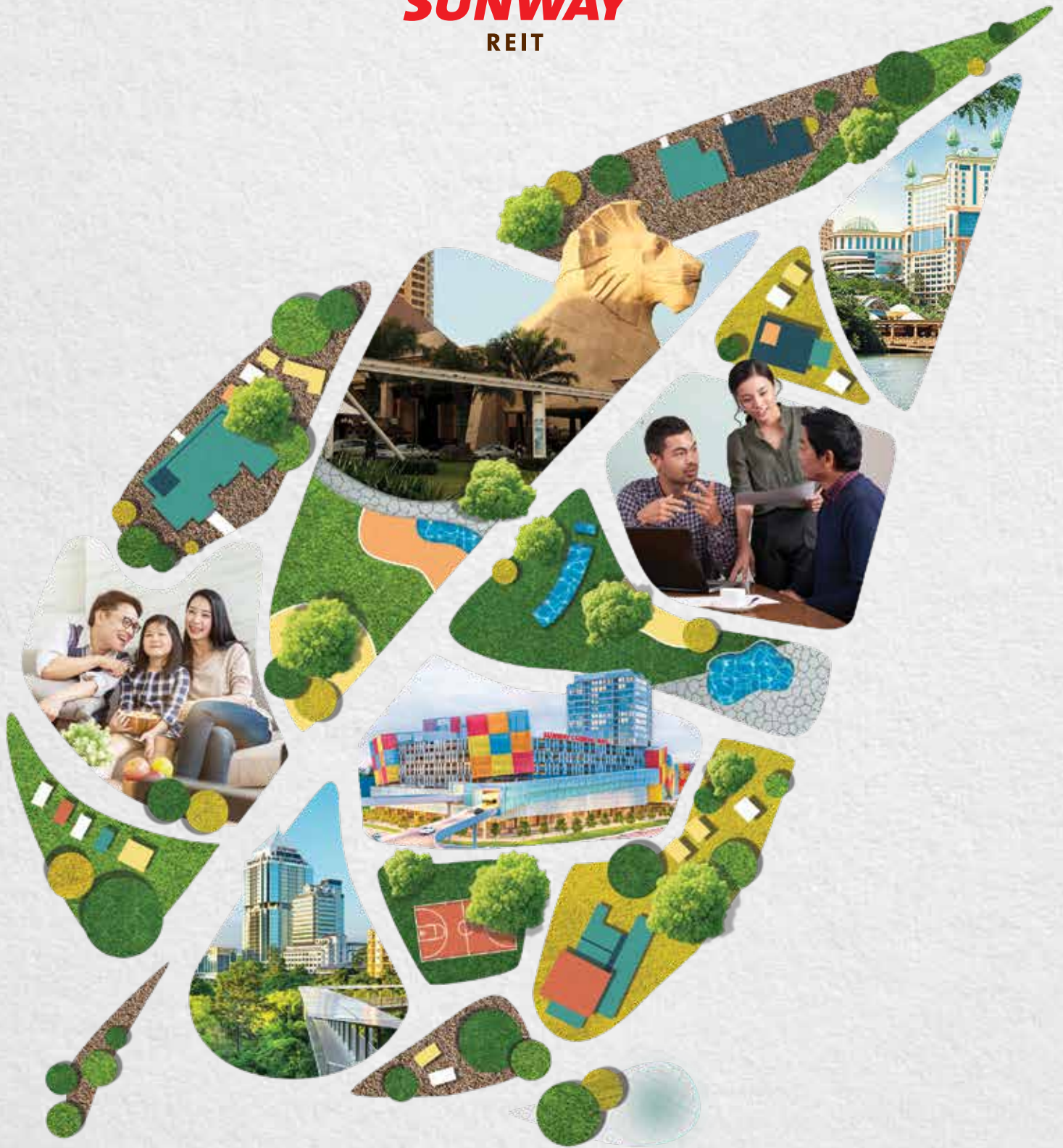


**SUNWAY®**  
REIT



**PROPELLING  
FORWARD**

INTEGRATED  
ANNUAL REPORT 2022



# Inside This Report

MANAGEMENT DISCUSSION & ANALYSIS	01	<b>About This Report</b> The scope, boundaries and frameworks that this report adheres to	2	About This Report	
	02	<b>We Are Sunway REIT</b> Who we are and what we do	4 6 8	Our Investment Case 2022 At A Glance Corporate Profile	10 11 12 Salient Features Trust Structure Property Details
	03	<b>Leadership That Drives Strategic Progress</b> An update from our leaders on Sunway REIT's strategic progress	32 36	Message from Our Chairman In Conversation with Our CEO	
	04	<b>Strengthening Our Performance</b> Communicating this year's performance in context	43 49 50	Financial Highlights Value Added Statement Fair Value of Investment Properties	51 53 80 81 Capital Management Segmental Review Investment Review Trading Performance
	05	<b>Advancing Our Strategic Direction</b> Progressing our strategies prudently and effectively	84 86 87	TRANSCEND 2027 Progress Report Macroeconomic Highlights Property Market Insights	
	06	<b>Our Value Creation</b> How we create long-term sustainable value	106 108 116 122	Ensuring a Robust Business Model Mitigating Our Risks Stakeholder Engagement Determining Materiality	
	07	<b>Sustainability Statement</b> A dedication to sustainable practices, measured and reported	130 131 132 133 135 136 161 165 190	Sustainability Highlights Advancing Sustainability in Sunway REIT UN SDGs Scorecard Sustainability Scorecard – Goals and Targets Sustainable Finance 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	
	08	<b>A Framework of Trust and Accountability</b> Prioritising governance, the key to sustained business growth	196 202 203 206 228 233	Directors' Profiles Organisation Structure Management Team & Key Personnel Corporate Governance Overview Statement Statement on Risk Management and Internal Control Additional Compliance Information	
	09	<b>Financials</b> Our comprehensive and audited financial statements	234	Audited Financial Statements	
	10	<b>Additional Information</b> Other information regarding Sunway REIT	309 310 313 318	Corporate Information Analysis of Unitholdings Notice of Tenth Annual General Meeting Sustainability Key Performance Indicators	330 337 GRI Content Index Independent Assurance Statement Proxy Form





## PROPELLING FORWARD

We have persevered over the past three years, adjusting and reorienting our strategies while strengthening our resilience amid the pandemic. This year, we are pleased to have successfully regained our foothold. With renewed vigour and confidence in facing the post-pandemic era, Sunway REIT is propelling forward, gaining traction day by day in the implementation of our TRANSCEND 2027 strategy. We have taken steps towards diversifying our business in support of our Key Growth Strategies, making full use of opportunities on our journey to become a strong and agile organisation. We will continue to cultivate growth in all that we do while building a sustainable future for all our stakeholders.



This report is available online at  
[www.sunwayreit.com/investor-relations](http://www.sunwayreit.com/investor-relations)

Please email [irsunreit@sunway.com.my](mailto:irsunreit@sunway.com.my) to request a printed copy of this Integrated Annual Report. For environmental preservation, we encourage the use of softcopy.

# 10<sup>th</sup>

Annual General Meeting (AGM)  
Sunway REIT

Virtual AGM through livestreaming and online remote voting from the broadcast venue at:

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



Date:  
**27 April 2023**  
**Thursday**



Time:  
**3:00 p.m.**



# About This Report

GRI 2-2, 2-3

**THIS IS SUNWAY REIT'S INTEGRATED ANNUAL REPORT 2022. THIS REPORT DESCRIBES THE PROGRESS OF OUR VALUE CREATION STRATEGIES IN BOTH FINANCIAL AND NON-FINANCIAL CONTEXTS AND HIGHLIGHTS OUR EFFORTS TO CREATE VALUE FOR ALL OUR STAKEHOLDERS.**

As an Integrated Report, our report considers the state of our operating environment, our approach to sustainability, the risks we need to manage as well as the opportunities present, thus providing a balanced commentary regarding our business operations and strategies. The report demonstrates how Sunway REIT's business model has embedded value creation, leveraging inputs from our six capitals to produce long-term sustainable outcomes that go beyond financial performance. As part and parcel of our ongoing effort to provide quality disclosures, the report is also guided by and adheres to a range of local and international guidelines and reporting frameworks.

## Scope and Boundaries

This report presents information on our financial and non-financial performance, from 1 January 2022 to 31 December 2022 (FY2022) unless stated otherwise, for Sunway REIT's properties and operations, which include operations where we have full control, as well as our subsidiaries.

## 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. It 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 the Business Unit Management Team, except for SunCity Ipoh Hypermarket, Sunway REIT Industrial – Shah Alam 1, Sunway Pier and Sunway REIT Industrial – Petaling Jaya 1. We will endeavour to improve our disclosures for the assets not managed by the Business Unit Management Team in the next reporting period. Information reported about employees refers to the employees of the Manager.

Sunway REIT has been a constituent of the FTSE4GOOD Bursa Malaysia Index since 2016 and remains a constituent of the index in the latest evaluation in December 2022.

## List of Properties Reported in Sustainability Statement

### Retail

- Sunway Pyramid Mall
- Sunway Carnival Mall
- Sunway Putra Mall
- Sunway Pier

### Hotel

- Sunway Resort Hotel
- Sunway Pyramid Hotel
- Sunway Lagoon Hotel
- Sunway Putra Hotel
- Sunway Hotel Seberang Jaya
- Sunway Hotel Georgetown

### Office

- Menara Sunway
- Sunway Tower
- Sunway Putra Tower
- Wisma Sunway
- Sunway Pinnacle

### Services

- Sunway university & college campus
- Sunway Medical Centre  
(Tower A & B)




### Reporting Frameworks

- Securities Commission Guidelines on Listed Real Estate Investment Trusts
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) (MMLR)
- 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 the Following Best Practices

- IFRS Foundation's International Integrated Reporting <IR> Framework
- Bursa Malaysia Sustainability Reporting Guide (3<sup>rd</sup> edition)
- Bursa Malaysia Corporate Governance Guide (4<sup>th</sup> edition)
- Global Reporting Initiative (GRI) Standards and its latest Universal Standards 2021
- 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

#### Our Six Capitals



Financial Capital



Manufactured Capital



Intellectual Capital



Human Capital



Social and Relationship Capital



Natural Capital

### 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 year ended 31 December 2022 and is of the opinion that it has been prepared in accordance with the IFRS Foundation's International <IR> Framework and other disclosure requirements.

### Feedback

For further information and feedback, please contact:  
Ms Crystal Teh Lay Ling  
*Head of 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 8889

Fax No : +603 5639 8001

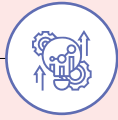


# Our Investment Case

GRI 2-6, 201-1



We are one of the leading REITs in Malaysia, with an **attractive and diversified portfolio**.

