150,000	1,010,000	-	-
Proceeds from issuance of unrated medium term notes		1,210,000	1,400,000	-	-
Drawdown of revolving loan - USD		384,893	373,680	384,893	373,680
Drawdown of revolving loan		-	100,000	-	100,000
Repayment of unrated medium term notes		(1,200,000)	(1,200,000)	-	-
Repayment of commercial papers		(200,000)	(960,000)	-	-
Repayment of revolving loan - USD		(373,680)	(392,310)	(373,680)	(392,310)
Proceeds from issuance of new units		710,000	-	710,000	-
Payment of unit issuance expenses		(3,965)	-	(3,965)	-
Interest paid		(137,388)	(115,239)	(137,388)	(115,239)
Net change in inter-company balances		-	-	(39,999)	250,001
Distribution paid to unitholders		(178,794)	(212,929)	(178,794)	(212,929)
Distribution paid to perpetual note holders		(29,862)	(19,944)	(29,862)	(19,944)
Net cash from/(used in) financing activities		331,204	(16,742)	331,205	(16,741)

The accompanying notes form an integral part of the financial statements.

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STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

	Note	Group		Fund	
		31.12.2021 RM'000	30.6.2020 Restated RM'000	31.12.2021 RM'000	30.6.2020 Restated RM'000
Net increase in cash and cash equivalents					
		188,727	54,558	188,628	54,559
Cash and cash equivalents at beginning of financial period/ year					
		101,816	47,258	101,755	47,196
Cash and cash equivalents at end of financial period/year (Note 20)					
		290,543	101,816	290,383	101,755
Note a:					
Additions of plant and equipment	15	2,332	2,805	2,332	2,805
Additions via deferred payment		(189)	(637)	(189)	(637)
Payment of plant and equipment purchased via deferred payment in prior years		37	122	37	122
Cash outflow for acquisition of plant and equipment		2,180	2,290	2,180	2,290
Note b:					
Subsequent expenditure of investment properties	14	303,722	69,646	303,722	69,646
Interest capitalised		(5,970)	(2,339)	(5,970)	(2,339)
Additions via deferred payment		(2,642)	(4,812)	(2,642)	(4,812)
Payment of subsequent expenditure of investment properties incurred via deferred payment in prior years		5,149	9,863	5,149	9,863
Cash outflow for subsequent expenditure of investment properties		300,259	72,358	300,259	72,358

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF
 CASH FLOWS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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 2020	49,477	-	1,400,000	-	395,941	395,941	1,600,000	1,600,000
Cash flows	(50,000)	-	10,000	-	11,213	11,213	-	-
Non-cash flows:								
- Effect of foreign exchange	-	-	-	-	(11,479)	(11,479)	-	-
- Discount on commercial papers	105	-	-	-	-	-	-	-
- Unamortised transaction costs	109	-	-	-	-	-	-	-
At 31 December 2021	(309)	-	1,410,000	-	395,675	395,675	1,600,000	1,600,000

	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 2019	(491)	-	1,200,000	-	391,284	391,284	1,500,000	1,500,000
Cash flows	50,000	-	200,000	-	(18,630)	(18,630)	100,000	100,000
Non-cash flows:								
- Effect of foreign exchange	-	-	-	-	23,287	23,287	-	-
- Discount on commercial papers	(105)	-	-	-	-	-	-	-
- Unamortised transaction costs	73	-	-	-	-	-	-	-
At 30 June 2020 (Restated)	49,477	-	1,400,000	-	395,941	395,941	1,600,000	1,600,000

The accompanying notes form an integral part of the financial statements.

**NOTES TO THE
 FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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 period.

The consolidated financial statements comprise the Fund and its subsidiaries (the "Group").

The Group and the Fund have changed their financial year end from 30 June to 31 December to synchronise the financial year end of Sunway REIT with its Manager and Sponsor, Sunway Berhad, with the approval granted from Trustee and the consent from the Securities Commission Malaysia. Therefore, the current financial period of Sunway REIT was an 18-month period from 1 July 2020 to 31 December 2021. Thereafter, the financial year of Sunway REIT will be a 12-month period ending on 31 December each year.

The financial statements for the financial period ended 31 December 2021 were authorised for issue in accordance with a resolution by the Board of Directors of the Manager on 10 February 2022.

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;

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

1. FUND INFORMATION (CONT'D.)

1.1 Manager's fees (cont'd.)

Pursuant to the Deed, the Manager of Sunway REIT is entitled to receive the following fees from Sunway REIT: (cont'd.)

- (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.

1.2 Property management fees

The Property Manager, Zerín Properties Urus Harta ("Zerín"), is entitled to receive a fixed fee for managing the retail and office properties owned by Sunway REIT. Zerín 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 Zerín and/or its service providers as provided in the Property Management Agreement dated 1 July 2021. The property management fees and reimbursements are payable monthly in arrears.

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.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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 period. The new MFRSs and Amendments to MFRSs adopted during the financial period are disclosed in Note 36(a) to the financial statements.

3. BASIS OF ACCOUNTING

The Group and the Fund have net current liabilities (excluding derivatives at fair value) of RM1,415,640,000 and RM1,415,764,000 respectively as at 31 December 2021.

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) RM3,404,000 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) RM3,405,366,000 relates to borrowings of the Group, of which RM1,805,366,000 are secured by the investment properties as mentioned in Note 14 to the financial statements and borrowings as at 31 December 2021 (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 RM432,520,000 for the financial period ended 31 December 2021. The Manager projects continued profitability and operating cash inflows for the Group and the Fund in the next twelve months.

**NOTES TO THE
 FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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.)

	31.12.2021						Note
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000	
Assets							
Segment assets	5,106,699	1,702,199	953,023	940,129	100,000	8,802,050	
Unallocated assets						348,423	
Total assets						9,150,473	
Liabilities							
Segment liabilities	201,440	7,657	24,707	-	-	233,804	
Unallocated liabilities						3,451,459	
Total liabilities						3,685,263	
Other segment information							
Capital expenditure	166,801	128,617	4,632	6,004	-	306,054	A
Depreciation	3,496	16	64	-	-	3,576	
Other significant non-cash income/(expenses)	(56,526)	(55,240)	6,983	4,412	4,000	(96,371)	
Unallocated						153	
						(96,218)	B

**NOTES TO THE
 FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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.)

	30.6.2020					
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000
Revenue						
Rental income	333,661	3,888	40,304	-	-	377,853
Master lease income	-	52,274	-	58,925	6,158	117,357
Car park rental income	19,771	3,351	1,373	-	-	24,495
Other operating income	11,221	9,017	2	-	-	20,240
Gross revenue	364,653	68,530	41,679	58,925	6,158	539,945
Unbilled lease income receivable	-	-	-	16,930	-	16,930
	364,653	68,530	41,679	75,855	6,158	556,875
Segment net property income	248,538	62,257	24,001	75,855	6,158	416,809
Interest income						5,392
Other income						224
Changes in fair value of investment properties						
- As per valuation reports	13,066	(69,180)	(169)	14,000	1,000	(41,283)
- Unbilled lease income receivable	-	-	-	(16,930)	-	(16,930)
	13,066	(69,180)	(169)	(2,930)	1,000	(58,213)
Total expenses (excluding finance costs)						(40,513)
Finance costs						(116,392)
Profit before tax						207,307
Taxation						900
Profit for the financial year						208,207

**NOTES TO THE
 FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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.)

	30.6.2020						Note
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000	
Assets							
Segment assets	4,997,765	1,625,718	486,257	910,057	96,000	8,115,797	
Unallocated assets						344,448	
Total assets						8,460,245	
Liabilities							
Segment liabilities	180,036	10,567	11,230	-	-	201,833	
Unallocated liabilities						3,488,638	
Total liabilities						3,690,471	
Other segment information							
Capital expenditure	30,992	(320)*	3,169	-	-	33,841	A
Depreciation	2,331	8	49	-	-	2,388	
Other significant non-cash income/(expenses)	9,709	(68,289)	(173)	(2,930)	1,000	(60,683)	
Unallocated						197	
						(60,486)	B

* Overaccrual in prior years.

**NOTES TO THE
 FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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:

Geographical segments

	31.12.2021				
	Selangor RM'000	Kuala Lumpur RM'000	Penang RM'000	Perak RM'000	Total RM'000
Gross revenue	530,751	91,679	48,624	4,504	675,558
Segment net property income	384,300	43,501	24,837	4,438	457,076
Capital expenditure	151,902	5,616	148,536	-	306,054
Segment assets	6,840,471	1,115,917	792,650	53,012	8,802,050
Unallocated assets					348,423
					9,150,473

	30.6.2020				
	Selangor RM'000	Kuala Lumpur RM'000	Penang RM'000	Perak RM'000	Total RM'000
Gross revenue	439,343	68,690	45,097	3,745	556,875
Segment net property income	351,572	34,548	27,266	3,423	416,809
Capital expenditure	29,865	(35,921)*	39,897	-	33,841
Segment assets	6,270,644	1,145,857	646,168	53,128	8,115,797
Unallocated assets					344,448
					8,460,245

* Overaccrual in prior years.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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	
	31.12.2021 RM'000	30.6.2020 RM'000
Investment properties (Note 14)	155,626	(7,217)
Investment property under construction (Note 14)	148,096	38,253
Plant and equipment (Note 15)	2,332	2,805
	<u>306,054</u>	<u>33,841</u>

B Other significant non-cash income/(expenses) consist of the following items as presented in the respective notes:

	Group/Fund	
	31.12.2021 RM'000	30.6.2020 RM'000
Fair value loss on investment properties (Note 14)	(76,927)	(58,213)
Deferred tax expense on fair value loss on investment properties (Note 27)	850	900
Unrealised foreign exchange gain (hedged item)	(32,977)	(11,300)
Cash flow hedge reserve recycled to profit or loss	32,977	11,300
Allowance of impairment on trade receivables (Note 7)	(20,294)	(3,370)
Other income	153	197
	<u>(96,218)</u>	<u>(60,486)</u>

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 period ended 31 December 2021.

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%.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Capital management (cont'd.)

Sunway REIT's capital is represented by its unitholders' fund in the Statements of Financial Position.

	Group	
	31.12.2021 RM'000	30.6.2020 RM'000
Non-current assets	8,750,686	8,050,065
Current assets	399,787	410,180
<u>Total asset value</u>	<u>9,150,473</u>	<u>8,460,245</u>
Total gross borrowings (Note 24)	3,405,675	3,445,941
<u>Gearing ratio</u>	<u>37.2%</u>	<u>40.7%</u>

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. At the reporting date, the Group's and the Fund's cross currency swap contracts are not affected by any interest rate benchmarks reforms. Approximately 38% (30.6.2020: 43%) of the Group's and 10% (30.6.2020: 20%) 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.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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 USD95.5 million Loan Facility as disclosed in Note 24(c) to the financial statements.

The USD95.5 million Loan Facility drawn in USD is hedged with cross currency swap contract. As such, fluctuation in USD 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, RM1,595,675,000 (30.6.2020: RM1,645,941,000) 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 RM1.5 billion in nominal value of the unrated medium term notes for 5 years with maturity date of any subscription no later than April 2026.

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.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

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 Notes 17 and 18 to the financial statements.

6. REVENUE

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Realised		
Rental income	474,126	377,853
Master lease income	127,958	117,357
Car park rental income	26,945	24,495
Other operating income	26,945	20,240
	655,974	539,945
Unrealised		
Unbilled lease income receivable	19,584	16,930
	675,558	556,875

(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 for Sunway Clio Hotel and Sunway Hotel Georgetown are derived based on the following rent formula:

Total rent = The higher of variable rent or guaranteed rent

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

6. REVENUE (CONT'D.)

(b) Hotel master lease income (cont'd.)

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.

The hotel master lease agreement for Sunway Resort Hotel, Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya has been renewed on 7 July 2020 for another term of 10 years, commencing from 8 July 2020, with the rent formula of 90% of hotel's gross operating profit. Similarly, Sunway Putra Hotel has renewed its hotel master lease agreement on 30 August 2021 for another term of 10 years, commencing from 28 September 2021, with the rent formula of 90% of hotel's gross operating profit.

(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.

(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.

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FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

6. REVENUE (CONT'D.)

(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.

(h) Unbilled lease income receivable

Unbilled lease income receivable is recognised on a straight-line basis over the lease term pursuant to the requirements of MFRS 16 *Leases*.

7. PROPERTY OPERATING EXPENSES

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Quit rent, assessment and insurance	23,202	14,703
Property management fees and reimbursements	59,583	41,560
Utilities	33,065	24,517
Service contracts and maintenance	41,326	27,825
Advertising and promotion	25,469	16,645
Allowance of impairment on trade receivables (Note 17)	20,294	3,370
Depreciation of plant and equipment (Note 15)	3,576	2,388
Administrative and other operating expenses	11,967	9,058
	218,482	140,066

8. INTEREST INCOME

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Interest income from deposits with licensed financial institutions	9,283	2,836
Interest income from short term investment	2,024	2,556
	11,307	5,392

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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FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

9. MANAGER'S FEES

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Base fee	40,781	24,989
Performance fee	13,131	12,000
	53,912	36,989
Acquisition fee	4,500	-

The acquisition fee was capitalised as part of the acquisition cost of investment properties.

10. FINANCE COSTS

	Group		Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Interest paid/payable:				
- subsidiaries	-	-	93,626	69,041
- revolving loans and interest rate swap	74,395	66,404	74,395	66,404
- commercial papers	404	2,642	-	-
- unrated medium term notes	63,305	46,455	-	-
Amortisation of transaction costs	4,834	3,222	4,725	3,150
Others	1	8	1	8
	142,939	118,731	172,747	138,603
Less: Interest expense capitalised in investment properties (Note 14)	(5,970)	(2,339)	(5,970)	(2,339)
	136,969	116,392	166,777	136,264

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FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

11. TAXATION

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Deferred tax (Note 27):		
Relating to origination or reversal of temporary differences	(850)	(900)

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 period as it will distribute at least 90% of its total taxable income for the financial period ended 31 December 2021.

Reconciliation of the tax expense is as follows:

	Group		Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Profit before tax	194,634	207,307	164,717	187,363
Income tax at Malaysian statutory tax rate of 24% (30.6.2020: 24%)	46,712	49,754	39,532	44,967
Fair value loss on investment properties not subject to tax	13,762	9,908	13,762	9,908
Income not subject to tax	(66,957)	(63,507)	(59,777)	(58,720)
Expenses not deductible for tax purposes	5,633	2,945	5,633	2,945
Taxation	(850)	(900)	(850)	(900)

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%.

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12. BASIC EARNINGS PER UNIT ATTRIBUTABLE TO UNITHOLDERS

Basic earnings per unit amounts are calculated by dividing realised/unrealised total profit for the period/year attributable to unitholders of the Fund by the weighted average number of units in issue during the financial period/year.

	Fund	
	1.7.2020 to 31.12.2021 Unit '000	1.7.2019 to 30.6.2020 Unit '000
Weighted average number of units in issue	3,320,823	2,945,078

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Realised		
Total realised profit for the period/year attributable to unitholders of the Fund	221,907	228,449
Realised basic earnings per unit (sen)	6.68	7.76
Unrealised		
Total unrealised loss for the period/year attributable to unitholders of the Fund	(56,340)	(40,186)
Unrealised basic loss per unit (sen)	(1.70)	(1.36)

Diluted earnings per unit equals basic earnings per unit as there were no potential dilutive unit in issue as at 31 December 2021 and 30 June 2020.

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13. DISTRIBUTION PER UNIT

Distribution to unitholders is from the following sources:

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Net property income	457,076	416,809
Interest income	11,307	5,392
Other income	180	224
Changes in fair value of investment properties (Note 14)	(76,927)	(58,213)
Net investment income	391,636	364,212
Less: Expenses	(197,002)	(156,905)
Less: Taxation	850	900
Profit for the financial period/year	195,484	208,207
Less: Unrealised loss	56,340	40,186
Less: Amount reserved for distribution to perpetual note holders	(29,917)	(19,944)
Add: Brought forward undistributed income available for distribution	-	453
Total income available for distribution	221,907	228,902
Less: Income distributed	(108,701)	(145,781)
Less: Proposed final income distribution (Note 30)	(95,895)	(70,093)
Balance undistributed income	17,311	13,028
Distribution per unit (sen)	6.10	7.33

14. INVESTMENT PROPERTIES

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Investment properties		
- As per valuation reports	8,486,000	7,933,000
- Accrued lease income (Note 18)	(36,514)	(16,930)
	8,449,486	7,916,070
Investment property under construction	252,259	104,163
	8,701,745	8,020,233

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14. INVESTMENT PROPERTIES (CONT'D.)

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
At valuation		
At beginning of financial period/year	7,916,070	7,981,500
Additions from acquisition	450,000	-
Incidental costs on acquisition	4,717	-
Additions from subsequent expenditure (Note 4)	155,626	31,393
Reversal of subsequent expenditure (Note 4)	-	(38,610)
Changes in fair value (Note 4)		
- As per valuation reports, net of subsequent expenditure	(57,343)	(41,283)
- Unbilled lease income receivable	(19,584)	(16,930)
At end of financial period/year	8,449,486	7,916,070

During the financial period, Sunway REIT acquired an investment property namely The Pinnacle Sunway for a purchase consideration of RM450,000,000, which was financed through proceeds from drawdown of borrowings and private placement exercise.

Investment properties of the Group and of the Fund amounting to RM8,486,000,000 (30.6.2020: RM7,853,000,000) are pledged as securities for borrowings as disclosed in Note 24 to the financial statements.

Investment property under construction

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
At cost		
At beginning of financial period/year	104,163	65,910
Additions from subsequent expenditure (Note 4)	148,096	38,253
At end of financial period/year	252,259	104,163

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14. INVESTMENT PROPERTIES (CONT'D.)
Investment property under construction (cont'd.)

The investment property under construction consists of the following:

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Long term leasehold land	17,200	17,200
Building	235,059	86,963
	252,259	104,163

Long term leasehold land represent right-of-use assets arising from lease arrangements that meet the definition of investment property.

Included in the subsequent expenditure of investment properties are the borrowing costs capitalised for certain capital work-in-progress which satisfied the recognition criteria of MFRS 123 *Borrowing Costs* as disclosed in Note 10 to the financial statements:

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Investment properties	2,220	-
Investment property under construction	3,750	2,339
	5,970	2,339

The following are recognised in profit or loss in respect of investment properties:

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Revenue (Note 6)	675,558	556,875
Property operating expenses (Note 7)	(218,482)	(140,066)
Net property income	457,076	416,809

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FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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	Cost of investment ¹ as at 31.12.2021 RM'000	Carrying value as at 31.12.2021 RM'000	Fair value as at 31.12.2021 RM'000	Percentage of net asset value attributable to unitholders as at 31.12.2021 %
Sunway Pyramid Shopping Mall	Selangor	8 July 2010	Leasehold	99 years	76/81/84 years	2,257,469	3,830,000	3,830,000 *	74.7
Sunway Carnival Shopping Mall	Penang	8 July 2010	Leasehold	99 years	71 years	235,236	393,000	393,000 **	7.7
SunCity Ipoh Hypermarket	Perak	8 July 2010	Leasehold	99 years	79 years	46,348	53,000	53,000 **	1.0
Sunway Putra Mall	Kuala Lumpur	19 April 2011	Freehold	-	-	477,670	525,000	525,000 **	10.2
Total Retail						3,016,723	4,801,000	4,801,000	93.6
Sunway Resort Hotel	Selangor	8 July 2010	Leasehold	99 years	76 years	703,527	575,000	575,000 *	11.2
Sunway Pyramid Hotel	Selangor	8 July 2010	Leasehold	99 years	81 years	334,284	344,000	344,000 *	6.7
Sunway Hotel Seberang Jaya	Penang	8 July 2010	Leasehold	99 years	71 years	65,653	60,000	60,000 **	1.2
Sunway Putra Hotel	Kuala Lumpur	19 April 2011	Freehold	-	-	338,289	330,000	330,000 **	6.4
Sunway Hotel Georgetown	Penang	28 January 2015	Freehold	-	-	76,993	80,000	80,000 **	1.6
Sunway Clio Property	Selangor	9 February 2018	Leasehold	99 years	87 years	345,576	307,000	307,000 **	6.0
Total Hotel						1,864,322	1,696,000	1,696,000	33.1
Menara Sunway	Selangor	8 July 2010	Leasehold	99 years	76 years	151,406	172,000	172,000 *	3.4
Sunway Tower	Kuala Lumpur	8 July 2010	Freehold	-	-	176,715	120,000	120,000 *	2.3
Sunway Putra Tower	Kuala Lumpur	19 April 2011	Freehold	-	-	103,158	133,000	133,000 **	2.6
Wisma Sunway	Selangor	23 March 2015	Leasehold	99 years	73 years	63,045	60,000	60,000 *	1.2
The Pinnacle Sunway	Selangor	20 November 2020	Leasehold	99 years	76 years	456,077	466,000	466,000 *	9.1
Total Office						950,401	951,000	951,000	18.6
Sunway Medical Centre (Tower A & B)	Selangor	31 December 2012	Leasehold	99 years	76 years	319,887	370,000	370,000 **	7.2
Sunway university & college campus	Selangor	15 April 2019	Leasehold	99 years	76 years	561,889	531,486 ²	568,000 *	11.1
Total Services						881,776	901,486	938,000	18.3
Sunway REIT Industrial - Shah Alam 1	Selangor	1 August 2017	Leasehold	99 years	77 years	92,499	100,000	100,000 ***	2.0
Total Industrial & Others						92,499	100,000	100,000	2.0
Total Investment Properties						6,805,721	8,449,486	8,486,000	165.6

¹ Cost of investment comprises purchase consideration and capital expenditure incurred and accrued from inception date up to the end of the reporting date.

² After accounting for cumulative unbilled lease income receivable of RM36,514,000.

* Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd. on 31 December 2021.

** Based on valuation carried out by an independent professional valuer, Savills (Malaysia) Sdn. Bhd. on 31 December 2021.

*** Based on valuation carried out by an independent professional valuer, First Pacific Valuers Property Consultants Sdn. Bhd. on 31 December 2021.

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14. INVESTMENT PROPERTIES (CONT'D.)

Details of the investment properties are as follows: (cont'd.)

Description of property	Location	Date of acquisition	Tenure of land	Term of lease	Remaining term of lease	Cost of investment ¹ as at 30.6.2020 RM'000	Carrying value as at 30.6.2020 RM'000	Fair value as at 30.6.2020 RM'000	Percentage of net asset value attributable to unitholders as at 30.6.2020 %
Sunway Pyramid Shopping Mall	Selangor	8 July 2010	Leasehold	99 years	77/82/85 years	2,242,386	3,830,000	3,830,000 *	86.5
Sunway Carnival Shopping Mall	Penang	8 July 2010	Leasehold	99 years	72 years	235,411	393,000	393,000 **	8.9
SunCity Ipoh Hypermarket	Perak	8 July 2010	Leasehold	99 years	80 years	46,348	53,000	53,000 **	1.2
Sunway Putra Mall	Kuala Lumpur	19 April 2011	Freehold	-	-	476,445	545,000	545,000 *	12.3
Total Retail						3,000,590	4,821,000	4,821,000	108.9
Sunway Resort Hotel	Selangor	8 July 2010	Leasehold	99 years	77 years	580,109	500,000	500,000 *	11.3
Sunway Pyramid Hotel	Selangor	8 July 2010	Leasehold	99 years	82 years	334,130	342,000	342,000 *	7.7
Sunway Hotel Seberang Jaya	Penang	8 July 2010	Leasehold	99 years	72 years	65,653	60,000	60,000 **	1.4
Sunway Putra Hotel	Kuala Lumpur	19 April 2011	Freehold	-	-	336,463	334,000	334,000 *	7.5
Sunway Hotel Georgetown	Penang	28 January 2015	Freehold	-	-	76,870	80,000	80,000 **	1.8
Sunway Clio Property	Selangor	9 February 2018	Leasehold	99 years	88 years	343,966	307,000	307,000 **	6.9
Total Hotel						1,737,181	1,623,000	1,623,000	36.6
Menara Sunway	Selangor	8 July 2010	Leasehold	99 years	77 years	150,427	172,000	172,000 *	3.9
Sunway Tower	Kuala Lumpur	8 July 2010	Freehold	-	-	175,396	120,000	120,000 *	2.7
Sunway Putra Tower	Kuala Lumpur	19 April 2011	Freehold	-	-	102,627	133,000	133,000 *	3.0
Wisma Sunway	Selangor	23 March 2015	Leasehold	99 years	74 years	62,934	60,000	60,000 *	1.4
Total Office						491,384	485,000	485,000	11.0
Sunway Medical Centre (Tower A & B)	Selangor	31 December 2012	Leasehold	99 years	77 years	319,887	348,000	348,000 *	7.9
Sunway university & college campus	Selangor	15 April 2019	Leasehold	99 years	77 years	555,885	543,070 ²	560,000 *	12.6
Total Services						875,772	891,070	908,000	20.5
Sunway REIT Industrial - Shah Alam 1	Selangor	1 August 2017	Leasehold	99 years	78 years	92,499	96,000	96,000 ***	2.2
Total Industrial & Others						92,499	96,000	96,000	2.2
Total Investment Properties						6,197,426	7,916,070	7,933,000	179.2

¹ Cost of investment comprises purchase consideration and capital expenditure incurred and accrued from inception date up to the end of the reporting date.

² After accounting for unbilled lease income receivable of RM16,930,000.

* Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd. on 30 June 2020.

** Based on valuation carried out by an independent professional valuer, Savills (Malaysia) Sdn. Bhd. on 30 June 2020.

*** Based on valuation carried out by an independent professional valuer, First Pacific Valuers Property Consultants Sdn. Bhd. on 30 June 2020.

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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 period.

The following table shows a reconciliation of Level 3 fair value:

	Group/Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
At beginning of financial period/year	7,916,070	7,981,500
Additions	610,343	31,393
Reversal	-	(38,610)
Changes in fair value		
- As per valuation reports, net of subsequent expenditure	(57,343)	(41,283)
- Unbilled lease income receivable	(19,584)	(16,930)
At end of financial period/year	8,449,486	7,916,070

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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 2.50% to 10.00% (30.6.2020: 2.50% to 10.00%)	Higher allowance for void, lower fair value
	- Term yield rates ranging from 5.75% to 9.25% (30.6.2020: 5.75% to 9.25%)	Higher term yield rates, lower fair value
	- Reversionary yield rates ranging from 6.25% to 7.25% (30.6.2020: 6.25% to 7.25%)	Higher reversionary yield rates, lower fair value
Income approach by Discounted Cash Flow (DCF) (refer below)	- Average room rates during holding period ranging from RM160 per room to RM535 per room (30.6.2020: RM165 per room to RM405 per room)	Higher average room rates, higher fair value
	- Average occupancy rates during holding period ranging from 45.00% to 92.50% (30.6.2020: 8.40% to 100.00%)	Higher average occupancy rates, higher fair value
	- Capitalisation rate ranging from 6.00% to 7.50% (30.6.2020: 6.25% to 7.50%)	Higher capitalisation rate, lower fair value
	- Discount rate of 8.00% to 8.50% over 10 years holding period (30.6.2020: 8.00% to 8.50%)	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 (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 malls and offices) 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 and/or Cost Approach.