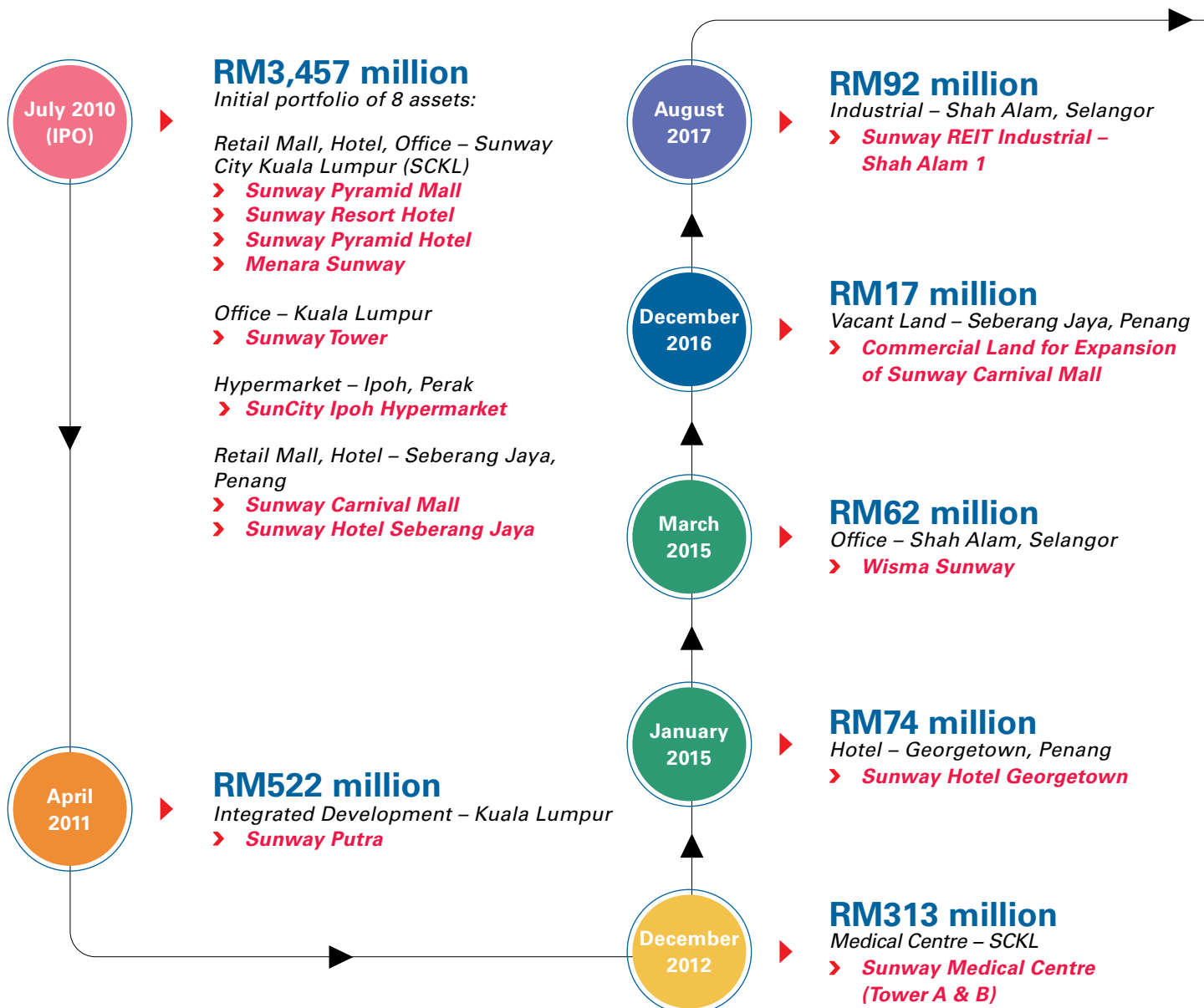


Our assets are strategically located in master-planned townships with a **strong pipeline of assets** from our Sponsor, Sunway Berhad, to support our continued growth.



We advocate a **proactive capital management strategy** to strike a balance between various funding costs while also optimising gearing level and maintaining a balanced debt profile.

## ACQUISITION AND INVESTMENT



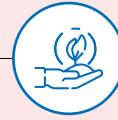




We are backed by a team of strong, experienced and hands-on managers focused on obtaining optimal returns for unitholders – **TRANSCEND 2027 Roadmap** for sustainable long-term growth.

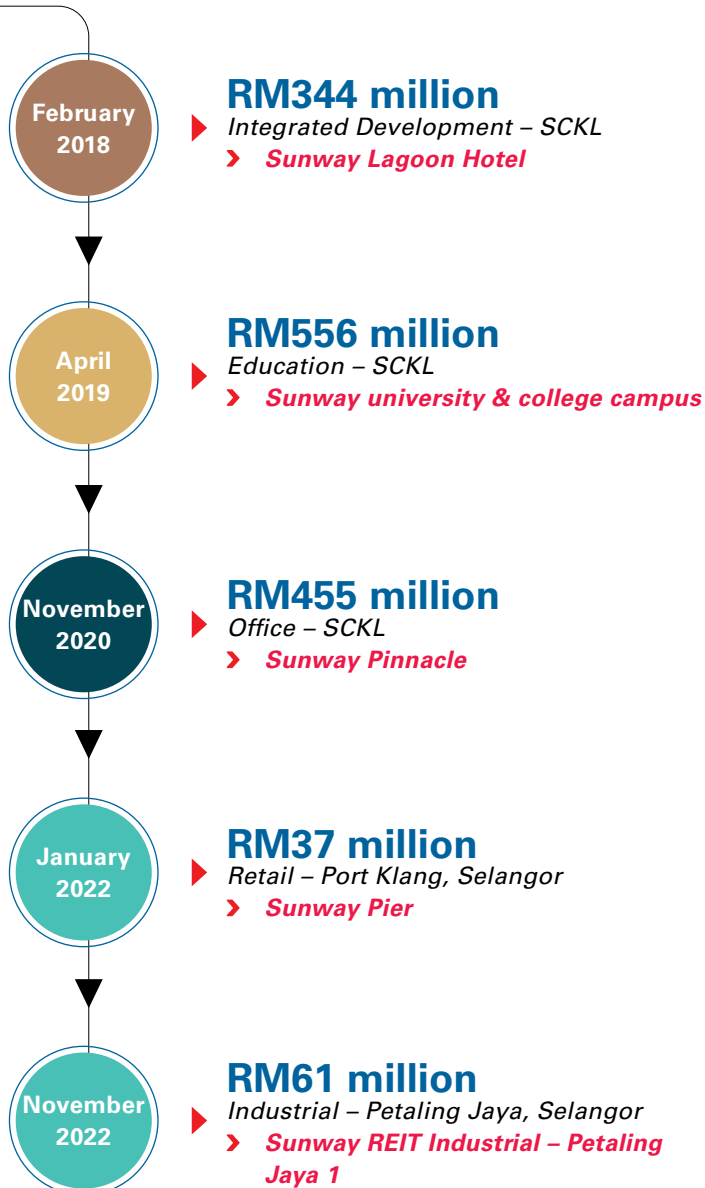


We uphold the **highest standards of corporate governance** that are benchmarked against international best practices.



We embrace sustainability practices and are committed to **achieving Net Zero Carbon by 2050**.

# TRACK RECORD SINCE IPO



Property Value at IPO<sup>1</sup>

**RM3.5 billion**

Total Acquisition since IPO<sup>1</sup>

**RM2.5 billion**

Net Fair Value Gain, AEI and Property Development Activities since IPO

**RM3.1 billion**

<sup>1</sup> Including incidental costs on acquisition, i.e. acquisition fee, legal fee and valuation fee.

## FY2022 Key Highlights



No. of Assets  
**20**



Property Value  
**RM9.1 billion**



Gross Floor Area  
**19 million sq.ft.**



Revenue  
**RM651 million**



Net Property Income  
**RM500 million**



DPU  
**9.22 sen**



Market Capitalisation  
**RM5.0 billion**



Total Return  
**9.8%**



Distribution Yield  
**6.3%**



## 2022 At A Glance

# 2022

### Acquisition of Sunway Pier



↔ For more information, please refer to the Property Details section.

### Phased reopening of Sunway Resort Hotel



### Awarded Provisional GreenRE Gold Certificate for Sunway Carnival Mall (New wing or SC 2)

↔ For more information, please refer to the Goal 1: Transforming Our Portfolios to Low-Carbon Assets section.

Jan

March

May

June

July

Aug



### Awarded Provisional GreenRE Gold Certification for Sunway Resort Hotel

↔ For more information, please refer to the Goal 1: Transforming Our Portfolios to Low-Carbon Assets section.



### Introduction of Sunway Green Lease Partnership Programme

↔ For more information, please refer to the Goal 2: Advocating A Responsible Value Chain section.



### Opening of Sunway Carnival Mall (New wing or SC 2)



● **Acquisition of Sunway REIT Industrial – Petaling Jaya 1**



↔ For more information, please refer to the Property Details section.

● **Proposed Disposal of Sunway Medical Centre (Tower A & B)**



↔ For more information, please refer to the Investment Review section.

● **Won the MSWG-ASEAN Corporate Governance Award 2021 Excellence Award for CG Disclosure (4<sup>th</sup> placing overall)**



**Oct**

**Nov**

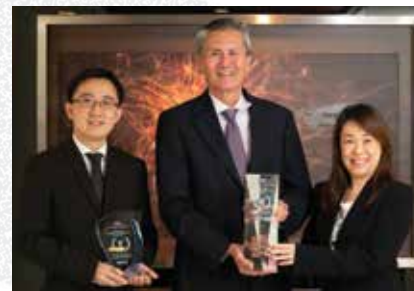
**Dec**

● **Rebranding of Sunway Clio Property to Sunway Lagoon Hotel**

● **Appointment of Clement Chen Kok Peng as Deputy Chief Executive Officer**

↔ For more information, please refer to the Management Team & Key Personnel section.

● **Won the National Annual Corporate Report Awards (NACRA) 2022 – Excellence Award for Companies with RM2 Billion to RM10 Billion in Market Capitalisation (Silver)**



● **Won the MSWG-ASEAN Corporate Governance Award 2021 Industry Excellence Award for CG Disclosure – Real Estate Investment Trust**



# Corporate Profile

GRI 2-1

## 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 on 8 July 2010. The market capitalisation of Sunway REIT stood at RM5.0 billion as at 31 December 2022.

Sunway REIT is a component of the 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 20 assets comprising five retail properties, six hotels, five offices, two industrial properties, a medical centre and an education asset with a combined property value of RM9.1 billion as at 31 December 2022.

Sunway REIT's assets are primarily located in Sunway City where its flagship asset, Sunway Pyramid Mall,<sup>1</sup> is located. Other assets in Sunway City include Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Lagoon Hotel,<sup>2</sup> Menara Sunway, Sunway Pinnacle,<sup>3</sup> Sunway Medical Centre (Tower A & B) and Sunway university & college campus.

Sunway REIT owns four properties in Kuala Lumpur, namely Sunway Tower, and three remaining assets that 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 four properties in Selangor, namely Wisma Sunway, Sunway REIT Industrial – Shah Alam 1, Sunway REIT Industrial – Petaling Jaya 1 and Sunway Pier.

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 Mall<sup>4</sup> in Penang.

<sup>1</sup> Formerly known as Sunway Pyramid Shopping Mall.

<sup>2</sup> Formerly known as Sunway Clio Property.

<sup>3</sup> Formerly known as The Pinnacle Sunway.

<sup>4</sup> Formerly known as Sunway Carnival Shopping Mall.