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15. PLANT AND EQUIPMENT
At 31 December 2021

Group/Fund	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Cost			
At beginning of financial period	13,096	8,985	22,081
Additions (Note 4)	1,551	781	2,332
Disposal	(249)	(29)	(278)
At end of financial period	14,398	9,737	24,135
Accumulated depreciation			
At beginning of financial period	6,341	2,838	9,179
Depreciation charge for the period (Note 7)	2,121	1,455	3,576
Disposal	(166)	(10)	(176)
At end of financial period	8,296	4,283	12,579
Net carrying amount	6,102	5,454	11,556

At 30 June 2020

Group/Fund	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Cost			
At beginning of financial year	13,190	7,750	20,940
Additions (Note 4)	1,570	1,235	2,805
Disposal	(1,664)	-	(1,664)
At end of financial year	13,096	8,985	22,081
Accumulated depreciation			
At beginning of financial year	6,451	1,972	8,423
Depreciation charge for the year (Note 7)	1,522	866	2,388
Disposal	(1,632)	-	(1,632)
At end of financial year	6,341	2,838	9,179
Net carrying amount	6,755	6,147	12,902

**NOTES TO THE
 FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

15. PLANT AND EQUIPMENT (CONT'D.)

- (a) All items of plant and equipment are initially recorded at cost.

Subsequent to initial 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	
	31.12.2021 RM'000	30.6.2020 RM'000
At cost		
Unquoted ordinary shares	100	- ¹

¹ Value less than RM1,000

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FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activity	31.12.2021 %	30.6.2020 %
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	100
SUNREIT Hartanah Sdn. Bhd.	Malaysia	Property investment	100	-

SUNREIT Capital Berhad, SUNREIT Unrated Bond Berhad and SUNREIT Perpetual Bond Berhad 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.

SUNREIT Hartanah Sdn. Bhd. is intended as a property investment company for Sunway REIT.

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17. TRADE RECEIVABLES

	Group/Fund	
	31.12.2021 RM'000	30.6.2020 RM'000
Third parties	58,738	55,505
Amounts due from parties related to the Manager	6,769	3,808
	65,507	59,313
Less: Allowance for impairment	(25,719)	(6,047)
Total trade receivables	39,788	53,266

(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	
	31.12.2021 RM'000	30.6.2020 RM'000
Sunway Berhad Group	6,769	3,808

The amounts due from parties related to the Manager are unsecured and bear fixed interest rates ranging from 8% to 18% per annum (30.6.2020: 8% to 18% per annum) and the credit period is generally for a period of 7 days to 30 days (30.6.2020: 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 (30.6.2020: 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 (30.6.2020: 8% to 18% per annum).

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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. The Group and the Fund have identified the Gross Domestic Product, unemployment rate, inflation rate, labour force participation rate and consumer price index as the key macroeconomic factors of the forward looking information. 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, including the effects of COVID-19 pandemic.

The reconciliation of movements in allowance for impairment accounts in trade receivables is as follows:

	Group/Fund Credit impaired RM'000
At 1 July 2020	6,047
Charge for the period (Note 7)	20,294
Written off	(622)
At 31 December 2021	25,719

	Group/Fund Credit impaired RM'000
At 1 July 2019	2,692
Charge for the year (Note 7)	3,370
Written off	(15)
At 30 June 2020	6,047

Trade receivables that are individually determined to be credit impaired at the financial period/year end relate to trade receivables who are in significant financial difficulties and have defaulted on payments.

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FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

17. TRADE RECEIVABLES (CONT'D.)

- (d) (cont'd.)

As at the end of each reporting period, the credit risks exposures relating to trade receivables of the Group and of the Fund are RM39,788,000 (30.6.2020: RM53,266,000) and they are collateralised with cash deposits received from tenants amounting to RM86,279,000 (30.6.2020: RM103,288,000). Hence, there is no exposure to credit risk.

- (e) Ageing analysis of the trade receivables is as follows:

	Group/Fund 31.12.2021		
	Gross RM'000	Impaired RM'000	Total RM'000
Current	11,064	1	11,063
1 to 30 days	6,641	4,256	2,385
31 to 60 days	7,632	269	7,363
61 to 90 days	922	92	830
91 to 120 days	6,023	465	5,558
More than 120 days	33,225	20,636	12,589
	54,443	25,718	28,725
	65,507	25,719	39,788

	Group/Fund 30.6.2020		
	Gross RM'000	Impaired RM'000	Total RM'000
Current	9,730	34	9,696
1 to 30 days	15,642	160	15,482
31 to 60 days	15,706	378	15,328
61 to 90 days	6,523	346	6,177
91 to 120 days	591	78	513
More than 120 days	11,121	5,051	6,070
	49,583	6,013	43,570
	59,313	6,047	53,266

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FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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			
	31.12.2021		30.6.2020	
	RM'000	%	RM'000	%
Retail	33,561	84.3	49,092	92.2
Hotel	3,452	8.7	1,406	2.6
Office	646	1.6	712	1.3
Services	2,129	5.4	2,056	3.9
Industrial & Others	-	0.0	-	0.0
	39,788	100.0	53,266	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	
	31.12.2021	30.6.2020
	RM'000	RM'000
Fixed rate	54,443	49,583

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.

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FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

18. OTHER RECEIVABLES

	Group/Fund	
	31.12.2021	30.6.2020
	RM'000	RM'000
Non-current		
Investment properties - accrued lease income (Note 14)	36,514	16,930
Current		
Deposits	4,238	45,778
Prepayments	1,462	5,009
Sundry receivables	2,577	4,562
Total other receivables	8,277	55,349

- (a) Included in other receivables is the following amounts due from parties related to the Manager:

	Group/Fund	
	31.12.2021	30.6.2020
	RM'000	RM'000
Sunway Berhad Group	2,169	2,238

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 Group and the Fund defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

**NOTES TO THE
 FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

18. OTHER RECEIVABLES (CONT'D.)

(d) (cont'd.)

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. The Group and the Fund have identified the Gross Domestic Product, unemployment rate, inflation rate, labour force participation rate and consumer price index as the key macroeconomic factors of the forward looking information.

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, including the effects of COVID-19 pandemic.

Upon assessment on the estimated impact, no expected credit loss from other receivables is recognised during the period as it is not material.

- (e) In the previous financial year, included in deposits was 10% earnest deposit paid for the acquisition of The Pinnacle Sunway which was completed on 20 November 2020.
- (f) Accrued lease income is recognised on a straight-line basis over the lease term pursuant to the requirements of MFRS 16 *Leases*.

19. SHORT TERM INVESTMENT

	Group/Fund	
	31.12.2021 RM'000	30.6.2020 RM'000
Commercial paper	50,000	180,000
Less: Discount on commercial paper	(9)	(290)
	49,991	179,710

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 2.20% to 2.90% per annum (30.6.2020: 2.90% to 3.55% 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.

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 FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

20. CASH AND BANK BALANCES

	Group		Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Cash on hand and at banks	19,543	31,816	19,383	31,755
Deposits with licensed financial institutions	271,000	70,000	271,000	70,000
	290,543	101,816	290,383	101,755

- (a) Cash at banks earn interest rates ranging from 1.45% to 1.89% per annum (30.6.2020: 1.80% to 2.98% 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 period are 2.02% per annum (30.6.2020: 3.23% per annum) and between 16 to 93 days (30.6.2020: 21 to 123 days) respectively.

- (b) At the reporting date, the interest rate profile of the cash and bank balances was:

	Group		Fund	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Fixed rate	271,000	70,000	271,000	70,000
Variable rate	19,481	31,748	19,321	31,687

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.

- (c) Cash and bank balances are classified as financial assets measured at amortised cost.
- (d) 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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FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

21. DERIVATIVES

	Note	Group/Fund		
		Contract/ Notional amount RM'000	Asset RM'000	Liability RM'000
At 31 December 2021				
Current				
Cross currency swap	(b)(i)	384,893	11,188	-
		384,893	11,188	-
At 30 June 2020				
Current				
Cross currency swap	(b)(i)	373,680	20,039	-
		373,680	20,039	-

(a) Derivatives are classified 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) Cross currency swap

During the financial period, 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.

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.

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21. DERIVATIVES (CONT'D.)

(c) 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 period.

22. UNITHOLDERS' CAPITAL

	Group/Fund			
	31.12.2021 Unit '000	30.6.2020 Unit '000	31.12.2021 RM'000	30.6.2020 RM'000
Issued and fully paid				
At beginning of financial period/year	2,945,078	2,945,078	2,795,372	2,795,372
New units issued via private placement: 479,729,700 units at RM1.48/unit (30.6.2020: nil)	479,730	-	710,000	-
Manager's fees paid in units	-	-	-	-
Total issued and fully paid	3,424,808	2,945,078	3,505,372	2,795,372
Less: Unit issuance expenses	-	-	(71,508)	(67,543)
At end of financial period/year	3,424,808	2,945,078	3,433,864	2,727,829

As at 31 December 2021, 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	
	31.12.2021 Unit '000	30.6.2020 Unit '000	31.12.2021 RM'000	30.6.2020 RM'000
Direct unitholdings of parties related to the Manager:				
Sunway REIT Holdings Sdn. Bhd.	1,400,294	1,204,078	1,974,415	1,950,606
Indirect unitholdings of parties related to the Manager:				
Sunway Berhad [^]	1,400,294	1,204,078	1,974,415	1,950,606

[^] Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway REIT Holdings Sdn. Bhd. and Sunway City Sdn. Bhd..

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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.

In April 2019, 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 Perpetual Note was subscribed by wholesale funds, which are regarded as structured entities controlled by Sunway Berhad. The distribution to the perpetual note holders is a related party transaction as disclosed in Note 33 to the financial statements.

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.

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24. BORROWINGS

	Note	Group		Fund	
		31.12.2021 RM'000	30.6.2020 Restated RM'000	31.12.2021 RM'000	30.6.2020 Restated RM'000
Short term borrowings					
Secured:					
Commercial papers	(a)	-	50,000	-	-
Revolving loan - USD	(c)	395,675	395,941	395,675	395,941
Unrated medium term notes	(d)	1,200,000	1,200,000	-	-
		1,595,675	1,645,941	395,675	395,941
Less: Unamortised transaction costs					
Discount on commercial papers	(a)	(309)	(418)	-	-
		-	(105)	-	-
		1,595,366	1,645,418	395,675	395,941
Long term borrowings					
Secured:					
Unrated medium term notes	(d)	210,000	200,000	-	-
Unsecured:					
Revolving loan	(b)	1,600,000	1,600,000	1,600,000	1,600,000
		1,810,000	1,800,000	1,600,000	1,600,000
Total borrowings		3,405,366	3,445,418	1,995,675	1,995,941

(a) Commercial papers

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.

The unamortised transaction costs in relation to the establishment of the CP Programme of RM309,000 (30.6.2020: RM418,000) will be amortised throughout the duration of the CP Programme.

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24. BORROWINGS (CONT'D.)

(a) Commercial papers (cont'd.)

(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.

During the previous financial years, Sunway REIT had obtained an additional revolving loan facility of RM0.25 billion ("Additional RL Facility") from the same institution in view of the full utilisation of the limit under RL Facility. With the Additional RL Facility, the total limit shall be RM1.75 billion. This facility is not underwritten and its aggregate limit shall be the same as per above, which is limited to the CP Programme up to the nominal value of RM3.0 billion.

The revolving loan is classified as non-current based on the tenor/repayment terms of 7 years due in March 2026.

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24. BORROWINGS (CONT'D.)

(c) Revolving loan - USD

Sunway REIT had, in February 2018, obtained a revolving financing-i facility of USD100 million ("USD RL Facility") from a financial institution. The USD RL Facility was subsequently supplemented with the option for drawdown in multicurrency and the limit was revised to USD95.5 million.

In the previous financial year, the USD RL Facility has been drawn in AUD135 million and was hedged with a cross currency swap ("CCS") contract for a period of 9 months at the rate equivalent to RM373.68 million until February 2021 to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the loan tenure. Upon maturity of the loan and CCS contract during the financial period, the USD RL Facility was drawn in USD95 million and hedged with CCS contracts which equates to RM384.9 million for a period of 12 months until February 2022.

The USD RL Facility is available for utilisation up to a period of 12 months and can be renewed for up to another 12 months, subject to annual review of the financial institution and is to be repaid by way of bullet repayment at maturity.

(d) Unrated medium term notes

SUNREIT Unrated Bond Berhad ("SUNREIT Unrated Bond"), a wholly-owned subsidiary of Sunway REIT had, on 9 October 2012, issued its first unrated medium term notes under a 15-year medium term note programme of up to RM1.0 billion in nominal value. On 30 June 2017, SUNREIT Unrated Bond 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 ("MTN Programme").

During the financial period, SUNREIT Unrated Bond had issued its first Sustainability-Linked Bond ("SLB") under the MTN Programme and the SLB framework was assigned a Silver Impact by Malaysian Rating Corporation Berhad.

(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 RM8,486,000,000 (30.6.2020: RM7,853,000,000) 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	
	31.12.2021	30.6.2020	31.12.2021	30.6.2020
	%	%	%	%
Commercial papers	-	2.86	-	-
Revolving loans	2.41	2.93	2.41	2.93
Unrated medium term notes	2.80	3.45	-	-

**NOTES TO THE
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FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

24. BORROWINGS (CONT'D.)

(g) At the reporting date, the interest rate profile of the gross borrowings was:

	Group		Fund	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Fixed rate	1,307,838	1,495,941	197,838	395,941
Variable rate	2,097,837	1,950,000	1,797,837	1,600,000

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 period, if 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 period of the Group and of the Fund to be higher/(lower) by RM5,245,000 and RM4,495,000 respectively.

In the previous financial year, if 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 RM4,875,000 and RM4,000,000 respectively.

(h) Maturity of the gross borrowings is as follows:

	Group		Fund	
	31.12.2021 RM'000	30.6.2020 Restated RM'000	31.12.2021 RM'000	30.6.2020 Restated RM'000
Not later than 1 year	1,595,675	1,645,941	395,675	395,941
Later than 1 year and not later than 2 years	200,000	200,000	-	-
Later than 2 years and not later than 3 years	10,000	-	-	-
Later than 3 years and not later than 4 years	-	-	-	-
Later than 4 years and not later than 5 years	1,600,000	-	1,600,000	-
Later than 5 years	-	1,600,000	-	1,600,000
	3,405,675	3,445,941	1,995,675	1,995,941

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24. BORROWINGS (CONT'D.)

(i) 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 31 December 2021	1,612,759	1,977,969	-	3,590,728
As at 30 June 2020 (Restated)	1,677,664	212,945	1,862,701	3,753,310
Fund				
As at 31 December 2021	396,959	1,760,777	-	2,157,736
As at 30 June 2020 (Restated)	403,471	-	1,862,701	2,266,172

(j) 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				
As at 31 December 2021	3,405,675	3,401,605	1,995,675	1,995,580
As at 30 June 2020	3,445,941	3,447,879	1,995,941	1,993,992

(k) There is no transfer between levels in the hierarchy during the financial period.

25. AMOUNTS DUE TO SUBSIDIARIES

(a) The amounts due to subsidiaries (non-current) are as per below:

- (i) Unsecured, bears interest rate of 5.85% (30.6.2020: 5.85%) per annum and has no fixed term of repayment.
- (ii) Unsecured, bears an average interest rate of 2.68% (30.6.2020: 3.37%) and is repayable within 3 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 (30.6.2020: RM1,200,000,000) which is unsecured, bears an average interest rate of 2.82% (30.6.2020: 3.46%) per annum and is repayable within 1 year.

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FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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 thirty 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 31 December 2021	57,072	39,253
At 30 June 2020	78,524	68,599

There is no transfer between levels in the hierarchy during the financial period.

- (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 summarised in the table below:

Group/Fund	One to five years	Over five years	Total
	RM'000	RM'000	RM'000
As at 31 December 2021	50,176	6,896	57,072
As at 30 June 2020	71,553	6,971	78,524

27. DEFERRED TAX LIABILITY

	Group/Fund	
	31.12.2021 RM'000	30.6.2020 RM'000
At beginning of financial period/year	13,941	14,841
Recognised in profit or loss (Note 11)	(850)	(900)
At end of financial period/year	13,091	13,941

The deferred tax liability relates to fair value changes of freehold land component within the investment properties which is expected to be recovered through sale.

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FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

27. DEFERRED TAX LIABILITY (CONT'D.)

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	
	31.12.2021 RM'000	30.6.2020 RM'000
Total trade payables	5,150	1,698

- (a) Included in trade payables is the following amounts due to parties related to the Manager:

	Group/Fund	
	31.12.2021 RM'000	30.6.2020 RM'000
Sunway Berhad Group	142	688

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 (30.6.2020: 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.

29. OTHER PAYABLES

	Group		Fund	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Sundry payables	8,715	9,405	8,715	9,405
Accruals	113,471	87,213	103,090	75,289
Deferred income	253	739	253	739
Refundable deposits	81,254	53,533	81,254	53,533
	203,693	150,890	193,312	138,966

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FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

29. OTHER PAYABLES (CONT'D.)

(a) Included in other payables is the following amounts due to parties related to the Manager:

	Group/Fund	
	31.12.2021 RM'000	30.6.2020 RM'000
Sunway Berhad Group	15,096	6,112

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	
	31.12.2021 RM'000	30.6.2020 RM'000
Total trust expenses	60,033	40,513
Net asset value at end of financial period/year	5,465,210	4,769,774
Less: Proposed final income distribution (Note 13)	(95,895)	(70,093)
Net asset value at end of financial period/year, after proposed final income distribution	5,369,315	4,699,681
Annualised Management Expense Ratio ("MER")	0.74%	0.86%

The calculation of MER is based on the total fees and expenses incurred by the Group in the financial period/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 period/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.

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

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	
	31.12.2021 RM'000	30.6.2020 RM'000
Not later than 1 year	308,740	368,463
Later than 1 year and not later than 5 years	410,453	564,865
Later than 5 years	1,215,307	1,289,114
	1,934,500	2,222,442

32. CAPITAL COMMITMENTS

	Group/Fund	
	31.12.2021 RM'000	30.6.2020 RM'000
Capital expenditure		
Subsequent expenditure of investment properties:		
Approved and contracted for	310,074	329,682
Approved but not contracted for	202,107	304,114
	512,181	633,796

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33. SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER

During the financial period/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	
		1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
(a) Sunway Berhad Group *	Rental income and utilities charges	133,050	141,657
	Interest income from investment in money market instrument	2,024	2,556
	Property management and related services	(58,412)	(36,989)
	Construction and related services	(251,598)	(45,248)
	Acquisition of investment properties	(405,000)	(45,000)
	Subscription of commercial paper	130,000	(180,000)
	Others	(31,972)	(19,077)
Structured entities controlled by Sunway Berhad Group ^	Distribution to perpetual note holders	(29,917)	(19,944)
(b) Sunway Technology Sdn. Bhd. Group ("STSB Group")#	Rental income and utilities charges	3,451	533
	Others	(1,067)	(665)

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.

^ Relates to wholesale funds controlled by Sunway Berhad Group.

STSB Group are deemed parties related to the Manager by virtue of Sarena Cheah Yean Tih's interests in STSB 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, also has deemed interests in STSB Group and the Group. 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.

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FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

33. SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER (CONT'D.)

The above parties are deemed related to the Manager as follows: (cont'd.)

Information regarding outstanding balances arising from transactions with parties related to the Manager as at 31 December 2021 are disclosed in Notes 17, 18, 28 and 29 to the financial statements.

34. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

COVID-19 Pandemic and Malaysia Movement Control Order

On 11 March 2020, World Health Organisation declared COVID-19 outbreak as a pandemic. The Movement Control Order, commonly referred to as the "MCO", is implemented as a preventive measure by the Government of Malaysia in response to the COVID-19 pandemic in the country since 18 March 2020. Sunway REIT continued to be affected by the different phases of MCO, albeit in varying degrees.

i) Impact on financials

Rental income from malls and hotels has been adversely impacted since the implementation of the MCO, while the impact on Sunway REIT's rental income from office, services and industrial properties has not been material.

ii) Impact on liquidity

The Manager has taken pre-emptive measures to increase the liquidity position of Sunway REIT, both for ongoing business needs as well as for the purposes of averting any liquidity crunch in the credit market that could potentially arise. As at 31 December 2021, Sunway REIT has cash and bank balances and short term investment amounting to RM341 million, largely to fund the on-going expansion of Sunway Carnival Shopping Mall and the phased refurbishment of Sunway Resort Hotel.

On 12 August 2020, the Securities Commission announced that it will temporarily increase the gearing limit for Malaysian real estate investment trusts from 50.0% to 60.0%, effective immediately until 31 December 2022. This temporary increase in gearing limit provides Sunway REIT with cash flow flexibility in light of the challenging operating environment during the COVID-19 pandemic, if required. The gearing of Sunway REIT stood at 37.2% as at 31 December 2021.

iii) Impact on occupancies

Average occupancy rate of the retail segment remained relatively stable at 97% for YTD 6Q2021, while office segment has registered higher average occupancy rate of 84% for YTD 6Q2021 with the inclusion of The Pinnacle Sunway.

Excluding Sunway Resort Hotel which was closed for phased refurbishment commencing from July 2020, the hotel segment registered average occupancy rate of 32% for YTD 6Q2021. With international travel restriction remains prevalent and restricted group meeting capacity, hotel pick-up pace remains challenging in the coming months.

Services and Industrial & Others segments under long master leases remained stable in term of occupancy rate.

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34. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD (CONT'D.)

COVID-19 Pandemic and Malaysia Movement Control Order (cont'd.)

iv) Strategies and steps taken

The Manager has provided rental rebates and/or rental deferment on a case-to-case basis to eligible lessees/tenants ("Rental Support"), in efforts to mitigate the adverse impact of the current COVID-19 pandemic on the lessees'/tenants' business operations. The Manager believes that by providing the Rental Support, this will further strengthen its relationship with the lessees/tenants and enable it to maintain a higher retention rate for the properties of Sunway REIT, defending occupancy rate in the near term and paving the way for recovery in the medium term. The Manager has also provided other tenant support measures such as flexible operating hours, promotional space and marketing support such as online order and collection drive-through stations.

The Manager has also put in place strict standard operating procedures such as installing thermal scanners, sanitising stations, frequent fogging disinfection at public areas, screening MySejahtera for risk status and vaccination proof and maintaining social distancing protocols for all the properties of Sunway REIT, particularly in Sunway REIT's retail properties as they are necessary to build retail confidence. The Manager is proactively striving towards full vaccination of its entire front-facing operation workforce.

From the liquidity management aspect, the Manager has implemented certain cost containment initiatives such as reducing, cancelling and/or deferring non-essential operational and capital spending during the MCO, CMCO and RMCO period to preserve its cash flow and liquidity in view of the Rental Support granted to eligible lessees/tenants and slower collection pace. The Manager has also incorporated pre-emptive measures to conserve cash such as varying income distribution frequency from quarterly to semi-annual basis, adjustment in income distribution payout ratio and establishment of a distribution reinvestment scheme to provide flexibility to unitholders to receive future income distribution in cash, units or a combination of both.

In addition, Sunway REIT's capital base was strengthened following the completion of the private placement exercise in 2Q2021, raising gross proceeds of approximately RM710.0 million to fund the acquisition of The Pinnacle Sunway and the expansion of Sunway Carnival Shopping Mall.

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35. MATERIAL LITIGATION

Metroplex Holdings Sdn. Bhd. ("Metroplex") v RHB Trustees Berhad (as trustees for Sunway REIT) and Sunway REIT Management Sdn. Bhd. (collectively, the "Defendants")

On 28 September 2015, Metroplex filed writ of summons and a statement of claim against the Defendants to claim, amongst others, damages 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 Metroplex but not removed by Metroplex when the Defendants took possession of the hotel at Sunway Putra on 27 September 2011. Metroplex 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 Defendants entered into defence on 9 November 2015.

On 3 November 2017, the High Court allowed Metroplex's claim on liability in which the damages to be awarded to Metroplex shall be subject to allocator ("High Court's Decision").

The Defendants filed an appeal to the Court of Appeal against the High Court's Decision on 6 November 2017. The Court of Appeal allowed the Defendants' Appeal and the High Court's Decision was set aside on 22 January 2019 ("Court of Appeal's Decision").

On 20 February 2019, Metroplex filed motion for leave to appeal to the Federal Court against the Court of Appeal's Decision ("Motion"). The Motion was allowed on 25 November 2019. Subsequently, Metroplex filed notice of appeal to appeal against the Court of Appeal's Decision on 2 December 2019 ("Appeal"). The hearing for the Appeal was fixed on 31 March 2021.

On 31 March 2021, the Federal Court overturned the Court of Appeal's Decision in favour of the Defendants and reinstated the High Court's Decision in favour of Metroplex. The parties will now proceed to the assessment of damages proceedings in the High Court. In Metroplex's claim, Metroplex is claiming for various chattels and movable items amounting to approximately RM402 million. The Defendants are strenuously objecting to the amount claimed as being overly excessive and will be appointing subject matter experts to dispute the quantum of claim. The true financial impact can only be assessed upon the determination of the assessment proceedings subject to strict proof by Metroplex of their said claim.

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36. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs

(a) New MFRSs adopted during the financial period

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2020, the Group and the Fund adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2020.

Title	Effective date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendment to MFRS 16 COVID-19-Related Rent Concessions</i>	1 June 2020
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Fund.

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

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
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Amendments to MFRS 112 Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 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 and Amendments, since the effects would only be observable for the future financial years.

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37. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform to the current period's presentation.