# Salient Features

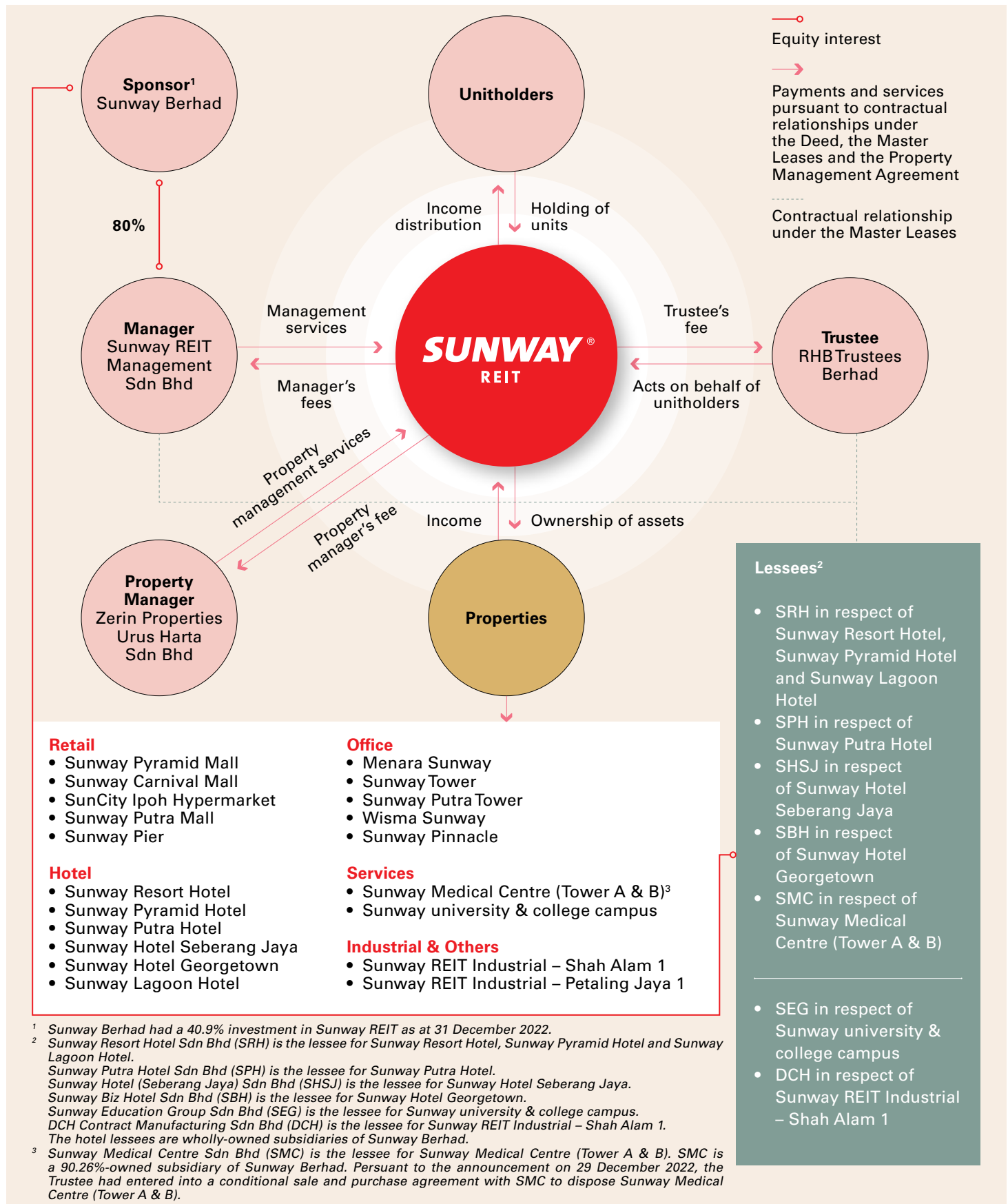
GRI 2-1

<b>Name of Fund</b>	Sunway REIT
<b>Type of Fund</b>	Income and Growth
<b>Category of Fund</b>	Real Estate Investment Trust
<b>Duration of Fund/ Termination Date</b>	<p>The earlier of:</p> <ul style="list-style-type: none"> <li>➤ the occurrence of the Termination Events as listed in the 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 "Deed");</li> <li>➤ the 999 years after the date of the registration of the Deed; or</li> <li>➤ the date on which the Fund is terminated by the Manager in such circumstance as set out in the Deed</li> </ul>
<b>Investment Objective</b>	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
<b>Investment Policy</b>	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
<b>Key Acquisition Criteria</b>	<ul style="list-style-type: none"> <li>➤ Diversified asset classes</li> <li>➤ High-growth cities and townships in Malaysia</li> <li>➤ Compatible and synergistic with asset portfolio</li> </ul>
<b>Distribution Policy</b>	<ul style="list-style-type: none"> <li>➤ 100% distributable income from FP2011 to FY2019 and at least 90% for each subsequent financial year. In FY2022, Sunway REIT changed the distribution policy to 95% in 2Q 2022 and subsequently, 100% in 4Q 2022.</li> <li>➤ Semi-annual distribution</li> </ul>
<b>Revaluation Policy</b>	At least once in a financial year by independent registered valuer
<b>Gearing Policy</b>	Not exceeding 50% of the Fund's total asset value
<b>Performance Benchmark</b>	<ul style="list-style-type: none"> <li>➤ FTSE Bursa Malaysia Top 100 Index</li> <li>➤ FTSE Bursa Malaysia Mid 70 Index</li> <li>➤ FTSE Bursa Malaysia Emas Index</li> <li>➤ FTSE ASEAN Malaysia Index</li> <li>➤ FTSE ASEAN All-Share ex Developed Index</li> <li>➤ FTSE ASEAN All-Share Index</li> <li>➤ Bursa Malaysia REIT Index</li> <li>➤ FTSE4Good Bursa Malaysia Index</li> <li>➤ FTSE EPRA/NAREIT Global REIT Index</li> <li>➤ FTSE EPRA/NAREIT Global Index</li> <li>➤ FTSE EPRA/NAREIT Asia ex Japan Index</li> <li>➤ FTSE EPRA/NAREIT Asia Pacific Index</li> <li>➤ FTSE EPRA/NAREIT Emerging REIT Index</li> <li>➤ GPR APREA Composite REIT Index – Malaysia</li> <li>➤ MSCI Malaysia Small Cap Index</li> </ul>
<b>Manager's Fees</b>	<ul style="list-style-type: none"> <li>➤ Base Fee: 0.3% per annum of total asset value</li> <li>➤ 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</li> <li>➤ Acquisition Fee: 1% of acquisition price</li> <li>➤ Divestment Fee: 0.5% of sale price</li> </ul>
<b>Trustee's Fee</b>	Up to 0.015% per annum of the Fund's net asset value subject to a maximum limit of RM700,000 per annum
<b>Financial Year End</b>	31 December
<b>Board Lot</b>	100 units per board lot
<b>Listing</b>	Main Market of Bursa Malaysia Securities Berhad
<b>Stock Name</b>	SUNREIT
<b>Stock Code</b>	5176
<b>Date of Listing</b>	8 July 2010
<b>Initial Public Offering Price</b>	<ul style="list-style-type: none"> <li>➤ RM0.88 – retail</li> <li>➤ RM0.90 – institutional</li> </ul>



# Trust Structure

GRI 2-1





# Property Details

GRI 2-6

## Sunway Pyramid Mall<sup>1</sup>

Level CP6, Blue Atrium, Sunway Pyramid, No 3 Jalan PJS 11/15, Sunway City, 47500 Selangor Darul Ehsan, Malaysia

T: +603 7494 3000

F: +603 7492 6333

E: sunwaypyramid@sunway.com.my

W: www.sunwaypyramid.com

Land Area (sq.ft.)  
**820,070**

GFA (sq.ft.)  
**Retail and  
Convention Centre:  
2,454,795  
Car park:  
1,873,470**

NLA (sq.ft.)  
**Retail:  
1,650,114  
Convention Centre:  
143,467**

No. of Parking  
Bays  
**> 4,000**

No. of Tenancies  
**677**

Value per sq.ft.  
(RM)  
**2,141**

Capitalisation  
Rate – Current/  
Reversionary (%)  
**6.00/6.50 - 7.00**



### Your Unique Lifestyle Adventure

Since opening its doors in 1997, Sunway Pyramid 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 Mall is a crown jewel that serves all, providing a unique shopping adventure for visitors from around the world with a 360° immersive retail experience complete with approximately 900 specialty outlets offering a diverse selection of fashion, accessories, shoes, jewellery, timepieces, music, gifts, souvenirs, leather goods, books, pharmacies, electrical appliances, home furnishing, wellness and IT products.

Selangor

Date of Acquisition  
**8 July 2010**

Acquisition Cost  
(RM'million)  
**2,132**

Title, Expiry Date, Years  
Remaining

- i. **PN 17414 Lot 62059, 21 February 2102, 79**
- ii. **PN 9495 Lot 32, 1 April 2097, 74**
- iii. **H.S(D) 259957 PT 1312, 1 April 2097, 74**
- iv. **PN 9500 Lot 51175, 1 April 2097, 74**
- v. **H.S(D) 233143 Lot PT 891, 14 August 2105, 82**

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)  
**3,840**

Date of Latest Valuation  
**December 2022**

Valued by  
**CBRE WTW Valuation &  
Advisory Sdn Bhd**

Age of Building  
**Phase 1: 25 years  
Phase 2: 15 years**

<sup>1</sup> Formerly known as Sunway Pyramid Shopping Mall.



# Sunway Carnival Mall<sup>1</sup>

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

T: +604 202 0128

F: +604 397 9883

F: [www.facebook.com/SunwayCarnivalMall](https://www.facebook.com/SunwayCarnivalMall)

W: [www.sunwaycarnival.com](http://www.sunwaycarnival.com)

Land Area (sq.ft.)  
**493,504**

GFA (sq.ft.)  
**Retail and  
Convention Centre:  
1,302,653  
Car park:  
1,191,440**

NLA (sq.ft.)  
**Retail:  
710,069  
Convention  
Centre:  
32,292**

No. of Parking  
Bays  
**> 3,000**

No. of Tenancies  
**278**

Value per sq.ft.  
(RM)  
**943**

Capitalisation  
Rate – Current/  
Reversionary (%)  
**6.00 - 7.00/6.50**



## The Mainland's Treasured Mall

Sunway Carnival 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 sectors 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 Mall has completed the expansion of Sunway Carnival Mall (New wing or SC 2), which successfully opened on 24 June 2022. This will be followed by the refurbishment of Sunway Carnival Mall (Existing wing or SC 1), which is expected to further reinforce Sunway Carnival Mall's position as the leading lifestyle destination in Mainland Penang.

Penang (Mainland)

Date of Acquisition

i. **8 July 2010**

ii. **27 December 2016<sup>2</sup>**

Acquisition Cost  
(RM'million)

i. **232**

ii. **17<sup>2</sup>**

Title, Expiry Date, Years  
Remaining

i. **PN 1816 Lot 5497, 21  
October 2092, 69**

ii. **PN 1817 Lot 5498, 21  
October 2092, 69**

iii. **PN 1818 Lot 5499, 21  
October 2092, 69**

iv. **PN 12175 Lot 10404<sup>2</sup>, 21  
October 2092, 69**

v. **H.S(D) 63650 Lot 10405<sup>2</sup>,  
3 November 2117, 94**

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

Tenure  
**99 years**

Encumbrance  
**Charged to Affin Hwang  
Investment Bank Berhad  
(excluding H.S(D) 63650  
Lot 10405)**

Year of Completion

i. **2007**

ii. **2022<sup>2</sup>**

Appraised Value  
(RM'million)  
**700**

Date of Latest Valuation  
**December 2022**

Valued by  
**Knight Frank Malaysia Sdn  
Bhd**

Age of Building  
**SC 1: 15 years  
SC 2<sup>2</sup>: Approximately 1 year**

<sup>1</sup> Formerly known as Sunway Carnival Shopping Mall.

<sup>2</sup> Land for expansion of Sunway Carnival Mall (New wing or SC 2).



# Property Details

## SunCity Ipoh Hypermarket

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

T: +603 5613 4888

E: enquiry@tfvaluemart.com.my

W: www.tfvaluemart.com.my

Land Area (sq.ft.)  
**354,994**

GFA (sq.ft.)  
**193,408**

NLA (sq.ft.)  
**183,327**

No. of Parking  
Bays  
**> 400**

No. of Tenancies  
**1**

Value per sq.ft.  
(RM)  
**300**

Capitalisation  
Rate – Current/  
Reversionary (%)  
**6.25 - 6.50/6.75**



### The Shopper's Hypermarket

SunCity Ipoh Hypermarket opened in 2005 as a single-storey hypermarket master-planned and developed by our 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 more than 40 outlets nationwide.

Conveniently linked to the North-South Expressway between Kuala Lumpur and Penang, SunCity Ipoh Hypermarket is expected to be further boosted over the next four years by a substantial increase in planned residential properties, an upcoming medical centre and a mall in Sunway City Ipoh. This follows 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.

Perak

Date of Acquisition  
**8 July 2010**

Acquisition Cost  
(RM'million)  
**46**

Title, Expiry Date, Years  
Remaining  
**PN 258216 Lot 331232, 22  
February 2100, 77**

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)  
**55**

Date of Latest Valuation  
**December 2022**

Valued by  
**Knight Frank Malaysia Sdn  
Bhd**

Age of Building  
**17 years**



## Sunway Putra Mall

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

T: +603 2786 9300

F: +603 2786 9499

F: [www.facebook.com/SunwayPutraMall](https://www.facebook.com/SunwayPutraMall)

W: [www.sunwayputramall.com](http://www.sunwayputramall.com)

Land Area<sup>1</sup> (sq.ft.)  
**193,621**

GFA (sq.ft.)  
**Retail: 1,248,000**  
**Car park: 575,000**

NLA (sq.ft.)  
**556,730**

No. of Parking  
Bays<sup>1</sup>  
**> 1,490**

No. of Tenancies  
**220**

Value per sq.ft.  
(RM)  
**943**

Capitalisation  
Rate – Current/  
Reversionary (%)  
**6.25/6.75**



### 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 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 apparel, 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.

Kuala Lumpur

Date of Acquisition  
**19 April 2011**

Acquisition Cost  
(RM'million)  
**223**

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 2022**

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

Age of Building  
**34 years**

<sup>1</sup> For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.



# Property Details

## Sunway Pier

Lot PT 484, Jalan Foreshore (Jalan Syahbandar), 42000 Port Klang, Selangor Darul Ehsan, Malaysia

Land Area (sq.ft.)  
**783,074**

GFA (sq.ft.)  
**Terminal Building:**  
**132,641**  
**Jetty Head:**  
**17,805**  
**Approach Bridge:**  
**41,706**

Value per sq.ft.  
(RM)  
**286**



### Transforming the Klang Seafront

Sunway Pier is currently slated for a planned redevelopment to create an international seafront tourist destination with food and beverage (F&B), retail and leisure offerings. Presently, the 18-acre site hosts a four-storey terminal complex building with a jetty head and approach bridge for ferries. We are now finalising the design with our consultants and the authorities while exploring the possibility of ferry services to cater to domestic and international travellers.