Reconciliation of statements of financial position and cash flows are as follows:

	As previously reported RM '000	Reclassifications RM '000	Restated RM '000
Group/Fund			
Statements of Financial Position			
At 30 June 2020			
Non-current liabilities - borrowings	200,000	1,600,000	1,800,000
Current liabilities - borrowings	3,245,418	(1,600,000)	1,645,418
Statements of Cash Flows			
At 30 June 2020			
Drawdown of revolving loan	18,410,000	(18,310,000)	100,000
Repayment of revolving loan	(18,310,000)	18,310,000	-

ANALYSIS OF UNITHOLDINGS

As at 19 January 2022

Total number of units issued : 3,424,807,700 units

Voting rights : One vote per unit

Number of unitholders : 29,045

DISTRIBUTION OF UNITHOLDINGS

Unitholdings	No. of Unitholders	%	No. of Units Held	%
Less than 100	59	0.20	1,017	0.00
100 – 1,000	7,923	27.28	5,092,302	0.15
1,001 – 10,000	15,854	54.58	70,892,859	2.07
10,001 – 100,000	4,605	15.86	130,533,459	3.81
100,001 to less than 5% of the total number of units issued	598	2.06	1,609,811,598	47.00
5% and above of the total number of units issued	6	0.02	1,608,476,465	46.97
	29,045	100.00	3,424,807,700	100.00

THIRTY LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name of Unitholders	No. of Units Held	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	445,741,800	13.02
2.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sunway REIT Holdings Sdn Bhd (PJCAC)	362,000,000	10.57
3.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account-Sumitomo Mitsui Banking Corporation Malaysia Berhad for Sunway REIT Holdings Sdn Bhd	233,000,000	6.80
4.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T10	208,590,000	6.09
5.	Sunway REIT Holdings Sdn Bhd	183,104,765	5.35
6.	Kumpulan Wang Persaraan (Diperbadankan)	176,039,900	5.14
7.	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	140,000,000	4.09
8.	Sunway Education Group Sdn Bhd	123,412,100	3.60
9.	RHB Nominees (Tempatan) Sdn Bhd - Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd	108,100,000	3.16
10.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T16	98,000,000	2.86

ANALYSIS OF UNITHOLDINGS

As at 19 January 2022

No.	Name of Unitholders	No. of Units Held	%
11.	Sunway REIT Holdings Sdn Bhd	84,500,000	2.47
12.	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	77,142,400	2.25
13.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T14	50,000,000	1.46
14.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T11	45,000,000	1.31
15.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	43,776,300	1.28
16.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Affin-Hwg)	40,912,700	1.19
17.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd	38,638,800	1.13
18.	Amanahraya Trustees Berhad - Amanah Saham Malaysia	30,000,000	0.88
19.	Permodalan Nasional Berhad	29,370,500	0.86
20.	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT OD67)	29,074,100	0.85
21.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T15	28,000,000	0.82
22.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	25,393,900	0.74
23.	Amanahraya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	25,045,000	0.73
24.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (Life Par)	23,397,100	0.68
25.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	19,792,814	0.58
26.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (CIMB Prin)	19,046,000	0.56
27.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Amundi)	18,700,000	0.55
28.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (NP-Other-REITs)	17,143,700	0.50
29.	Citigroup Nominees (Asing) Sdn Bhd - CBNY For DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	16,933,400	0.49
30.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for SMAM Asia REIT Sub Trust	15,893,400	0.46

ANALYSIS OF UNITHOLDINGS

As at 19 January 2022

SUBSTANTIAL UNITHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL UNITHOLDERS AS AT 19 JANUARY 2022

Name of Unitholders	Direct		Indirect	
	No. of Units Held	%	No. of Units Held	%
Sunway REIT Holdings Sdn Bhd	1,400,294,765	40.89	-	-
Employees Provident Fund Board	533,210,100	15.57	-	-
Kumpulan Wang Persaraan (Diperbadankan)	176,380,900	5.15	30,025,400	0.88
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling ^{AO}	-	-	1,400,294,765 ⁽¹⁾	40.89
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	1,400,294,765 ⁽²⁾	40.89
Sarena Cheah Yean Tih, ^{S.M.S.}	-	-	1,400,297,765 ⁽³⁾	40.89
Evan Cheah Yean Shin	-	-	1,400,294,765 ⁽¹⁾	40.89
Adrian Cheah Yean Sun	-	-	1,400,294,765 ⁽¹⁾	40.89
Active Equity Sdn Bhd	-	-	1,400,294,765 ⁽⁴⁾	40.89
Sungei Way Corporation Sdn Bhd	-	-	1,400,294,765 ⁽⁵⁾	40.89
Sunway Berhad	-	-	1,400,294,765 ⁽⁶⁾	40.89
Sunway City Sdn Bhd	-	-	1,400,294,765 ⁽⁷⁾	40.89

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, Sunway City Sdn Bhd 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 City Sdn Bhd, 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, Sunway City Sdn Bhd and Sunway REIT Holdings Sdn Bhd.
- ⁽⁵⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway Berhad, Sunway City Sdn Bhd and Sunway REIT Holdings Sdn Bhd.
- ⁽⁶⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway City Sdn Bhd and Sunway REIT Holdings Sdn Bhd.
- ⁽⁷⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway REIT Holdings Sdn Bhd.

UNITHOLDING OF DIRECTORS

Name of Unitholders	Direct		Indirect	
	No. of Units Held	%	No. of Units Held	%
Elvin A/L Bertly Luke Fernandez	90,000	#	-	-
Sarena Cheah Yean Tih, ^{S.M.S.}	-	-	1,400,297,765 ^(a)	40.89

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 City Sdn Bhd, Sunway REIT Holdings Sdn Bhd and spouse.

UNITHOLDING OF SENIOR MANAGEMENT

Name of Unitholder	Number of units			
	As at 1.7.2020 Units Held	Acquired Unit	Sold Unit	As at 19.1.2022 Units Held
Direct Interest: Irene Sin May Lin	50,000	-	-	50,000

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting (“9th AGM”) of Sunway Real Estate Investment Trust (“Sunway REIT”) will be held as a fully virtual meeting through livestreaming and online remote voting from the broadcast venue at the Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 7 April 2022 at 3:30 p.m., for the following purposes:

AS ORDINARY BUSINESS:

- To receive the Integrated Annual Report 2021 comprising the Audited Financial Statements for the financial period ended 31 December 2021 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:

- Proposed Authority to Issue and Allot New Units of up to 20% of the Total Number of Issued Units of Sunway REIT (Ordinary 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 3,424,807,700 units (“Proposed Authority”);

THAT such authority shall continue to be in force until:

- the conclusion of the next Annual General Meeting (“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;
- the expiration of the period within which the next AGM of Sunway REIT is required by law to be held; or
- the Proposed Authority is revoked or varied by a resolution passed by the unitholders in a general meeting of Sunway REIT,

whichever is the 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 (Ordinary 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 28 February 2022, 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
- (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 the 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."

4. **Proposed Renewal of the Authority to Allot and Issue New Units in relation to the Distribution Reinvestment Scheme that Provides the Unitholders of Sunway REIT with the Option to Reinvest their Income Distribution in New Units in Sunway REIT (Ordinary Resolution 3)**

"THAT pursuant to the Distribution Reinvestment Scheme ("**DRS**") approved at the AGM held on 2 October 2020, and subject to the approvals of all relevant authorities being obtained, authority be and is hereby given to the Directors of the Manager ("**Board**") to allot and issue new units in Sunway REIT ("**DRS New Units**") from time to time as may be required to be allotted and issued pursuant to the DRS until the conclusion of Sunway REIT's next AGM, upon the terms and conditions and to such persons as the Board may, in its absolute discretion, deem fit or expedient and in the best interest of Sunway REIT ("**Issuance of DRS New Units**"), provided that the issue price of the DRS New Units, which will be determined by the Board on the price-fixing date to be determined and announced ("**DRS Price-Fixing Date**"), shall be at an issue price of not more than a 10% discount to the 5-day volume weighted average market price of Sunway REIT before the DRS Price-Fixing Date ("**Proposed Renewal of DRS Authority**");

AND THAT the Board be and is hereby authorised to do all such acts and enter into such transactions, arrangements and agreements and to execute, sign and deliver, for and on behalf of Sunway REIT, all such documents and impose such terms and conditions or delegate any part of its powers as may be necessary or expedient in order to give full effect to the Issuance of DRS New Units, with full powers to assent to any conditions, modifications, variations and/or amendments including pursuant to any amendment, modification, suspension and termination of the DRS or the Issuance of DRS New Units as the Board may, in its absolute discretion, deem fit and in the best interest of Sunway REIT and/or as may be imposed or agreed to by any relevant authorities."

**By Order of the Board of
SUNWAY REIT MANAGEMENT SDN BHD**
(Manager for Sunway REIT)

TAN KIM AUN (MAICSA 7002988) (SSM PC NO. 202008001249)
LEE CHUN SHIAN (MAICSA 7064123) (SSM PC NO. 202108000401)
Company Secretaries

Bandar Sunway
28 February 2022

Notes:

- (1) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No unitholders/proxies** from the public will be physically present at the broadcast venue. Unitholders who wish to participate in the 9th AGM will therefore have to register via the link <https://vps.megacorp.com.my/BeojOO>. Kindly refer to the Administrative Details for the 9th AGM for further information.
- (2) For the purpose of determining a unitholder who shall be entitled to participate and vote remotely at the 9th AGM, Sunway REIT shall be requesting the Record of Depositors as at 31 March 2022. Only a depositor whose name appears on the Record of Depositors as at 31 March 2022 shall be entitled to participate the said meeting or appoint proxies to participate and vote remotely on his/her behalf. A proxy may but need not be a unitholder.
- (3) A unitholder may appoint up to 2 proxies to participate and vote remotely at the same meeting.
- (4) Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds with units of Sunway REIT standing to the credit of the said securities account.
- (5) Where a unitholder 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.
- (6) Where a unitholder or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointment shall be invalid unless he/she or it specifies the proportion of his/her or its holdings to be represented by each proxy.
- (7) If a unitholder has appointed a proxy or proxies (not more than 2 proxies) to participate in the 9th AGM and subsequently he/she participates in the 9th AGM, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to participate in the 9th AGM.

**NOTICE OF
NINTH ANNUAL GENERAL MEETING**

- (8) The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.
- (9) The Form of Proxy or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or email to AGM-support.SunwayREIT@megacorp.com.my not later than Wednesday, 6 April 2022 at 3:30 p.m., being 24 hours before the time appointed for holding the 9th AGM or any adjournment thereof. You also have the option to register directly at <https://vps.megacorp.com.my/BeojOO> to submit the proxy appointment electronically not later than Wednesday, 6 April 2022 at 3:30p.m. For further information on the electronic submission of proxy form, kindly refer to the Administrative Details for the 9th AGM.
- (10) If no name is inserted in the space for the name of your proxy, the Chairman of the 9th AGM will act as your proxy.

Integrated Annual Report 2021 comprising the Audited Financial Statements for the financial period ended 31 December 2021 of Sunway REIT together with the Reports of Manager, Trustee and Auditors thereon

- (11) The Integrated Annual Report 2021 comprising the Audited Financial Statements under Agenda 1 is laid before the unitholders for discussion only and does not require a formal approval of the unitholders pursuant to Paragraph 13.18(b) of the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia.

EXPLANATORY NOTES ON SPECIAL BUSINESSES

(12) 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 at 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 8th AGM held on 2 October 2020 and which will lapse at the conclusion of the 9th 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.

(13) 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 28 February 2022.

**NOTICE OF
NINTH ANNUAL GENERAL MEETING**

(14) Ordinary Resolution 3 - Proposed Renewal of DRS Authority

This proposed Ordinary Resolution 3 will give authority to the Board to allot and issue DRS New Units in Sunway REIT in respect of income distribution to be declared, if any, under the DRS, until the conclusion of Sunway REIT's next AGM.

ABSTENTION FROM VOTING

- (15) The interested Director of the Manager who is a Unitholder 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

- (16) By lodging of a completed Proxy Form of Sunway REIT for appointing a proxy(ies) and/or representative(s) to participate and vote remotely at the 9th AGM and any adjournment thereof, a unitholder 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 9th AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 9th 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 unitholder 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 unitholder 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.

SUSTAINABILITY KEY PERFORMANCE INDICATORS

GRI 2-4

Sunway REIT aligns its sustainability performance data with three pillars of the World Economic Forum International Business Council (WEF-IBC): People, Planet and Prosperity.

PLANET

Indicator	Unit of Measurement	FY2016	FY2017	FY2018	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Emissions								
i. GHG Emissions								
Scope 1								
Company vehicles	tonnes CO ₂ e	0.9	0.6	0.2	0.0	80	82	52
	tonnes CO ₂	0.9	0.6	0.2	0.0	80	82	52
	tonnes CH ₄	0.0	0.0	0.0	0.0	0.1	0.1	0.1
	tonnes N ₂ O	0.0	0.0	0.0	0.0	0.3	0.2	0.1
Sub-total Scope 1	tonnes CO ₂ e	0.9	0.6	0.2	0.0	80	82	52
	tonnes CO ₂	0.9	0.6	0.2	0.0	80	82	52
	tonnes CH ₄	0.0	0.0	0.0	0.0	0.1	0.1	0.1
	tonnes N ₂ O	0.0	0.0	0.0	0.0	0.3	0.2	0.1
Scope 2								
Downstream leased assets	tonnes CO ₂ e	-	-	-	-	-	19,650	12,622
Sub-total Scope 2	tonnes CO ₂ e	-	-	-	-	-	19,650	12,622
Scope 3								
Business travel	tonnes CO ₂ e	92	126	158	198	336	58	43
	tonnes CO ₂	76	100	124	158	267	46	34
	tonnes CH ₄	0.2	0.1	0.2	0.2	0.4	0.1	0.1
	tonnes N ₂ O	0.4	0.7	0.5	0.9	0.7	0.2	0.2
Downstream leased assets	tonnes CO ₂ e	144,181	125,104	123,660	123,508	113,195	113,994	81,007
Waste generated in operations	tonnes CO ₂ e	-	-	848	868	3,933	4,848	3,250
Sub-total Scope 3	tonnes CO ₂ e	144,273	125,230	124,666	124,574	117,464	118,900	84,300
	tonnes CO ₂	76	100	124	158	267	46	34
	tonnes CH ₄	0.2	0.1	0.2	0.2	0.4	0.1	0.1
	tonnes N ₂ O	0.4	0.7	0.5	0.9	0.7	0.2	0.2
Overall GHG emission (Scope 1 and 2)	tonnes CO ₂ e	0.9	0.6	0.2	0.0	80	19,732	12,674
	tonnes CO ₂	0.9	0.6	0.2	0.0	80	82	52
	tonnes CH ₄	0.0	0.0	0.0	0.0	0.1	0.1	0.1
	tonnes N ₂ O	0.0	0.0	0.0	0.0	0.3	0.2	0.1
Overall GHG emission (Scope 1, 2 and 3)	tonnes CO ₂ e	144,274	125,231	124,666	124,574	117,545	138,632	96,974
	tonnes CO ₂	77	100	124	158	347	127	86
	tonnes CH ₄	0.2	0.1	0.2	0.2	0.6	0.3	0.2
	tonnes N ₂ O	0.4	0.7	0.5	0.9	1.0	0.4	0.3

Notes:

- The environmental data for FY2016 to FY2020 has been restated to enhance completeness of data
- '-' refers to data unavailability
- Figures stated may not add up due to rounding of decimals