This property is easily accessible via the KTM Komuter station, which is just opposite our asset, and also via the existing networks of roads and highways, making it a convenient drive to and from the capital city and the population catchments of Klang Valley.

Selangor

Date of Acquisition  
**17 January 2022**

Acquisition Cost  
(RM'million)  
**37**

Title, Expiry Date, Years  
Remaining  
**PN 111686 Lot 10510,**  
**Section 16, 13 December**  
**2108, 85**

Bandar Port Swettenham,  
Daerah Klang, Negeri  
Selangor

Tenure  
**99 years**

Encumbrance  
**Nil**

Year of Completion  
**2011 (Currently under**  
**redevelopment planning)**

Appraised Value  
(RM'million)  
**55**

Date of Latest Valuation  
**December 2022**

Valued by  
**Knight Frank Malaysia Sdn**  
**Bhd**

Age of Building  
**11 years**



## Sunway Resort Hotel

Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

T: +603 7492 8000

F: +603 7492 8001

E: srhs.enquiry@sunwayhotels.com

W: www.sunwayhotels.com

Land Area (sq.ft.)  
**376,274**

GFA (sq.ft.)  
**1,076,790**

No. of Rooms  
**460 rooms and 3 villas**

No. of Parking Bays  
**> 580**

Average Price per Room (RM)  
**1,501,080**

Capitalisation/ Discount Rate (%)  
**6.75/9.00**

Master Lease Details  
Master Lessee  
**Sunway Resort Hotel Sdn Bhd**

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

Total Rent  
**90% of Gross Operating Profit (GOP)**



### A Renewed Icon in Klang Valley

Sunway Resort Hotel is our flagship five-star hotel located at the core of Sunway City. One of the most iconic hotels in Klang Valley, it is part of a central cluster of three hotels, 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 the capital city of Kuala Lumpur.

Upon the completion of phased refurbishment works, Sunway Resort Hotel reopened progressively in 2022 with 460 guest rooms, suites and pool villas with commanding scenic views of the theme park and the resort city skyline.

Well-equipped with modern conveniences and amenities, the hotel is the preferred choice for business, leisure and medical travellers. For meetings, incentives, conferences and exhibitions (MICE), the hotel is integrated with more than 360,000 sq. m. 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 into one of the most versatile event 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 run by Sunway XFarms, which will supply healthy, fresh produce to the hotel's restaurants.

Sunway Resort Hotel proudly hosts the Gordon Ramsay Bar & Grill – the world-renowned, multi-Michelin-starred chef's first-ever restaurant in Malaysia, as well as Black Tap Craft Burgers & Shakes, the award-winning New York-based restaurant, making its debut in Malaysia in 2022.

Other food and beverage offerings include The Resort Cafe, an all-day dining outlet with a choice selection of local and Western cuisine, as well as the Sunset Terrace – 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.

Selangor

Date of Acquisition  
**8 July 2010**

Acquisition Cost (RM'million)  
**445**

Title, Expiry Date, Years Remaining

- i. **PN 9492 Lot 35, 1 April 2097, 74**
- ii. **PN 9498 Lot 51173 1 April 2097, 74**

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**  
(Refurbished in 2022)  
**Three Villas: 2004**

Appraised Value (RM'million)  
**695**

Date of Latest Valuation  
**December 2022**

Valued by  
**CBRE WTW Valuation & Advisory Sdn Bhd**

Age of Building  
Sunway Resort Hotel:  
**25 years**  
Three Villas:  
**18 years**



# Property Details

## Sunway Pyramid Hotel<sup>1</sup>

Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

T: +603 7492 8000

F: +603 7492 8001

E: srhs.enquiry@sunwayhotels.com

W: www.sunwayhotels.com

Land Area<sup>1</sup> (sq.ft.)

-

GFA (sq.ft.)

**356,888**

No. of Rooms

**564**

No. of Parking

Bays

**> 560**

Average Value per Room (RM)

**611,702**

Capitalisation/  
Discount Rate (%)

**7.00/9.00**

Master Lease

Details

Master Lessee

**Sunway Resort  
Hotel Sdn Bhd**

Duration

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

Total Rent

**90% of GOP**



### 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 Mall. The four-star hotel offers 564 rooms, including Family Rooms and Suites purpose-built to accommodate the increasing number of family and leisure guests.

Guest rooms 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 showers and LED Smart TVs with satellite news, sports and movie channels.

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

Selangor

Date of Acquisition

**8 July 2010**

Acquisition Cost  
(RM'million)

**250**

Title, Expiry Date, Years  
Remaining

**PN 17415/M1/1/1 Lot  
62060, 21 February 2102, 79**

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

**2004 (Refurbished in 2016)**

Appraised Price  
(RM'million)

**345**

Date of Latest Valuation

**December 2022**

Valued by

**CBRE WTW Valuation &  
Advisory Sdn Bhd**

Age of Building

**18 years**

<sup>1</sup> The hotel is on strata title.



## Sunway Lagoon Hotel<sup>1</sup>

 Selangor

Persiaran Lagoon, Bandar Sunway, 47500 Selangor Darul Ehsan, Malaysia

Date of Acquisition  
**9 February 2018**

T: +603 7492 8000

F: +603 7492 8001

E: srhs.enquiry@sunwayhotels.com

W: www.sunwayhotels.com

Acquisition Cost  
(RM'million)  
**344**

Land Area (sq.ft.)  
**77,403**

GFA (sq.ft.)  
**798,762**

No. of Rooms  
**401**

No. of Parking  
Bays  
**> 740**

Average Value per  
Room (RM)  
**765,586**

Capitalisation/  
Discount Rate (%)  
**6.75/8.50**

Master Lease  
Details  
Master Lessee  
**Sunway Resort  
Hotel Sdn Bhd**

Duration  
**10 years from 9  
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 Lagoon  
Hotel consists of  
RM10.9 million for  
Year 1 and Year 2  
and RM8.2 million  
each year for the  
remaining 10-year  
term.**



### A Truly Comfortable and Convenient Stay

Sunway Lagoon Hotel forms part of the cluster of hotels in Sunway City. Located on the west side of the iconic Sunway Pyramid Mall, the four-star hotel features 401 guest rooms equipped with technology-enhanced amenities such as complimentary Wi-Fi and wired broadband internet access, USB charger outlets, LED Smart TVs with satellite news, sports and movie channels, flexible workspaces, high-pressure walk-in rain showers and in-room electronic safe boxes.

Sunway Lagoon 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.

Title, Expiry Date, Years  
Remaining  
**HSD 259881  
Lot No. PT 1333,  
16 November 2108, 85**

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 Price  
(RM'million)  
**307**

Date of Latest Valuation  
**December 2022**

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

Age of Building  
**6 years**

<sup>1</sup> Formerly known as Sunway Clio Property.



# Property Details

Sunway Hotel Seberang Jaya				 Penang (Mainland)
11, Lebu Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Prai, Penang, Malaysia				Date of Acquisition <b>8 July 2010</b>
T: +604 377 7788	F: +604 370 0555	E: shsj.enquiry@sunwayhotels.com	W: www.sunwayhotels.com	Acquisition Cost (RM'million) <b>52</b>
Land Area (sq.ft.) <b>46,220</b>				Title, Expiry Date, Years Remaining <b>PN 2602 Lot 5785, 21 October 2092, 69</b>
GFA (sq.ft.) <b>174,800</b>				Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang
No. of Rooms <b>202</b>				Tenure <b>99 years</b>
No. of Parking Bays <b>&gt; 80</b>				Encumbrance
Average Value per Room (RM) <b>272,277</b>				i. <b>Charged to OCBC Bank (Malaysia) Berhad</b>
Capitalisation/Discount Rate (%) <b>7.00/9.00</b>				ii. <b>10 years lease to Sunway Hotel (Seberang Jaya) Sdn Bhd expiring 7 July 2030</b>
Master Lease Details Master Lessee <b>Sunway Hotel (Seberang Jaya) Sdn Bhd</b>				iii. <b>30 years lease to Tenaga Nasional Berhad expiring 15 March 2028</b>
Duration <b>10 years from 8 July 2020 with an option to renew for another 10 years</b>				<div><b>Stay With Us and Feel the Difference</b></div> <p>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.</p> <p>Located amid a vibrant hub of entertainment, leisure and a medical centre, along with shopping options at the newly expanded Sunway Carnival Mall, it is perfect for holidaymakers, corporate travellers and medical tourists seeking easy access to Mainland Penang's bustling commercial and industrial zones.</p>
Total Rent <b>90% of GOP</b>	Appraised Value (RM'million) <b>55</b>			
	Date of Latest Valuation <b>December 2022</b>			
	Valued by <b>Knight Frank Malaysia Sdn Bhd</b>			
	Age of Building <b>24 years</b>			



## Sunway Putra Hotel

No. 100, Jalan Putra, 50350 Kuala Lumpur, Malaysia

T: +603 4040 9888

F: +603 4043 0700

E: spkl.enquiry@sunwayhotels.com

W: www.sunwayhotels.com

Land Area<sup>1</sup> (sq.ft.)  
**193,621**

GFA (sq.ft.)  
**834,000**

No. of Rooms  
**650**

No. of Parking  
Bays<sup>1</sup>  
**> 1,490**

Average Price per  
Room (RM)  
**507,692**

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**



### A Preferred City Hotel

Sunway Putra Hotel is integrated with Sunway Putra Mall and Sunway Putra Tower in a mixed-use development opposite the 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 Smart TV, electronic safe, mini fridge and coffee and tea-making facilities.

Sunway Putra Hotel also 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 that serves local and international à la carte and buffet options, as well as the Atrium Lounge that serves signature Afternoon Tea with a wide selection of coffees, cakes and pastries.

Kuala Lumpur

Date of Acquisition  
**19 April 2011**

Acquisition Cost  
(RM'million)  
**217**

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 2022**

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

Age of Building  
**29 years**

<sup>1</sup> For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.



# Property Details

## Sunway Hotel Georgetown

33, New Lane (Off Macalister Road), Georgetown, 10400 Penang, Malaysia

T: +604 229 9988

F: +604 228 8899

E: shgp.enquiry@sunwayhotels.com

W: www.sunwayhotels.com

Land Area (sq.ft.)  
**33,592**

GFA (sq.ft.)  
**193,115**

No. of Rooms  
**250**

No. of Parking  
Bays  
**> 90**

Average Price per  
Room (RM)  
**320,000**

Capitalisation/  
Discount Rate (%)  
**6.50/8.50**

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.**



### 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 traditional 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 that are within walking distance of 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 staying on 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.

Penang (Island)

Date of Acquisition  
**28 January 2015**

Acquisition Cost  
(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 OCBC Bank  
(Malaysia) 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 2022**

Valued by  
**Knight Frank Malaysia  
Sdn Bhd**



Age of Building  
**28 years**





Menara Sunway		 Selangor
Unit 4.5 Level 4 East Lobby, Menara Sunway Annexe, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia		Date of Acquisition <b>8 July 2010</b>
T: +603 5639 8888	F: +603 5639 9595	Acquisition Cost (RM'million) <b>128</b>
Land Area (sq.ft.) <b>193,395</b>  GFA (sq.ft.) <b>Office: 399,446</b> <b>Car park: 266,696</b>  NLA (sq.ft.) <b>291,807</b>  No. of Parking Bays <b>&gt; 630</b>  No. of Tenancies <b>50</b>  Value per sq.ft. (RM) <b>596</b>  Capitalisation Rate – Current/ Reversionary (%) <b>6.00/6.50</b>		Title, Expiry Date, Years Remaining <b>PN 17105 Lot 61760, 1 April 2097, 74</b>  Bandar Sunway, Daerah Petaling, Negeri Selangor  Tenure <b>99 years</b>  Encumbrance <b>Charged to Public Investment Bank Berhad</b>  Year of Completion <b>1994</b>  Appraised Value (RM'million) <b>174</b>  Date of Latest Valuation <b>December 2022</b>  Valued by <b>Jones Lang Wootton (Proprietor: Singham Sulaiman Sdn Bhd)</b>  Age of Building <b>28 years</b>
<p><b>Sunway Group's Headquarters</b></p> <p>Menara Sunway is a 19-storey office building in Sunway City that serves as the headquarters of the Sunway Group, occupying close to 75% of its net lettable area. 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 and medical centre and hospitality, leisure and retail options within the township.</p> <p>Surrounded by highly-populated suburbs such as Subang Jaya, Puchong and Petaling Jaya, and easily accessible via five major expressways – the 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.</p>		



# Property Details

<h2>Sunway Tower</h2>		 Kuala Lumpur
Ground Floor, Sunway Tower, No. 86 Jalan Ampang, 50450 Kuala Lumpur, Malaysia		Date of Acquisition <b>8 July 2010</b>
T: +603 2032 4100	F: +603 2070 4093	Acquisition Cost (RM'million) <b>171</b>
Land Area (sq.ft.) <b>25,898</b>  GFA (sq.ft.) <b>Office: 360,493</b> <b>Car park: 126,580</b>  NLA (sq.ft.) <b>268,306</b>  No. of Parking Bays <b>&gt; 290</b>  No. of Tenancies <b>12</b>  Value per sq.ft. (RM) <b>429</b>  Capitalisation Rate – Current/Reversionary (%) <b>6.50/7.00</b>		Title, Expiry Date, Years Remaining <b>Geran 45110, Lot 55, Seksyen 45</b>  Kuala Lumpur, Wilayah Persekutuan  Tenure <b>Freehold</b>  Encumbrance i. <b>Charged to Public Investment Bank Berhad</b> ii. <b>Lienholder's caveat by Public Investment Bank Berhad</b> iii. <b>30 years lease to Tenaga Nasional Berhad expiring 14 January 2023</b>
<h3>Changing Dynamics</h3> <p>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.</p> <p>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 the Klang Valley, making it a prime business address in Kuala Lumpur.</p>		Year of Completion <b>1996 (Refurbished in 2009)</b>  Appraised Value (RM'million) <b>115</b>  Date of Latest Valuation <b>December 2022</b>  Valued by <b>VPC Alliance (KL) Sdn Bhd</b>  Age of Building <b>26 years</b>




Sunway Putra Tower			 Kuala Lumpur
100, Jalan Putra, 50350 Kuala Lumpur, Malaysia			Date of Acquisition <b>19 April 2011</b>
T: +603 4050 3282	F: +603 4040 0007	E: putratowermgmt@sunway.com.my	Acquisition Cost (RM'million) <b>82</b>
Land Area <sup>1</sup> (sq.ft.) <b>193,621</b>			Title, Expiry Date, Years Remaining <b>Geran 10012, Lot 38, Seksyen 51</b>
GFA (sq.ft.) <b>Office: 454,000</b> <b>Car park: 575,000<sup>1</sup></b>			Kuala Lumpur, Wilayah Persekutuan
NLA (sq.ft.) <b>317,051</b>			Tenure <b>Freehold</b>
No. of Parking Bays <sup>1</sup> <b>&gt; 1,490</b>			Encumbrance
No. of Tenancies <b>17</b>			i. <b>Charged to Public Investment Bank Berhad</b>
Value per sq.ft. (RM) <b>419</b>			ii. <b>Lienholder's caveat by Public Investment Bank Berhad</b>
Capitalisation Rate – Current/Reversionary (%) <b>6.25/6.75</b>	iii. <b>30 years lease to Tenaga Nasional Berhad expiring 4 April 2047</b>		Year of Completion <b>1993 (Refurbished in 2015)</b>
<b>Synergistically Integrated</b> Sunway Putra Tower is an office tower that forms part of an integrated mixed-used development with Sunway Putra Mall and Sunway Putra Hotel. Strategically located next to the 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 the NLA.			Appraised Value (RM'million) <b>133</b>
			Date of Latest Valuation <b>December 2022</b>
			Valued by <b>Savills (Malaysia) Sdn Bhd</b>
			Age of Building <b>29 years</b>

<sup>1</sup> For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.




# Property Details

Wisma Sunway		Selangor
No. 1, Jalan Tengku Ampuan Zabedah C 9/C, Seksyen 9, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia		Date of Acquisition <b>23 March 2015</b>
T: +603 5510 1629	F: +603 5510 1039	Acquisition Cost (RM'million) <b>62</b>
Land Area <sup>1</sup> (sq.ft.) -		Title, Expiry Date, Years Remaining
GFA (sq.ft.) <sup>2</sup> <b>Office: 182,216</b> <b>Car park: 125,401</b>		i. PN 21876/M1/B1/1, 29 August 2094, 71
NLA (sq.ft.) <b>171,544</b>		ii. PN 21876/M1/1/3, 29 August 2094, 71
No. of Parking Bays <b>&gt; 420</b>		iii. PN 21876/M1/N1/4, 29 August 2094, 71
No. of Tenancies <b>6</b>		iv. PN 21876/M1/N1/5, 29 August 2094, 71
Value per sq.ft. (RM) <b>350</b>	<p><b>Strategic Location – Government Precinct of Selangor's State Capital</b></p> <p>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 the Concorde Hotel and Plaza Shah Alam, it is easily accessible via the Federal Highway and New Klang Valley Expressway (NKVE).</p> <p>Wisma Sunway is currently fully occupied with government agencies comprising the majority of tenants.</p>	v. PN 21876/M1/2/6, 29 August 2094, 71
Capitalisation Rate – Current/Reversionary (%) <b>6.50/6.75</b>		vi. PN 21876/M1/8/7, 29 August 2094, 71
		vii. PN 21876/M1/9/8, 29 August 2094, 71
		viii. PN 21876/M1/10/9, 29 August 2094, 71
		ix. PN 21876/M1/11/10, 29 August 2094, 71
		x. PN 21876/M1/12/11, 29 August 2094, 71
		xi. PN 21876/M1/13/12, 29 August 2094, 71
		xii. PN 21876/M1/14/13, 29 August 2094, 71
		xiii. PN 21876/M1/15/14, 29 August 2094, 71
		xiv. PN 21876/M1/16/15, 29 August 2094, 71
		xv. PN 21876/M1/17/16, 29 August 2094, 71
		All situated on Parent Lot No. 517 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan
		Tenure <b>99 years</b>
		Encumbrance <b>Charged to Public Investment Bank Berhad</b>
		Year of Completion <b>1997 (Refurbished in 2013)</b>
		Appraised Value (RM'million) <b>60</b>
		Date of Latest Valuation <b>December 2022</b>
		Valued by <b>VPC Alliance (KL) Sdn Bhd</b>
		Age of Building <b>25 years</b>

<sup>1</sup> This office is on strata title.

<sup>2</sup> Based on surveyed strata floor area.





<h1>Sunway Pinnacle<sup>1</sup></h1>		 Selangor
Suite LGb-01, Lower Ground Management Office, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia		Date of Acquisition <b>20 November 2020</b>
T: +603 5639 9575	F: +603 5639 8608	Acquisition Cost (RM'million) <b>455</b>
Land Area (sq.ft.) <b>78,415</b>		Title, Expiry Date, Years Remaining <b>PN 17103 Lot 61759, 1 April 2097, 74</b>
GFA (sq.ft.) <b>Office: 700,802</b> <b>Car park: 444,752</b>		Daerah Petaling, Negeri Selangor
NLA (sq.ft.) <b>577,973</b>		Tenure <b>99 years</b>
No. of Parking Bays <b>&gt; 850</b>		Encumbrance <b>Charged to OCBC Bank (Malaysia) Berhad</b>
No. of Tenancies <b>44</b>		Year of Completion <b>2013</b>
Value per sq.ft. (RM) <b>806</b>		Appraised Value (RM'million) <b>466</b>
Capitalisation Rate – Current/ Reversionary (%) <b>6.00/8.00</b>	<b>A World-Class Office within an Integrated City</b> Sunway Pinnacle 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, Sunway Pinnacle is a new-generation building equipped with environmentally friendly features such as motion-sensor lighting and rainwater harvesting for landscape irrigation. Sunway Pinnacle is also a MSC-status building that offers high-speed internet connection and 24/7 technical support for tenants, proudly serving many international corporations and businesses that call it home.  Surrounded by highly-populated suburbs such as Subang Jaya, Puchong and Petaling Jaya, and easily accessible via five major expressways – the Federal Highway, New Pantai Expressway (NPE), Shah Alam Expressway (KESAS), Damansara-Puchong Expressway (LDP) and New Klang Valley Expressway (NKVE) – Sunway Pinnacle is the preferred choice for companies to set up their regional headquarters in Malaysia.	
		Date of Latest Valuation <b>December 2022</b>
		Valued by <b>Knight Frank Malaysia Sdn Bhd</b>
		Age of Building <b>9 years</b>

<sup>1</sup> Formerly known as The Pinnacle Sunway.

<sup>1</sup> Formerly known as The Pinnacle Sunway.



# Property Details

Sunway Medical Centre (Tower A & B)				 Selangor	
No. 5, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia				Date of Acquisition <b>31 December 2012</b>	
T: +603 7491 9191	F: +603 7491 8181	E: smc@sunway.com.my	W: www.sunwaymedical.com		
Land Area (sq.ft.) <b>195,839</b>					
GFA (sq.ft.) <b>Medical Centre: 563,438</b> <b>Car park: 217,162</b>					
No. of Parking Bays <b>&gt; 650</b>					
Capitalisation Rate (%) <b>6.25</b>					
Master Lease Details Master Lessee <b>Sunway Medical Centre Sdn Bhd</b>					
Duration <b>10 years from 31 December 2012 with an option to renew for another 10 years<sup>2</sup></b>	<b>Improving the Lives We Touch</b> 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.				
Rental <b>RM19 million per annum for the 1<sup>st</sup> year</b>	Supported by more than 2,800 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.				
Rental Uplift <b>3.5% per annum for each subsequent year of the first 10-year term</b>	Sunway Medical Centre is also affiliated with the University of Cambridge, Royal Papworth Hospital, 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.				
Rental Basis <b>Triple net lease</b>					
<div><sup>1</sup> Based on sale and purchase agreement dated 29 December 2022 (SPA).</div> <div><sup>2</sup> Pursuant to the proposed disposal, the lease was not renewed but lease rental will be made payable up to the completion date of the SPA.</div>					
				Acquisition Cost (RM'million) <b>313</b>	
				Title, Expiry Date, Years Remaining i. <b>PN 12549 Lot 38160, 1 April 2097, 74</b> ii. <b>PN 12550 Lot 45, 1 April 2097, 74</b>	
				All in Bandar Sunway, Daerah Petaling, Negeri Selangor	
				Tenure <b>99 years</b>	
				Encumbrance i. <b>Charged to Public Investment Bank Berhad</b> ii. <b>10 years lease to Sunway Medical Centre Sdn Bhd, expired on 30 December 2022<sup>2</sup></b>	
				Year of Completion <b>Phase 1: 2001</b> <b>Phase 2: 2009</b>	
				Appraised Value (RM'million) <b>370</b>	
				Proposed Disposal Price (RM'million) <b>430<sup>1</sup></b>	
				Date of Latest Valuation <b>December 2022</b>	
				Valued by <b>Savills (Malaysia) Sdn Bhd</b>	
				Age of Building <b>Phase 1: 21 years</b> <b>Phase 2: 13 years</b>	



Sunway university & college campus			 Selangor	
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	Date of Acquisition <b>15 April 2019</b>	
Land Area (sq.ft.) <b>733,246</b>  GFA (sq.ft.) <b>Campus:</b> <b>1,459,134</b> <b>Car park:</b> <b>421,111</b>  No. of Parking Bays <b>&gt; 1,050</b>  Value per sq.ft. (RM) <b>306</b>  Capitalisation rate – Current/ Reversionary (%) <b>6.50 – 9.25/6.50</b>  Master Lease Details Master Lessee <b>Sunway Education Group Sdn Bhd (SEG) and/ or its relevant subsidiaries</b>  Duration <b>30 years from 1 December 2018 with an option to renew for a second term of 30 years (at the expiry of the first term) and a third term of 18 years and 4 months up to 31 March 2095 (at the expiry of the second term)</b>  Rental <b>RM34.2 million per annum for the 1<sup>st</sup> year</b>  Rental Uplift <b>2.3% per annum for each subsequent year of the first 30-year term</b>  Rental Basis <b>Triple net lease</b>				Acquisition Cost (RM'million) <b>556</b>  Title, Expiry Date, Years Remaining <b>i. HS(D) 118326 Lot No. PT 1905, 1 April 2097, 74</b> <b>ii. HS(D) 118325 Lot No. PT 1904, 1 April 2097, 74</b> <b>iii. HS(D) 118332 Lot No. PT 28, 1 April 2097, 74</b>  All in Bandar Sunway, Daerah Petaling, Negeri Selangor  Tenure <b>99 years</b>  Encumbrance <b>Charged to Public Investment Bank Berhad</b>  Year of Completion <b>Phase 1 (South Building, Hostel and North Building): 1993 and 1996</b> <b>Phase 2 (New University Block): 2015</b>  Appraised Value (RM'million) <b>575</b>  Date of Latest Valuation <b>December 2022</b>  Valued by <b>Jones Lang Wootton (Proprietor: Singham Sulaiman Sdn Bhd)</b>  Age of Building <b>Phase 1: 26 years and 29 years</b> <b>Phase 2: 7 years</b>
<b>Educating the Future</b> 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, both 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 an overall 5 stars in the QS University Ratings. Sunway university was also awarded Premier Digital Tech University status by the Malaysian Digital Economy Corporation (MDEC). In recognition of the university's commitment to sustainability, Sunway university was recognised as the highest-ranked private university in Malaysia in the Times Higher Education Impact Rankings for the second consecutive year in 2022. Aside from the overall ranking, Sunway university is also in the world's top 200 for SDG 6: Clean Water and Sanitation, SDG 8: Decent Work and Economic Growth and SDG 17: Partnership for the Goals.  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 the Cambridge GCE A-Levels, Australian Matriculation, Canadian International Matriculation and 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) 2018/2019 for its student profile, programme and graduate recognition, quality of resources and soundness of governance.				