SUSTAINABILITY KEY PERFORMANCE INDICATORS

GRI 2-4

Indicator	Unit of Measurement	FY2016	FY2017	FY2018	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Emissions								
ii. GHG Emissions Avoidance								
Scope 3								
Downstream leased assets (Renewable Energy)	tonnes CO ₂ e	-	-	-	-	634	1,810	1,310
Purchased goods and services	tonnes CO ₂ e	-	-	-	-	-	209	209
Waste diversion	tonnes CO ₂ e	-	-	387	413	364	543	495
Sub-total Scope 3	tonnes CO ₂ e	-	-	387	413	998	2,561	2,013
Overall GHG emission avoidance	tonnes CO ₂ e	-	-	387	413	998	2,561	2,013
Energy								
i. Purchased Electricity Consumption								
Managed Assets								
Office	MWh	11,587	10,984	11,396	11,242	19,955	24,953	15,690
Retail		132,411	130,157	127,648	126,385	107,713	116,735	87,558
Hotel		40,247	41,807	42,797	40,583	36,245	33,443	21,468
Total Purchased Electricity Consumption (Managed Assets)		184,245	182,948	181,841	178,210	163,913	175,131	124,716
Leased Assets								
Services	MWh	31,919	30,906	29,544	32,915	29,584	53,320	35,333
Total Purchased Electricity Consumption (Leased Assets)		31,919	30,906	29,544	32,915	29,584	53,320	35,333
Total Purchased Electricity Consumption		216,163	213,854	211,385	211,126	193,497	228,451	160,049
ii. Renewable Energy Consumption - Solar Energy								
Managed Assets								
Office	MWh	-	-	-	-	-	-	-
Retail		-	-	-	-	533	1,740	1,168
Hotel		-	-	-	-	-	-	-
Total Renewable Energy Consumption - Solar Energy (Managed Assets)	-	-	-	-	533	1,740	1,168	
Leased Assets								
Services	MWh	-	-	-	336	550	1,354	1,071
Total Renewable Energy Consumption - Solar Energy (Leased Assets)		-	-	-	336	550	1,354	1,071
Total Renewable Energy Consumption - Solar Energy		-	-	-	336	1,084	3,094	2,240

Notes:

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- '-' refers to data unavailability
- Figures stated may not add up due to rounding of decimals

SUSTAINABILITY
KEY PERFORMANCE INDICATORS

GRI 2-4

Indicator	Unit of Measurement	FY2016	FY2017	FY2018	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Energy								
iii. Overall Electricity Consumption								
Managed Assets								
Office	MWh	11,587	10,984	11,396	11,242	19,955	24,953	15,690
Retail		132,411	130,157	127,648	126,385	108,246	118,475	88,726
Hotel		40,247	41,807	42,797	40,583	36,245	33,443	21,468
Overall Electricity Consumption (Managed Assets)		184,245	182,948	181,841	178,210	164,446	176,871	125,884
Leased Assets								
Services	MWh	31,919	30,906	29,544	33,251	30,134	54,674	36,404
Overall Electricity Consumption (Leased Assets)		31,919	30,906	29,544	33,251	30,134	54,674	36,404
Overall Electricity Consumption		216,163	213,854	211,385	211,462	194,580	231,545	162,288
% of Renewable Energy from Overall Electricity Consumption	%	-	-	-	0.16%	0.56%	1.34%	1.38%
Water								
i. Municipal Water Consumption								
Managed Assets								
Office	m ³ ('000)	155,960	141,962	110,140	98,818	99,368	154,157	96,910
Retail		1,007,072	1,465,187	424,794	1,402,335	1,380,075	779,641	477,077
Hotel		171,604	648,169	722,107	779,319	779,945	352,420	217,354
Total Municipal Water Consumption		1,334,636	2,255,318	1,257,041	2,280,472	2,259,388	1,286,218	791,341
ii. Water Treatment Plant								
Managed Assets								
Office	m ³ ('000)	-	-	-	14,519	0	105,743	89,169
Retail		-	-	-	23,446	0	861,571	587,602
Hotel		-	-	-	33,191	0	188,984	132,797
Total Water Treatment Plant		-	-	-	71,156	0	1,156,298	809,568
iii. Rainwater Harvesting								
Managed Assets								
Office	m ³ ('000)	-	-	-	-	1,504	6,196	4,913
Retail		-	-	-	-	0	0	0
Hotel		-	-	-	-	36	268	255
Total Rainwater Harvesting		-	-	-	-	1,540	6,464	5,168

Notes:

- The environmental data for FY2016 to FY2020 has been restated to enhance completeness of data
- '-' refers to data unavailability
- Figures stated may not add up due to rounding of decimals

SUSTAINABILITY
KEY PERFORMANCE INDICATORS

GRI 2-4

Indicator	Unit of Measurement	FY2016	FY2017	FY2018	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
vi. Overall Water Consumption								
Managed Assets								
Office	m ³ ('000)	155,960	141,962	110,140	113,337	100,872	266,097	190,993
Retail		1,007,072	1,465,187	424,794	1,425,781	1,380,075	1,641,212	1,064,679
Hotel		171,604	648,169	722,107	812,510	779,981	541,672	350,406
Overall Water Consumption		1,334,636	2,255,318	1,257,041	2,351,628	2,260,928	2,448,981	1,606,078
Waste								
i. Disposed Waste								
Managed Assets								
Office	tonnes	-	-	450	513	382	1,124	879
Retail		-	-	5,816	6,059	5,782	7,619	4,780
Hotel		-	-	2,143	2,032	2,401	2,245	1,412
Total Disposed Waste		-	-	8,410	8,604	8,565	10,988	7,071
ii. Diverted Waste								
Managed Assets								
Office	tonnes	-	-	9	15	17	29	16
Retail		-	-	301	308	345	473	232
Hotel		-	-	130	155	55	142	110
Total Diverted Waste		-	-	440	478	416	645	358
iii. Total Waste								
Managed Assets								
Office	tonnes	-	-	459	528	399	1,154	895
Retail		-	-	6,117	6,367	6,127	8,092	5,012
Hotel		-	-	2,273	2,187	2,456	2,387	1,522
Total Waste		-	-	8,849	9,082	8,981	11,633	7,429
iv. Total Waste								
Disposed waste	%	-	-	95%	95%	95%	94%	95%
Diverted waste		-	-	5%	5%	5%	6%	5%

Notes:

- The environmental data for FY2016 to FY2020 has been restated to enhance completeness of data
- '-' refers to data unavailability
- Figures stated may not add up due to rounding of decimals

**SUSTAINABILITY
KEY PERFORMANCE INDICATORS**

GRI 2-4

PEOPLE

Indicator	Unit of Measurement	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Employee count					
Number of employees	Number	22	22	27	22
Number of new hires		4	1	8	7
Turnover rate	%	18%	18%	22%	18%
Board Diversity - Gender					
Male Directors	%	57%	57%	57%	57%
Female Directors		43%	43%	43%	43%
Total		100%	100%	100%	100%
Board Diversity - Age Group					
Directors less than 30 years old	%	0%	0%	0%	0%
Directors between 30 to 50 years old		15%	14%	14%	14%
Directors more than 50 years old		85%	86%	86%	86%
Total		100%	100%	100%	100%
Board Diversity - Ethnicity					
Malay directors	%	29%	29%	29%	29%
Chinese directors		57%	57%	57%	57%
Indian directors		14%	14%	14%	14%
Directors of other races		0%	0%	0%	0%
Total		100%	100%	100%	100%
Employment Status - Gender					
Permanent male employees	Number	3	3	4	4
Permanent female employees		17	17	21	17
Part-time male employees		1	1	1	1
Part-time female employees		1	1	1	0
Contract male employees		0	0	0	0
Contract female employees		0	0	0	0
Employment Status - Region					
Permanent local employees	Number	20	20	25	21
Permanent overseas employees		0	0	0	0
Contract local employees		2	2	2	1
Contract overseas employees		0	0	0	0
Part-time local employees		0	0	0	0
Part-time overseas employees		0	0	0	0

Notes:

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- The social data for FY2019 to FY2020 has been restated to enhance completeness of data

**SUSTAINABILITY
KEY PERFORMANCE INDICATORS**

GRI 2-4

Indicator	Unit of Measurement	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Employee Diversity - Gender					
Male executives	%	18%	18%	19%	23%
Female executives		77%	77%	78%	73%
Male non executives		0%	0%	0%	0%
Female non executives		5%	5%	4%	5%
Total		100%	100%	100%	100%
Employee Diversity - Age Group					
Executives below 30 years old	%	5%	9%	26%	27%
Executives between 30 to 40 years old		50%	50%	44%	50%
Executives between 40 to 50 years old		27%	27%	19%	14%
Executives more than 50 years old		14%	9%	7%	5%
Non-executives below 30 years old		0%	0%	0%	0%
Non-executives between 30 to 40 years old		0%	0%	0%	0%
Non-executives between 40 to 50 years old		0%	0%	0%	0%
Non-executives more than 50 years old		5%	5%	4%	5%
Total		100%	100%	100%	100%
Employee Diversity - Ethnicity					
Malay executives	%	0%	0%	0%	0%
Chinese executives		95%	95%	96%	95%
Indian executives		0%	0%	0%	0%
Other races executives		0%	0%	0%	0%
Foreigner executives		0%	0%	0%	0%
Malay non-executives		0%	0%	0%	0%
Chinese non-executives		0%	0%	0%	0%
Indian non-executives		5%	5%	4%	5%
Other races non-executives		0%	0%	0%	0%
Foreigner non-executives		0%	0%	0%	0%
Total		100%	100%	100%	100%

Notes:

- Figures stated may not add up due to rounding of decimals
- The social data for FY2019 to FY2020 has been restated to enhance completeness of data

SUSTAINABILITY
KEY PERFORMANCE INDICATORS

GRI 2-4

Indicator	Unit of Measurement	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Employee Diversity - Years of Service					
Executives who worked less than 1 year	%	0%	0%	30%	36%
Executives who worked between 1 to 5 years		41%	50%	41%	36%
Executives who worked between 5 to 10 years		50%	41%	22%	18%
Executives who worked between 10 to 15 years		5%	5%	4%	5%
Executives who worked between 15 to 20 years		0%	0%	0%	0%
Executives who worked more than 20 years		0%	0%	0%	0%
Non-executives who worked less than 1 year		0%	0%	0%	0%
Non-executives who worked between 1 to 5 years		0%	0%	0%	0%
Non-executives who worked between 5 to 10 years		5%	5%	4%	5%
Non-executives who worked between 10 to 15 years		0%	0%	0%	0%
Non-executives who worked between 15 to 20 years		0%	0%	0%	0%
Non-executives who worked more than 20 years		0%	0%	0%	0%
Total			100%	100%	100%
New Hires - Gender					
Male local new hires	Number	1	0	1	1
Female local new hires		3	1	7	6
Male overseas new hires		0	0	0	0
Female overseas new hires		0	0	0	0
New Hires - Age Group					
Local employees below 30 years old	Number	2	1	4	3
Local employees between 30 to 40 years old		1	0	3	3
Local employees between 40 to 50 years old		1	0	1	1
Local employees more than 50 years old		0	0	0	0
Overseas employees below 30 years old		0	0	0	0
Overseas employees between 30 to 40 years old		0	0	0	0
Overseas employees between 40 to 50 years old		0	0	0	0
Overseas employees more than 50 years old		0	0	0	0

Notes:

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- The social data for FY2019 to FY2020 has been restated to enhance completeness of data

SUSTAINABILITY
KEY PERFORMANCE INDICATORS

GRI 2-4, 405-2

Indicator	Unit of Measurement	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
New Hires - Employee Category					
Senior Management	Number	0	0	1	1
Manager and Senior Manager		2	0	3	3
Senior Executive & Assistant Manager		1	0	1	1
Executive		1	1	3	2
New Hires - Ethnicity					
Number of new hires for Malay	Number	0	0	0	0
Number of new hires for Chinese		4	0	8	7
Number of new hires for Indian		0	1	0	0
Number of new hires for other races		0	0	0	0
Others					
Proportion of Senior Management hired from local community	%	100%	100%	100%	100%
Percentage of global staff with a disability		0%	0%	0%	0%
Ratio of basic salary of women to men excluding foreign workers	Ratio	1:7.09	1:6.91	1:4.63	1:4.09
Ratio of basic salary of women to men including foreign workers		1:7.09	1:6.91	1:4.63	1:4.09
Annual Mean Pay	Number	343,166	294,045	263,141	264,500
Annual Median Pay		263,332	265,579	244,503	245,930
Annual Lowest Total Pay		252,020	241,297	213,286	244,503
Annual Highest Total Pay		820,891	545,153	478,644	451,362
Women / Minority Groups					
Number of women in Senior Management	Number	3	3	3	2
Women in STEM-related positions	%	67%	83%	57%	57%
Learning and Development Hours					
Total learning and development hours	Number	101	410	1,220	1,110
Average learning and development hours per employee		7	27	55	50
Learning and Development Hours - Gender					
Average learning and development hours per male	Number	5.25	29	39	36
Average learning and development hours per female		7	27	60	55
Learning and Development Hours - Employee Category					
Senior Management	Number	2	32	60	48
Manager and Senior Manager		6.8	34	46	41
Senior Executive & Assistant Manager		6	30	46	43
Executive		8	14	100	94

Notes:

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- The social data for FY2019 to FY2020 has been restated to enhance completeness of data
- The disparity between FY2020 and CY2021 learning and development hours might be due to the pandemic so there were minimal trainings ongoing. Hence, the data for FY2020 is significantly lower