# Property Details

## Sunway REIT Industrial – Shah Alam 1

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

T: +603 5541 6600

F: +603 5541 0651

W: www.dchcmfg.com

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 five years but  
less than or equal  
to 15 years**

Rental  
**RM6.2 million per  
annum**

Rental Uplift  
**The rent is subject  
to review every  
three 3 years and  
the next review  
date shall be 1  
January 2025. 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**



### Prime Industrial Asset in Selangor's Capital District

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

Easily accessible via three major highways – the 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 12<sup>th</sup> 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.

Selangor

Date of Acquisition  
**1 August 2017**

Acquisition Cost  
(RM'million)  
**92**

Title, Expiry Date, Years  
Remaining  
**HS(D) 132499, PT65,  
30 May 2098, 75**

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 2022**

Valued by  
**First Pacific Valuers  
Property Consultants Sdn  
Bhd**

Age of Building  
**Phase 1: 29 years  
Phase 2: 12 years**



Sunway REIT Industrial – Petaling Jaya 1	
Lot 3, Jalan SS 8/6, 47300 Petaling Jaya, Selangor	
Land Area (sq.ft.) <b>158,146</b>  GFA (sq.ft.) <b>425,554</b>  Capitalisation Rate (%) <b>7.00</b>  Value per sq.ft. (RM) <b>143</b>	 <p><b>Klang Valley's Prime Freehold Industrial Property</b></p> <p>Sunway REIT Industrial – Petaling Jaya 1 (SRIPJ 1) is a prime freehold industrial asset comprising a double-storey and a five-storey former electronics factory, strategically located in the Sungai Way Free Industrial Zone (FIZ). SRIPJ 1 is easily accessible via major highways and expressways such as the Federal Highway and Lebuhraya Damansara-Puchong (LDP).</p> <p>Nestled amidst multinational corporations and mixed-use developments, SRIPJ 1 is well equipped with high-grade facilities to house potential manufacturing activities for immediate operations.</p>
	<div>  <span>Selangor</span> </div> <div>                     Date of Acquisition  <b>10 November 2022</b> </div> <div>                     Acquisition Cost (RM'million)  <b>61</b> </div> <div>                     Title, Expiry Date, Years Remaining                      i. <b>HSD 79342, PT 4971</b>                      ii. <b>HSD 79344, PT 4973</b> </div> <div>                     Mukim Damansara, Daerah Petaling, Negeri Selangor                 </div> <div>                     Tenure  <b>Freehold</b> </div> <div>                     Encumbrance  <b>Nil</b> </div> <div>                     Year of Completion  <b>Phase 1: 1996</b>  <b>Phase 2: 2002</b> </div> <div>                     Appraised Value (RM'million)  <b>61</b> </div> <div>                     Date of Latest Valuation  <b>May 2022</b> </div> <div>                     Valued by  <b>CBRE WTW Valuation &amp; Advisory Sdn Bhd</b> </div> <div>                     Age of Building  <b>Phase 1: 26 years</b>  <b>Phase 2: 20 years</b> </div>



# Message from Our Chairman

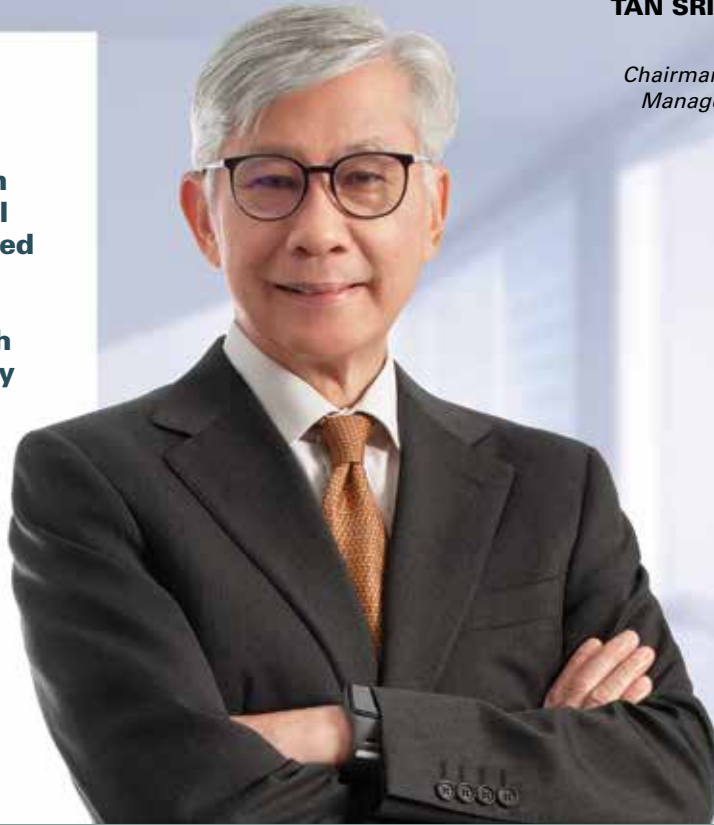
GRI 2-22

Dear Valued Stakeholders,

**It gives me great pleasure to present my inaugural message in Sunway REIT's Integrated Annual Report for the financial year ended 31 December 2022 (FY2022). During the year under review, Sunway REIT charged ahead with a strong recovery underscored by our portfolio's strength. The recalibration of TRANSCEND 2027 in FP2021, coupled with dynamic asset management strategies, navigated Sunway REIT towards growing its assets under management. Leading the M-REITs industry, Sunway REIT continues to commit to its net zero carbon emissions by 2050 target and launched its internal carbon pricing framework.**

**TAN SRI AMIRSHAM  
BIN A AZIZ**

*Chairman, Sunway REIT  
Management Sdn Bhd*



## GLOBAL HEADWINDS

A host of events have impacted the recovery of the global economy in 2022. Global growth rebounded when mass vaccinations began to show encouraging signs in curbing the pandemic.

However, new headwinds soon emerged with geopolitical events causing supply chain disruptions and unabated global inflation. The shift from a persistently low inflation regime in the pre-pandemic period to a period of excessively high inflation has necessitated Central Bankers around the world to turn hawkish in their monetary policies. Aggressive Fed Rate hikes by the Federal Reserve and rigorous monetary tightening policies in major economies led to moderation in global economic growth, putting economic expansion in most countries at risk.

On the domestic front, Malaysia's economic growth gained momentum in 2022, underpinned by robust domestic demand as the labour market improved and there was encouraging

performance in all economic sectors, primarily the services and manufacturing sectors. The transition to the endemic phase spurred more economic and social activities and drove Malaysia's gross domestic product (GDP) growth to 8.7%, the highest in over two decades.

In tandem with global trends, inflation crept up in 2022, reflecting the escalation of costs arising from supply chain disruptions. After a prolonged period of accommodative monetary policy, Bank Negara Malaysia (BNM) shifted to monetary policy normalisation on the back of a rise in inflationary pressure. As the economy absorbed the effects of the 100bps increase in the Overnight Policy Rate (OPR) in 2022, inflation began to gradually ease after peaking at 4.7% in August 2022. Regardless, annual inflation still rose to 3.3% in 2022 compared to 2.5% in 2021. As we entered 2023, BNM decided to take a pause in monetary policy tightening on 19 January 2023, likely to monitor for any signs of an economic slowdown, domestically and globally.



### GREEN SHOOTS OF RECOVERY FOR M-REITS

Robust domestic economic growth since the fourth quarter of 2021 shaped the recovery of Real Estate Investment Trusts in Malaysia (M-REITs) in 2022. Strong domestic consumption and borders reopening formed the bedrock that fortified M-REITs growth in 2022. Amid the strengthening of business activities and financial performance, the distribution yield of M-REITs expanded from 5.1% as at 31 December 2021 to 6.7% as at 31 December 2022.

Investor sentiment for M-REITs, however, was affected by monetary policy tightening in the second half of the year. Nonetheless, total return for M-REITs improved from 2.0% in 2021 to 4.5% in 2022 on the back of an expansion in distribution yield. Average discount to NAV remained largely unchanged at 22%.

As we look ahead to 2023, the lingering effects of the pandemic are likely to gradually wane over time. The underlying fundamental strength of M-REITs will be supported by moderate economic growth, albeit at a lower pace, and the anticipated recovery of international arrivals. The reverberations of the crisis has brought about new opportunities as global megatrends adjust to social and behavioural changes. In addition, the weakened financial health of some asset owners presents asset acquisition and mergers & acquisition opportunities (M&A) to M-REITs.

### SUNWAY REIT PERFORMANCE OVERVIEW

The trading performance of Sunway REIT showed a healthy improvement in 2022, in tandem with the improvement in financial performance. Sunway REIT recorded a higher total return of 9.8% in FY2022, compared to a contraction of 2.3% in the same period last year. Dividend yield doubled to 6.3% in FY2022. With the improved financial performance and cash flow position, the Board of Directors approved a distribution payout of 95% for the first nine months profit of 2022 and further increased this to 100% in 4Q 2022. Discount-to-NAV improved from -4.9% as at 31 December 2021 to -0.3% as at 31 December 2022.

#### Trading Performance of M-REITs

##### Total Return

**4.5%**

2022

##### Distribution Yield

**6.7%**

31 December 2022

#### Trading Performance of Sunway REIT

##### Total Return

**9.8%**

FY2022

##### Distribution Yield

**6.3%**

31 December 2022





# Message from Our Chairman

## Barometer of M-REITs

Since its inception more than a decade ago, Sunway REIT has set new benchmarks in the M-REITs industry. As one of the leading REITs in Malaysia, Sunway REIT is comprehensively represented in indices, both local and international, that enhance Sunway REIT's visibility to investors. From an initial unitholder base of approximately 5,800 unitholders in 2010, Sunway REIT has grown its unitholder base to close to 30,000 unitholders in 2022.

“

**The astounding growth in unitholder base is a testament to Sunway REIT's strong fundamentals, sustainable track record, exemplary governance, transparent disclosures and proactive investor relations programme.**

”

## TAKING ESG TO THE NEXT LEVEL

The confluence of calamities around the world has led to an urgent call for climate change action. In addressing the urgent need for a better world, Sunway REIT has elevated its sustainability commitment to demonstrate the highest governance standards, enabling strategic oversight of ESG issues for long-term value creation.

Together with the Sunway Group, Sunway REIT launched its Net Zero Carbon Emissions by 2050 Roadmap in 2021, which underlines its commitment to achieving net zero carbon emissions. With an interim target in 2030, Sunway REIT endeavours to reduce its residual emissions by 45% and progressively move towards net zero carbon status by 2050 through a three-pronged strategic framework.

“

**Leading the M-REITs industry, Sunway REIT has forged ahead by introducing its internal carbon pricing framework for the Retail, Hotel and Office segments. The internally designed framework assigns a monetary value to carbon emissions to guide future business orientation and investment strategies, as part of our decarbonisation aspirations.**

”

Led by the Board Sustainability Committee (BSC), Sunway REIT has integrated sustainability considerations into the Trust's strategic direction and policies. This year, Sunway REIT refined the Trust's Sustainability Goals and Targets 2030.

## SUNWAY REIT SUSTAINABILITY GOALS AND TARGETS 2030

### ENVIRONMENT

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

**GOAL 2:  
ADVOCATING A  
RESPONSIBLE VALUE  
CHAIN**

### SOCIAL

**GOAL 3:  
INVESTING IN  
COMMUNITY  
INCLUSIVITY**

### GOVERNANCE

**GOAL 4:  
RESPECTING ETHICAL  
PRINCIPLES**

➞ For more information, please refer to the Sustainability Statement section.