SUSTAINABILITY
KEY PERFORMANCE INDICATORS

GRI 2-4

Indicator	Unit of Measurement	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Completion of Performance Review - Gender					
Male employees	%	100%	100%	100%	100%
Female employees		100%	100%	100%	100%
Completion of Performance Review - Employee Category					
Managers	%	100%	100%	100%	100%
Executives		100%	100%	100%	100%
Non executives		100%	100%	100%	100%
Learning and Development Cost					
Total expenditure	RM	764	7,831	16,754	16,283
Average amount spent per employee on learning and development		51	522	762	740
Average amount spent per employee on learning and development - Age Group					
Employees below 30 years old	RM	64	58	1,050	1,260
Employees between 30 to 40 years old		127	656	173	159
Employees between 40 to 50 years old		0	829	2,169	1,548
Employees more than 50 years old		0	0	1,021	1,884
Average amount spent per employee on learning and development - Gender					
Male employees	RM	0	1,099	648	617
Female employees		69	312	795	776
Average amount spent per employee on learning and development - Employee Category					
Senior Management	RM	0	1,105	1,657	1,500
Manager and Senior Manager		25	787	653	653
Senior Executive & Assistant Manager		0	0	83	83
Executive		159	145	1,514	1,514
Average amount spent per employee on learning and development - Ethnicity					
Malay employees	RM	0	0	0	0
Chinese employees		51	522	798	775
Indian employees		0	0	0	0
Other races employees		0	0	0	0
Leaves					
Number of parental/childcare leave applications	Number	8	8	8	7
Number of days applied for parental/childcare leave		13	8	8	7
Number of maternity leave applications		3	2	0	0
Number of days applied for maternity leave		180	120	0	0
Number of paternity leave applications		0	0	4	3
Number of days applied for paternity leave		0	0	6	3

Notes:
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 3. The disparity between FY2020 and CY2021 learning and development hours might be due to the pandemic so there were minimal trainings ongoing. Hence, the data for FY2020 is significantly lower

SUSTAINABILITY
KEY PERFORMANCE INDICATORS

GRI 2-4

Indicator	Unit of Measurement	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Work-related Injuries - Employees					
Total hours worked	Number	-	1,728,088	6,372,426	4,644,338
Fatalities	Number	-	0	0	0
	Rate	-	0	0	0
High-consequence work-related injuries	Number	-	0	0	0
	Rate	-	0	0	0
Lost time injury	Number	-	6	14	8
	Rate	-	3.47	2.20	1.72
Recordable work-related injuries	Number	-	6	14	8
	Rate	-	3.47	2.20	1.72
Main types of work-related injury		-	Slips, trips and missteps	Slips, trips and missteps	Slips, trips and missteps

* The rates are calculated based on 1,000,000 hours worked.

Indicator	Unit of Measurement	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Work-related Injuries - Non-employees					
Total hours worked	Number	-	954,796	2,777,597	1,822,801
Fatalities	Number	-	0	0	0
	Rate	-	0	0	0
High-consequence work-related injuries	Number	-	0	0	0
	Rate	-	0	0	0
Lost time injury	Number	-	0	0	0
	Rate	-	0	0	0
Recordable work-related injuries	Number	-	0	0	0
	Rate	-	0	0	0
Main types of work-related injury		-	N/A	N/A	N/A

This data excludes part-timers and interns since they are hired on an ad-hoc basis.

Indicator	Unit of Measurement	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Work-related Ill Health - Employees					
Number of fatalities	Number	-	0	0	0
Number of recordable work-related injuries		0	0	0	
Main types of work-related ill health		N/A	N/A	N/A	
Work-related Ill Health - Non-employees					
Number of fatalities	Number	-	0	0	0
Number of recordable work-related injuries		0	0	0	
Main types of work-related ill health		N/A	N/A	N/A	

* Work-related hazards that pose a risk of ill health are identified using HIRARC assessment and incident statistics, chemical health risk assessments (CHRA), chemical exposure monitoring, medical records, stakeholder feedback

Notes:
 1. Figures stated may not add up due to rounding of decimals
 2. The social data for FY2019 to FY2020 has been restated to enhance completeness of data

**SUSTAINABILITY
KEY PERFORMANCE INDICATORS**

GRI 2-4

PEOPLE AND PROSPERITY



Hotel

Indicator	Unit of Measurement	FP2021 (July 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Customer Satisfaction			
Sunway Resort	%	Under renovation	
Sunway Pyramid Hotel		93%	91%
Sunway Clio Hotel		95%	95%
Sunway Putra Hotel		92%	91%
Sunway Hotel Georgetown		85%	84%
Sunway Hotel Seberang Jaya		87%	86%

Sunway Hotels score well overall in the Global Review Index by ReviewPro, a measurement tool used by thousand of hotels worldwide as a benchmark for reputation management efforts.



Office

Indicator	Unit of Measurement	FP2021 (July 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)
Net Promoter Score (NPS)			
Menara Sunway	%	58%	52%
Sunway Tower		78%	85%
Wisma Sunway		71%	58%
Sunway Putra Tower		85%	86%
The Pinnacle		89%	95%
Customer Satisfaction			
Menara Sunway	%	98%	100%
Sunway Tower		94%	99%
Wisma Sunway		98%	100%
Sunway Putra Tower		99%	99%
The Pinnacle		98%	99%



Retail

Customer Satisfaction

Customer Satisfaction surveys were halted since move control phases were implemented by the government.

GRI CONTENT INDEX

This report has been prepared in accordance with the GRI Standards: Core option

Statement of use	Sunway REIT has reported in accordance with the GRI Standards for the period from 1 July 2020 - 31 December 2021
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard	Disclosure Number	Disclosure Title	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable	
GRI 1: FOUNDATION 2021								
GENERAL DISCLOSURES								
GRI 2: General Disclosures 2021	The organisation and its reporting practices							
	2-1	Organisational details	-	-	-	-	8-13	
	2-2	Entities included in the organisation's sustainability reporting					2-3	
	2-3	Reporting period, frequency and contact point					2-3	
	2-4	Restatements of information					306-316	
	2-5	External assurance					326-328	
	Activities and workers							
	2-6	Activities, value chain and other business relationships	Labour Standards	5, 8	-	Principle 6	4-7, 14-31, 154	
	2-7	Employees					157, 163-169	
	2-8	Workers who are not employees					163-169	
	Governance							
	2-9	Governance structure and composition	Corporate Governance	5, 16	-	-	177, 182-185	
	2-10	Nomination and selection of the highest governance body					177, 188	
	2-11	Chair of the highest governance body					177, 188	
	2-12	Role of the highest governance body in overseeing the management of impacts					177	
	2-13	Delegation of responsibility for managing impacts					177	
	2-14	Role of the highest governance body in sustainability reporting					177	
	2-15	Conflicts of interest					154, 178, 188	
2-16	Communication of critical concerns					180, 188		
2-17	Collective knowledge of the highest governance body					177-178, 188		
2-18	Evaluation of the performance of the highest governance body					177, 188		

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This report has been prepared in accordance with GRI Standards: Core option

GRI Standard	Disclosure Number	Disclosure Title	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable
GRI 2: General Disclosures 2021	Governance						
	2-19	Remuneration policies	Corporate Governance	5, 16	-	-	178, 188
	2-20	Process to determine remuneration					140, 188
	2-21	Annual total compensation ratio					Information not disclosed due to confidentiality constraints
	Strategy, policies and practices						
	2-22	Statement on sustainable development strategy	Anti-Corruption, Human Rights & Community, Risk Management	16	-	Principle 1, 2, 10	34, 38, 140-141, 178
	2-23	Policy commitments					178, 188
	2-24	Embedding policy commitments					177-178, 188
	2-25	Processes to remediate negative impacts					180
	2-26	Mechanisms for seeking advice and raising concerns					180
	2-27	Compliance with laws and regulations					180-181
	2-28	Membership associations					180
	Stakeholder engagement						
	2-29	Approach to stakeholder engagement	Labour Standards	16	-	Principle 3	208-213
2-30	Collective bargaining agreements	8		-	154, 208-213		
MATERIAL TOPICS							
GRI 3: Material Topics 2021	3-1	Process to determine material topics	-	-	-	-	136-139
	3-2	List of material topics	-	-	-	-	136-139
ECONOMIC							
Economic Performance							
GRI 3: Material Topics 2021	3-3	Management of material topics	-	1, 3, 5, 8, 9, 10, 17	-	-	124-131, 202-213
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed					4-7, 48, 54-55, 69, 122-123
	201-2	Financial implications and other risks and opportunities due					122-123, 124-131
	201-3	Defined benefit plan obligations and other retirement plans					Not applicable to Sunway REIT's business
	201-4	Financial assistance received from government					Information not disclosed due to confidentiality constraints
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage					Information not disclosed due to confidentiality constraints
	202-2	Proportion of Senior Management hired from the local community					157

GRI CONTENT INDEX

This report has been prepared in accordance with GRI Standards: Core option

GRI Standard	Disclosure Number	Disclosure Title	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable	
ENVIRONMENTAL								
Biodiversity								
GRI 3: Material Topics 2021	3-3	Management of material topics	Biodiversity	13, 14, 15	-	Principle 7, 8, 9	Not applicable to Sunway REIT's business	
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside						
	304-2	Significant impacts of activities, products, and services						
	304-3	Habitats protected or restored						
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations						
Pollution (Emission)								
GRI 3: Material Topics 2021	3-3	Management of material topics	Climate Change, Pollution & Resources	3, 12, 13, 14	-	Principle 7, 8, 9	144	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions 7					142-144	
	305-2	Energy indirect (Scope 2) GHG emissions					142-144	
	305-3	Other indirect (Scope 3) GHG emissions					142-144	
	305-4	GHG emissions intensity					144	
	305-5	Reduction of GHG emission					144	
	305-6	Emissions of ozone-depleting substances (ODS)					Information Unavailable. Steps are taken to include the information in the next Report.	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions						
Resource Management (Energy)								
GRI 3: Material Topics 2021	3-3	Management of material topics	Climate Change	7, 12, 13	-	Principle 7, 8, 9	146	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation					IF-RE-130a.2 IF-RE-130a.3	146-147
	302-2	Energy consumption outside of the organisation					-	146-147
	302-3	Energy intensity					-	146-147
	302-4	Reduction of energy consumption					IF-RE-130a.5	146-147
	302-5	Reductions in energy requirements of products and services					-	146-147

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This report has been prepared in accordance with GRI Standards: Core option

GRI Standard	Disclosure Number	Disclosure Title	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable
Resource Management (Water) & Pollution (Waste / Effluents)							
GRI 3: Material Topics 2021	3-3	Management of material topics	Pollution & Resources, Water Security	6, 12		Principle 7, 8, 9	148, 150
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts			-		150-153
	306-2	Management of significant waste-related impacts			-		150-153
	306-3	Waste generated			-		150-153
	306-4	Waste diverted from disposal			-		150-153
	306-5	Waste diverted to disposal			-		150-153
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource			IF-RE-140a.4		148-149
	303-2	Management of water discharge-related impacts			-		148-149
	303-3	Water withdrawal			-		148-149
	303-4	Water discharge			-		148-149
	303-5	Water consumption	IF-RE-140a.2 IF-RE-140a.3	148-149			
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	-	148			
Supply Chain & Materials Management							
GRI 3: Material Topics 2021	3-3	Management of material topics	Supply Chain (Environmental)	8, 11, 12, 16	-	Principle 7, 8, 9	Not applicable to Sunway REIT's business
GRI 301: Materials 2016	301-1	Materials used by weight or volume					
	301-2	Recycled input materials used					
	301-3	Reclaimed products and their packaging materials					
GRI 3: Material Topics 2021	3-3	Management of material topics	Supply Chain (Environmental), Supply Chain (Social)				154
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers					154-156
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria					154-156
	308-2	Negative environmental impacts in the supply chain and actions taken					154-156
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria					154-156
	414-2	Negative social impacts in the supply chain and actions taken					154-156

GRI CONTENT INDEX

This report has been prepared in accordance with GRI Standards: Core option

GRI Standard	Disclosure Number	Disclosure Title	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable
SOCIAL							
Labour Standards & Practices							
GRI 3: Material Topics 2021	3-3	Management of material topics	Labour Standards, Human Rights & Community	5, 8, 10	-	Principle 1, 2, 3, 4, 5, 6	157
GRI 401: Employment 2016	401-1	New employee hires and employee turnover					157
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employee					159-162
	401-3	Parental leave					159
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes					159
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					154-156
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labor					154-156
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor					154-156
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures					162
GRI 411: Rights of indigenous people 2016	411-1	Incidents of violations involving rights of indigenous peoples					Not applicable to Sunway REIT's business
Human Capital Development							
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Labour Standards	4, 5, 8	-	-	159
	404-2	Programs for upgrading employee skills and transition assistance programs					159
	404-3	Percentage of employees receiving regular performance and career development reviews					159

GRI CONTENT INDEX

This report has been prepared in accordance with GRI Standards: Core option

GRI Standard	Disclosure Number	Disclosure Title	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable
Diversity & Inclusion							
GRI 3: Material Topics 2021	3-3	Management of material topics	Labour Standards, Corporate Governance	5, 10	-	-	157
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees					157-158
	405-2	Ratio of basic salary and remuneration of women to men					313
GRI 405: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken					157-158
Employee Health & Safety							
GRI 3: Material Topics 2021	3-3	Management of material topics	Health & Safety	3, 8	-	-	163-168
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system					163-168
	403-2	Hazard identification, risk assessment, and incident investigation					163-168
	403-3	Occupational health services					163-168
	403-4	Worker participation, consultation, and communication on occupational health and safety					163-168
	403-5	Worker training on occupational health and safety					163-168
	403-6	Promotion of worker health					163-168
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships					163-168
	403-8	Workers covered by an occupational health and safety management system					163-168
	403-9	Work-related injuries					163-168
403-10	Work-related ill health	163-168					
Community Enrichment							
GRI 3: Material Topics 2021	3-3	Management of material topics	Human Rights & Community	11	-	-	171-176
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs					171-176
	413-2	Operations with significant actual and potential negative impacts on local communities					171-176

GRI CONTENT INDEX

This report has been prepared in accordance with GRI Standards: Core option

GRI Standard	Disclosure Number	Disclosure Title	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable
Customer Welfare							
GRI 3: Material Topics 2021	3-3	Management of material topics	Risk Management	12, 16	-	-	180
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories					180
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services					180
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling					Not applicable to Sunway REIT's business
	417-2	Incidents of non-compliance concerning product and service information and labeling					
	417-3	Incidents of non-compliance concerning marketing communications					
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data					181
Indirect Economic Impact							
GRI 3: Material Topics 2021	3-3	Management of material topics	-	1, 3, 5, 8, 9, 10, 17	-	-	144, 171
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported					144, 171-176
	203-2	Significant indirect economic impacts					144, 171-176
GOVERNANCE							
Business Ethics							
GRI 3: Material Topics 2021	3-3	Management of material topics	Anti-Corruption	16	-	Principle 10	178
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption					178
	205-2	Communication and training about anti-corruption policies and procedures					178
	205-3	Confirmed incidents of corruption and actions taken					178
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices (Business code of conduct)					180

AC	Audit Committee
AEI	Asset enhancement initiatives
AGM	Annual General Meeting
ARR	Average Rental Rate
BCP	Business Continuity Plan
BEI	Building Energy Intensity
BNM	Bank Negara Malaysia
Board	Board of Directors
bps	Basis point
Bursa Malaysia	Bursa Malaysia Securities Berhad
CAGR	Compounded annual growth rate
Capex	Capital expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
CY	Calendar year ended or ending 31 December
Deed	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 Trustee and the Manager constituting Sunway REIT
DPU	Distribution per unit
EPU	Earnings per unit
ESG	Environmental, Social and Governance
FP	Financial period ended or ending 31 December
FSC	Forest Stewardship Council
FY	Financial year (i.e. Years prior to FP2021 represent financial year ended 30 June; FY2022 onwards represent financial year ending 31 December)
GBI	Green Building Index
GDP	Gross domestic product
GFA	Gross floor area
GHG	Greenhouse Gas
GOP	Gross operating profit
GRI	Global Reporting Initiative
IAD	Internal Audit Department
ICDM	Institute of Corporate Directors Malaysia
IIRC	International Integrated Reporting Council
IPO	Initial public offering of Sunway REIT on 8 July 2010
ISMS	Information Security Management System
ISO	International Organization for Standardization
KPI	Key Performance Indicators
Manager	Sunway REIT Management Sdn Bhd
MCO	Movement Control Order
MER	Management expense ratio – ratio of expenses incurred in operating Sunway REIT to its NAV (after income distribution)
MICE	Meetings, incentives, conferences and exhibitions

M-REIT	Malaysian Real Estate Investment Trust
MSC	Multimedia Super Corridor
MTNs	Medium Term Notes
N/A	Not applicable
NAV	Net asset value
NBV	Net book value
NGO	Non-Governmental Organisation
NLA	Net lettable area
NPI	Net property income
NRC	Nomination and Remuneration Committee
NRP	National Recovery Plan
OHS	Occupational Health and Safety
OHSE	Occupational Health, Safety and Environment
OPR	Overnight policy rate
OSHA	Occupational Safety and Health Act
PDPA	Personal Data Protection Act
PV	Photovoltaic
Q	Quarter e.g. 6Q FP2021 refers to sixth quarter of financial period ended 31 December 2021
REIT	Real estate investment trust
ROI	Return on investment
RPT	Related party transaction
SC	Securities Commission Malaysia
SLB	Sustainability-Linked Bond
SLR	Sea Level Rise
SOP	Standard Operating Procedure
SPTs	Sustainability Performance Targets
Sq.ft.	Square feet
Sq.m.	Square metre
SWG	Sustainability Working Group
TAV	Total asset value
TC2025	TRANSCEND 2025
TC2027	TRANSCEND 2027
TCFD	Task Force on Climate-Related Financial Disclosures
TOR	Terms of Reference
UN SDGs	United Nations Sustainable Development Goals
USD	United States Dollar
VaR	Value at Risk
WALE	Weighted average lease expiry
WFA	Work-from-Anywhere
WFH	Work-from-Home

INDEPENDENT ASSURANCE STATEMENT

GRI 2-5



SIRIM QAS INTERNATIONAL SDN. BHD. 199601037981 (410334-X)
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40700 Shah Alam, Selangor Darul Ehsan. MALAYSIA
Tel : 603-5544 6400 Fax : 603-5544 6810
www.sirim-qas.com.my

INDEPENDENT ASSURANCE STATEMENT

Scope and Objective

SIRIM QAS International Sdn. Bhd., a Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Sunway REIT Management Sdn Bhd (hereafter referred to as Sunway REIT) to perform an independent verification and provide assurance of the Sunway REIT Sustainability Statement 2021. The main objective of the verification process is to provide assurance to Sunway REIT and its stakeholders of the accuracy and reliability of the information presented in this statement. This was established through checking and verifying claims made in the statement. The verification audit by SIRIM QAS International covered all sustainability-related activities which had been included in Sunway REIT Sustainability Statement 2021.

The management of Sunway REIT was responsible for the preparation of the Sustainability Statement. The objectivity and impartiality of this verification statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Sunway REIT Sustainability Statement and Integrated Annual Report 2021.

Verification team

The verification team from SIRIM QAS International consists of:

- 1) Ms. Aernida Abdul Kadir : Team Leader
- 2) Ms. Kamini Sooriamoorthy : Team Member
- 3) Ms. Farhanah Md. Shah : Team Member



A wholly-owned subsidiary of SIRIM Berhad

INDEPENDENT ASSURANCE STATEMENT

Methodology

The verification process was carried out by SIRIM QAS International in January 2022. It involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the statement;
- Reviewing of internal and external documentation and displays such as awards, press releases, media publications, internal newsletters, internal systems, etc.;
- Interviewing of key personnel responsible for collating information and writing various parts of the statement in order to substantiate the veracity of the claims;
- Evaluating the adequacy of the Sustainability Statement of Sunway REIT and its overall presentation against the GRI Standards requirement.

During the verification process, issues were raised, and clarifications were sought from the management of Sunway REIT relating to the accuracy of some of the data and contents contained in the statement. The statement was subsequently reviewed and revised by Sunway REIT in response to the findings of the verification team. It can be confirmed that changes that have been incorporated into the final version of the statement satisfactorily addressed the issues that had been raised.

Limitation

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of information reported in Sunway REIT Integrated Annual Report 2021;
- The verification was designed to provide limited assurance irrespective of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- The corporate office of Sunway Group Sustainability Department, at Menara Sunway, Subang Jaya, was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Sunway REIT's managed leased and leased assets; and,
- The verification team did not verify any contractor or third party data.

Materiality Matters

The materiality assessment process allowed Sunway REIT to gain information on topics pertinent to their internal and external stakeholders. In 2021, Sunway REIT has conducted an in-depth materiality assessment to assess the issues that will impact the company and their stakeholders in moving forward. Apart from the online stakeholders' survey, Sunway REIT had performed focus group discussion with the Senior Management to finalize the input into their materiality assessment process. The comprehensive materiality assessment reveals eighteen (18) topics considered important by Sunway REIT stakeholders. The significant material matters, among others consist of corporate governance, business ethics and anti-corruption, human capital development and the management of environmental issues like pollution to land from generation of waste and effluent to contribute to the circular economy.

Greenhouse Gases (GHG) emissions and Carbon footprint

The Sunway REIT's GHG emissions reporting is at company level and has included Direct (Scope 1) GHG Emissions, Energy Indirect (Scope 2) GHG Emissions and Other Indirect (Scope 3) GHG Emissions. The GHG emission quantification has been carried out internally in accordance with the requirements of the Greenhouse Gas Protocol, A

INDEPENDENT ASSURANCE STATEMENT

Corporate Accounting and Reporting Standard with the use of several publicly available emissions standards and tools with specific assumptions and estimations aptly recorded and maintained, for the following emissions sources:

- The Scope 1 emissions from fuel consumed by the company owned vehicle;
- The Scope 2 emissions resulting from electricity consumption;
- The Scope 3 covers the emissions from waste generation, electricity consumption by the leased assets and overall business travel.

For the environmental monitoring, Sunway REIT has established an internal team managing the collections and data compilations on energy and water consumption, effluents and waste generation. The monitoring activities adhering to Sunway Berhad own-developed procedure to ensure Sunway REIT manages their environmental impact appropriately. With this, GHG emission avoidance was also determined from their activities such as the generation of solar-powered electricity at their leased assets establishment, avoidance of disposal of waste to landfill and purchasing of lower emissions goods and services.

Conclusion

Based on the scope of the verification process, the following represents SIRIM QAS International's opinion:

- The level of accuracy of data included in the Sunway REIT Sustainability Statement 2021 is fair and acceptable;
- The sustainability statement was prepared in accordance with the GRI Standards: Core Option;
- The overall statement content and quality were well established. The level of sustainability performance information in the statement was found to be acceptable;
- The information has been presented in an appropriate manner;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the statement;
- Sunway REIT Management Sdn Bhd has satisfactorily addressed, in the final version of the statement, all issues that had been raised during the assessment;
- The sustainability statement provides a reasonable and balanced presentation of the sustainability performance of Sunway REIT Management Sdn Bhd.

Prepared by:

Approved by:



AERNIDA ABDUL KADIR

Team Leader
Management System Certification
Department
SIRIM QAS International Sdn. Bhd.
Date : 4 February 2022



MOHD HAMIM BIN IMAM MUSTAIN

Senior General Manager
Management System Certification
Department
SIRIM QAS International Sdn. Bhd.
Date : 4 February 2022

Note:
This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date.



SUNWAY REAL ESTATE INVESTMENT TRUST

(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
9TH ANNUAL GENERAL MEETING

(Before completing this form please refer to the notes below)

Number of Units Held	
CDS Account No.	

I/We * *(Full name in block)* _____ NRIC/Passport/Registration No.* _____

of *(Address)* _____

with email address _____ mobile phone no _____

being a unitholder of **Sunway Real Estate Investment Trust** ("Sunway REIT") and entitled to vote hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			
Email Address			
Mobile Phone No.			

and / or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to participate and vote remotely for *me/us and on my/our behalf at the 9th Annual General Meeting of Sunway REIT to be conducted fully virtual at the broadcast venue at the Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 7 April 2022 at 3:30 p.m. or any adjournment thereof.

Please indicate with an "x" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the proxy will vote or abstain from voting at his/her discretion.

NO.	ORDINARY RESOLUTIONS	FIRST PROXY		SECOND PROXY	
		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				
3.	Proposed Renewal of the Authority to Allot and Issue New Units in relation to the Distribution Reinvestment Scheme that Provides the Unitholders of Sunway REIT with the Option to Reinvest their Income Distribution in New Units in Sunway REIT				

* delete whichever is not applicable

Dated this _____ 2022

Signature of Unitholder(s) / Common Seal

Notes:-

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No unitholders/proxies** from the public will be physically present at the broadcast venue. Unitholders who wish to participate in the 9th AGM will therefore have to register via the link <https://vps.megacorp.com.my/BeojQQ>. Kindly refer to the Administrative Details for the 9th AGM for further information.
2. For the purpose of determining a unitholder who shall be entitled to participate and vote remotely at the 9th AGM, Sunway REIT shall be requesting the Record of Depositors as at 31 March 2022. Only a depositor whose name appears on the Record of Depositors as at 31 March 2022 shall be entitled to participate in the said meeting or appoint proxies to participate and vote remotely on his/her behalf. A proxy may but need not be a unitholder.
3. A unitholder may appoint up to 2 proxies to participate and vote remotely at the same meeting.
4. Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds with units of Sunway REIT standing to the credit of the said securities account.
5. Where a unitholder 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.
6. Where a unitholder or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointment shall be invalid unless he/she or it specifies the proportion of his/her or its holdings to be represented by each proxy.
7. If a unitholder has appointed a proxy or proxies (not more than 2 proxies) to participate the in 9th AGM and subsequently he/she participates in the 9th AGM, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to participate in the 9th AGM.
8. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.

Please Fold Here

STAMP

Sunway REIT Management Sdn Bhd c/o
Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur,
Malaysia

Please Fold Here

9. The Form of Proxy or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or email to AGM-support.SunwayREIT@megacorp.com.my not later than Wednesday, 6 April 2022 at 3:30 p.m., being 24 hours before the time appointed for holding the 9th AGM or any adjournment thereof. You also have the option to register directly at <https://vps.megacorp.com.my/BeojQQ> to submit the proxy appointment electronically not later than Wednesday, 6 April 2022 at 3:30 p.m. For further information on the electronic submission of proxy form, kindly refer to the Administrative Details for the 9th AGM.
10. If no name is inserted in the space for the name of your proxy, the Chairman of the 9th AGM will act as your proxy.

<p>Printed with ECO INK made from higher percentage of vegetable oil to reduce emission of volatile organic compounds (VOCs). Contains low level of chemical, thus less pollution to the environment throughout the printing process.</p> <p style="text-align: center;">▲</p>	<p>The total carbon footprint for the Sunway REIT Integrated Annual Report 2021 is 23,963kgCO₂e. We are committed to reducing the environmental impact of our Integrated Annual Report and will continue working to reduce the amount of greenhouse gases (GHG) emitted throughout the entire designing and printing process.</p> <p style="text-align: center;">▲</p>	<p>Paper and printing WASTES ARE BEING RESPONSIBLY HANDLED to recycle and up-cycle materials in order to reduce the burden on landfills.</p> <p style="text-align: center;">▲</p>
		
		
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DISCLAIMER: This Integrated Annual Report 2021 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 Management Sdn Bhd (Registration No. 200801005046 (806330-X))

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