Sunway REIT was the first M-REIT to incorporate sustainability KPIs into the Senior Management's performance evaluation, which is linked to remuneration. These ESG KPIs are aligned with Sunway REIT's Sustainability Goals and Targets 2030 and climate change agendas. Sunway REIT's commitment to diversity is reflected in a female representation on the Board of Directors of 43%, which surpasses the 30% recommendation by the Malaysian Code of Corporate Governance (MCCG).

Benchmarking against international best practices, Sunway REIT undertakes an annual review of its policies. During the year, Sunway REIT implemented the Universal Accessibility Policy, which sets out its commitment to building an inclusive society through providing universal access in its properties. In addition, the Donations, Sponsorship and Corporate Responsibility Policy was further enhanced.

The risk appetite statement was also improved to better align with our strategic roadmap, TRANSCEND 2027. In managing material risks, Sunway REIT has aligned its risk categories based on material issues identified to facilitate the monitoring of material risks.

### MODERATION IN ECONOMIC GROWTH FOR 2023

The global economy is likely to undergo a phase of slower growth in 2023. Fortunately, the slowing growth in developed economies is likely to be cushioned by the improving economic outlook in China as a result of the full reopening of its economy. The International Monetary Fund (IMF) expects the global economy to expand at a slower pace of 2.9% in 2023, from a growth of 3.4% in 2022.

Monetary policymakers worldwide, led by the Federal Reserve, may shift to a more dovish stance in the face of potentially tapering inflation. Easing inflationary pressures will prompt monetary policymakers to pause and reassess the implications of continued interest rate hikes on the economy.

Domestic economic prospects are dependent on global economic developments. Following solid economic growth in 2022, Malaysia's economy is expected to moderate in 2023 amid slower global growth. The resilience of the domestic economy will be sustained by domestic demand on the back of reasonably stable employment and income prospects. Tourism activities are expected to continue to rise, further lifting the tourism-related sectors. With a diversified economic structure, the government continues its efforts to attract foreign direct investments (FDI) into Malaysia in a multitude of industries and sectors.

Downside risks to the domestic economy stem from the risk of global recession, excessively high inflation, escalation of geopolitical uncertainties and supply chain disruptions.

### ACKNOWLEDGEMENTS

As we truly emerge from the shadows of the pandemic, my heartfelt appreciation to all our stakeholders, our unitholders, Trustee, Property Manager, business unit management teams, business partners, the investment community and members of the media for your unwavering support and trust in Sunway REIT. With your continued support and partnership, we look to elevate Sunway REIT to even greater heights.

In addition, I wish to express my sincere appreciation to my fellow members of the Board for your support ever since my appointment. In turn, on behalf of the Board, I would also like to extend our gratitude to the Management and employees for your dedication and passion in pursuing excellence in all your endeavours for Sunway REIT in the past year.

Moving into 2023, it has been announced that there shall be a transition in the leadership of the Management with Dato' Jeffrey Ng Tiong Lip, our Chief Executive Officer since the listing of Sunway REIT, expressing his intention to retire on 30 June 2023. Under Dato' Jeffrey Ng's stewardship, Sunway REIT has performed well, more than doubling both our Asset Under Management and Net Property Income since listing. He was also instrumental in establishing strong foundations for the future of Sunway REIT with the formulation of TRANSCEND 2027 which will guide our strategic orientation moving forward. When the time comes, I wish Dato' Jeffrey Ng a well-deserved retirement and rest. I also take this opportunity to welcome our new Deputy Chief Executive Officer, Mr Clement Chen Kok Peng, who will take over the reins from Dato' Jeffrey upon his retirement. I call upon all our employees and partners to continue to extend your support to Clement as Sunway REIT seeks to set new milestones in the coming years ahead.

Yours sincerely,

**Tan Sri Amirsham Bin A Aziz**  
Chairman



# In Conversation with Our CEO

GRI 2-22

Dear Valued Stakeholders,

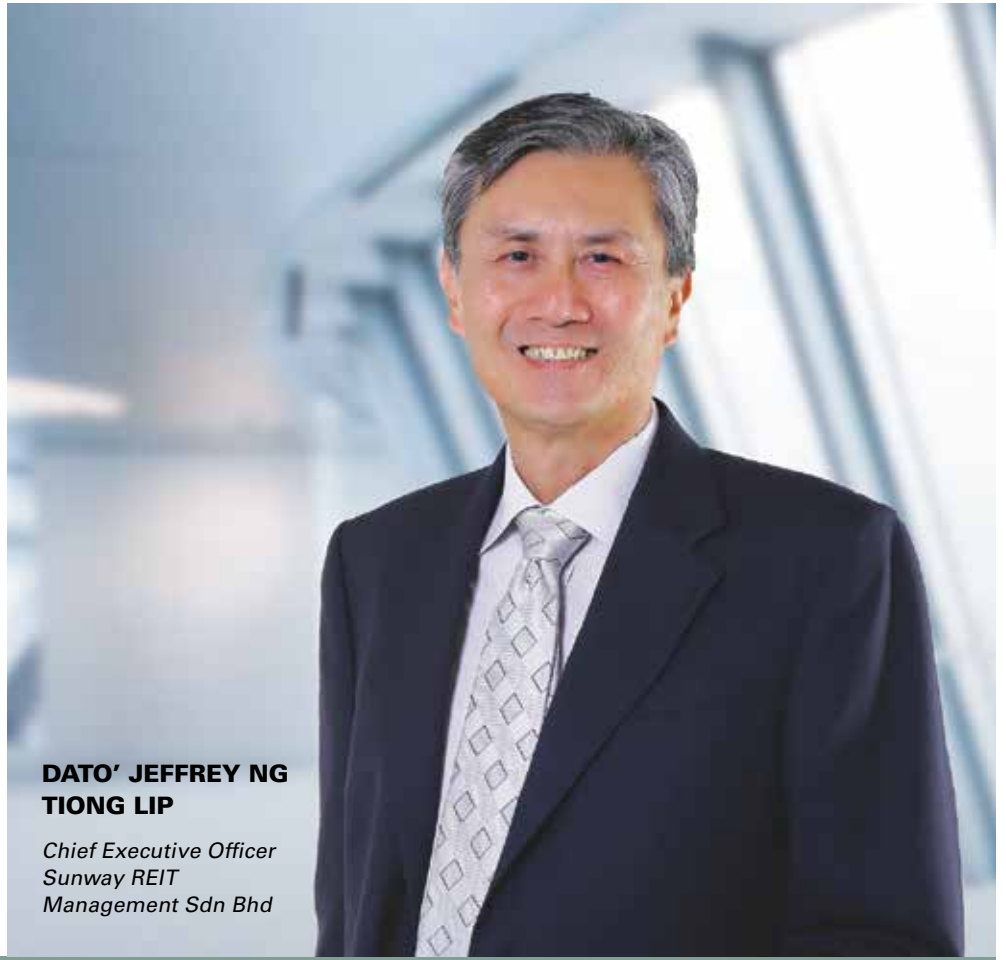
“

It has been a rewarding year. Sunway REIT has made considerable progress in growing our asset portfolio while charging towards our TRANSCEND 2027 goals. We have successfully made headway in acquisitions and asset recycling in rebalancing our portfolio. Led by the Retail and Hotel segments, the financial performance of Sunway REIT has surpassed pre-pandemic levels.

”

**DATO' JEFFREY NG  
TIONG LIP**

*Chief Executive Officer  
Sunway REIT  
Management Sdn Bhd*



## NEW HORIZONS - MOVING ON AND CHARGING AHEAD

The full reopening of trade and travel in April 2022 heralded the endemic phase of COVID-19, marking the beginning of a new era. Fueled by the post-pandemic recovery in employment, domestic consumption and business confidence, the Retail segment rebounded strongly in FY2022.

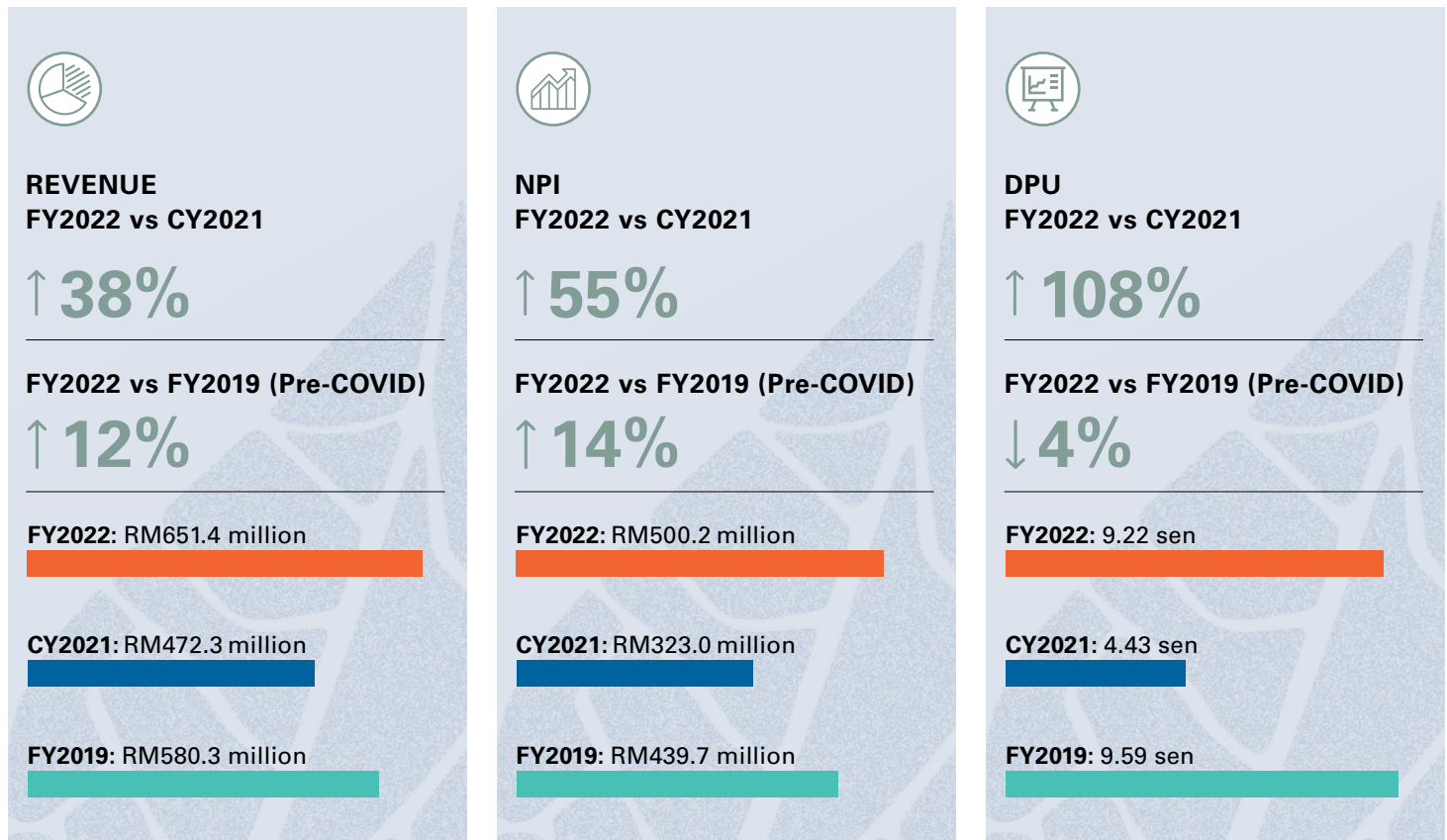
Having invested up to RM180 million in rental support and marketing assistance programmes during the toughest of times, Sunway REIT's retail assets were particularly well-positioned to benefit from the recovery. With goodwill, trust, and long-term relationships forged with tenants and the community, the occupancy in our retail assets remained resilient during the pandemic, and were fully ready for the surge in foot traffic and spending upon reopening.

The Hotel segment has also benefitted greatly from the influx of domestic tourists and the resumption in meetings, incentives, conferences and exhibitions (MICE)-related activities. While international arrivals have remained relatively subdued due to the closure of China's borders till late 2022, the reopening of the world's second largest economy and Malaysia's largest trade partner in January 2023 presents a potential upside for Sunway REIT's hospitality assets moving forward. As such, we are working closely with our Hotel Business Unit Management Team to tap on this catalyst to boost recovery and growth in the coming year.



## STELLAR FINANCIAL PERFORMANCE

Revenue, NPI and DPU showed significant improvements in FY2022 compared to CY2021, as illustrated below:




While the financial performance of FY2022 was expected to recover from CY2020 - CY2021, it has in fact exceeded pre-pandemic levels recorded in FY2019. Guided by our TRANSCEND 2027 strategy roadmap, our agility in responding to the crisis via cost containment and cash preservation, as well as our relentless pursuit in seeking out new opportunities for growth via property development activities and asset acquisitions have been instrumental in achieving these results, which will set the new benchmark for years to come.

 For more information, please refer to the Financial Highlights and Segmental Review sections.

## TRANSCEND 2027 AS THE BLUEPRINT FOR TRANSFORMATION

Sunway REIT's portfolio has grown from strength to strength. As we recovered from the crisis, fortifying our assets was critical to withstand the unprecedented challenges that may arise in the future. As such, our TRANSCEND 2027 aims to build a diversified and future-fit portfolio that creates sustainable value for stakeholders.

 For more information, please refer to the Ensuring a Robust Business Model and TRANSCEND 2027 Progress Report sections.



# In Conversation with Our CEO

Translating our growth strategies into outcomes, we have undertaken the following action plans:

1

## Trailblazing Urban Rejuvenation at Sunway Pier

In January 2022, we acquired Sunway Pier, an 18-acre seafront asset located along Jalan Foreshore, Port Klang. As part of our strategic acquisition and redevelopment initiative, Sunway REIT plans to redevelop Sunway Pier into an international tourist destination and new iconic landmark in Selangor. With the ferry terminal connecting it to the world and the existing KTM Berhad Komuter rail link to the heart of the city, Sunway REIT's urban rejuvenation project will bring unique offerings and experiences in retail, leisure and recreation, transport and education, as well as eco-tourism and cultural conservation. In line with our commitment to the United Nations' Sustainable Development Goals (UNSDG), Sunway Pier will also create ample business and employment opportunities for the surrounding community, contributing positively to society and the economy.

2

## Sunway Resort Hotel – Reintroducing a Prominent Landmark in Klang Valley

In May 2022, Sunway Resort Hotel was reopened in phases following a refurbishment, with upgraded rooms, facilities and premier food & beverage offerings. Infused with technology, our five-star flagship hotel stands as a renewed icon in Klang Valley, drawing diners and guests from new markets. The addition of Sunway Resort Hotel Annexe, The Link, and Corporate Suites @ Level 19 further expands the wealth of options for visitors and businesses in Sunway City, positioning Sunway Resort Hotel at the forefront of growth and recovery while showcasing the best of Malaysian hospitality to tourists from across the world.

3

## Sunway Carnival Mall – Re-establishing Market Dominance in Mainland Penang

In June 2022, Sunway REIT completed the expansion of Sunway Carnival Mall, which opened to a surge in retail spending and foot traffic. Achieving 93% occupancy in FY2022, Sunway Carnival Mall proudly hosts many global brands and first-time stores in Penang, bringing new and unique products, services and experiences to the state and enhancing the local economy, while reversing the trend of mainland residents having to cross the bridge for these offerings. Instead, Sunway Carnival Mall attracts shoppers from the island and beyond to spend the day at one of the top market-leading malls in the Northern region.

4

## Growing New and Emerging Segments with Sunway REIT Industrial – Petaling Jaya 1

In November 2022, Sunway REIT acquired Sunway REIT Industrial – Petaling Jaya 1, a freehold industrial asset strategically located in Sungai Way Free Industrial Zone (FIZ). Nestled among multinational corporations and served by major highways, the property is well-positioned to attract tenants seeking prime urban industrial space just 2 kilometers north of Sunway City and offers potential AEI opportunities to boost asset performance in the long term. This represents our second successful acquisition of industrial assets in Klang Valley, doubling the GFA of our industrial asset portfolio to more than 800,000 sq.ft. and moving us closer to the TRANSCEND 2027 diversification targets for defensive assets.

5

## Asset Recycling via Proposed Divestment of Sunway Medical Centre (Tower A & B)

Announced in December 2022, Sunway REIT is embarking on our first divestment since IPO to unlock the value of Sunway Medical Centre (Tower A & B), having satisfied the criteria outlined in our internal divestment framework. The proposed divestment will strengthen our balance sheet and build up our financial war chest to capitalise swiftly on yield-accretive acquisition opportunities, especially in essential and emerging segments in line with TRANSCEND 2027 targets.



### LEADING THE MALAYSIAN REIT INDUSTRY IN SUSTAINABILITY

Sunway REIT's sustainability vision is guided by our Net Zero Carbon Emission 2050 Roadmap. In 2022, we deepened our commitment to accelerate our ESG journey and collaborate with stakeholders in our efforts to decarbonise. With this, I am glad to highlight the many 'firsts' achieved by Sunway REIT in pioneering sustainability within the M-REITs industry:

**1** In 2022, Sunway REIT initiated climate change and water security disclosures to the Carbon Disclosure Project (CDP), an international non-profit organisation that manages global disclosure systems for investors, companies and other stakeholders in managing their environmental impact. This is on top of our climate risk disclosure based on assessment protocols set by the Task Force on Climate-Related Financial Disclosures (TCFD).

**2** Sunway REIT is the first M-REIT to introduce the Sunway Green Lease Partnership Programme, ensuring the implementation of ESG initiatives across our value chain while committing to decarbonise by improving energy efficiency, reducing water consumption and diverting waste from landfills. From the current pool of global brands, we aim to achieve 100% tenant participation in our pursuit of net zero carbon emissions.

**3** Following our first industry-leading sustainability-linked Medium Term Note (MTN) issuance in 2021, we have achieved the sustainability targets set for the first year and were rewarded with lower financing costs. Since 2021, we have secured a total commitment for sustainable finance exceeding RM2.0 billion and continue to integrate sustainability considerations into our capital management strategy underpinned by the carrot-and-stick model, to incentivise positive efforts while ensuring sustainability targets are always met.


**4** Value at Risk (VaR) assessment was introduced as part of our investment framework to evaluate the climate change risks faced by the target acquisition asset and the proposed actions to mitigate the exposure.



## In Conversation with Our CEO

Additionally, we have received green building accreditation for four of our assets to date, including Sunway Resort Hotel and the new wing of Sunway Carnival Mall in 2022. We have also recorded improvements in our ESG ratings by international agencies such as S&P and MSCI, while continue to be included in the FTSE4GOOD Index, ranking in the top 25% by ESG ratings among public-listed companies (PLCs) in the FBM EMAS assessed by FTSE Russell.

Currently, we are pursuing a rating by GRESB to further align Sunway REIT's ESG practices with global benchmarks. This will provide a transparent platform for stakeholders to evaluate our ESG credentials, which is increasingly emphasised by investors in their investment decisions, as well as tenants and lessees when selecting floorspace for their business operations. Engaging specialist consultants where needed, we have also taken a step further to employ dedicated professionals with the technical expertise and experience to deep dive into sustainability projects to ensure their successful implementation and achieve better outcomes in the long term.

 For more information, please refer to Sustainability Statement section.



Sunway REIT Team with MSWG-ASEAN  
Corporate Governance Award 2021

Sunway Real Estate  
Investment Trust was  
recognised in the prestigious  
**MSWG-ASEAN  
CORPORATE  
GOVERNANCE  
AWARD 2021**  
for its best practices in  
corporate governance

### IN PURSUIT OF EXCELLENCE

Sunway REIT was recognised in the prestigious MSWG-ASEAN Corporate Governance Award 2021 for its best practices in corporate governance. We also emerged as the winner of the Industry Excellence Award for CG Disclosure in the REIT category and was ranked 4<sup>th</sup> overall for Excellence in CG Disclosure out of approximately 900 PLCs.

In the areas of corporate reporting, Sunway REIT clinched a silver award under the category of Companies with RM2 billion to RM10 billion in Market Capitalisation, at the 32<sup>nd</sup> National Annual Corporate Award (NACRA) 2022, following our successive wins over the years.


These recognitions are strong testaments to Sunway REIT's leading corporate governance and reporting culture, which was further reaffirmed by the Institute of Corporate Directors Malaysia (ICDM) in an independent evaluation undertaken in 2021. Adhering to Sunway Group's core values of Integrity, Humility and Excellence, we will remain steadfast and committed to serve the best interests of all our stakeholders.



## ROBUST CAPITAL MANAGEMENT

Amid an environment of monetary policy normalisation, it is increasingly challenging to mitigate the rising cost of financing. As such, we maintain a prudent yet dynamic capital management strategy in managing the cost of debt and potential refinancing risks.

As at 31 December 2022, Sunway REIT's gearing is at 37.6%, providing us with a considerable debt headroom of RM1.2 billion to fund future growth. We also continue to closely monitor the capital market and may consider equity fundraising for acquisitions to optimise our gearing level and DPU accretiveness when and where opportunities arise.

 For more information, please refer to the Capital Management section.

## EMBRACING THE CHALLENGES

With the current economic sentiment and rising interest rate environment, challenges still abound for M-REITs. As the saying goes, "offence is the best defence," we work relentlessly with our Business Unit Management Teams to boost rental revenues and optimise property cost to achieve NPI growth, which will cushion the risk of further interest rate hikes.

Likewise, while we proactively seek and create opportunities to enhance the profitability of our assets through AELs and property development activities, we are prudent to account for the gestation periods required to produce the intended yields, more so amidst an inflationary environment with rising labour and material costs. Thus, rigorous feasibility studies and costing are conducted before embarking on any property enhancement projects.

Lastly, while TRANSCEND 2027 outlines international investment opportunities as a point of focus for expansion and diversification, the uncertain geopolitical and macroeconomic drivers in some of the identified key foreign markets may add to the challenges in planning for our maiden overseas acquisition. The global market volatility and uncertainties also require us to carefully monitor and time the window for equity fund-raising to ensure optimal pricing. Moreover, the tax regimes of target countries which impose high corporate or withholding taxes would necessitate us to be highly selective in terms of yield when appraising acquisition opportunities.

## RISING ABOVE THE TIDE

As the same headwinds affect the entire market, our strong financial position and ability to quickly and effectively raise funds allows us to stand out, turning the challenges into opportunities for local and global acquisitions as real estate owners may be inclined to monetise their assets in the face of rising interest costs. Additionally, there are real estate investment funds who are pressured to divest their holdings to achieve the required returns at the end of the fund's life. As such, we are proactively sourcing for more proposals for sale-and-leaseback and built-to-suit developments especially in the industrial segment from businesses seeking to relocate or expand in an asset-light manner.

Across the world stage, we are now studying countries beyond popular options such as UK and Australia, widening our scope to include markets with lower interest rates and higher property yields, mindful of the tax and management expenses when investing overseas. We are also exploring various tax and investment holding structures to broaden our horizons while establishing local networks and developing the relevant investment policies and risk management strategies.



## In Conversation with Our CEO

Returning to the core of our portfolio, we believe that there will be sustained demand for quality property space at the right locations. Hence, we will continue to engage our Business Unit Management Teams to grow, expand and improve our assets to remain the top choice of our existing and prospective tenants.

“

**With our sights ahead, we will continue to seek strategic opportunities to acquire and develop essential and emerging segment assets such as hypermarkets, high-tech manufacturing facilities, cold-room logistics warehouses and data centres to continue adding value to our stakeholders while contributing to the community in a sustainable manner.**

”

### ACKNOWLEDGEMENTS

I would like to express my heartfelt appreciation to the Board of Directors including past Chairmen Tan Sri Dr. Jeffrey Cheah and Tan Sri Ahmad Bin Mohd Don for their unwavering guidance and support over the years. My sincerest gratitude to the Sponsor for the opportunity to lead the listing of Sunway REIT on Bursa Malaysia and the trust placed in me as the Chief Executive Officer in laying foundation for long-term sustainable growth. Thanks to my dedicated team, both past and present for consistently producing the required results with quality and speed, Sunway REIT has tripled our assets under management since inception.

As part of succession planning, I would like to welcome Mr. Clement Chen, the Deputy Chief Executive Officer of Sunway REIT. I am confident that the transition to the new leadership will be smooth, and that Sunway REIT will continue to thrive.

In closing, I would like to thank all stakeholders for your trust and support over the years, which has been instrumental in bringing Sunway REIT to where it is today. I hope you will continue to be with us on our rewarding journey forward for many more years to come.

Yours Sincerely,

**Dato' Jeffrey Ng Tiong Lip**

Chief Executive Officer



# Financial Highlights

GRI 201-2

## FIVE-YEAR FINANCIAL INFORMATION

Statement of Profit or Loss and Other Comprehensive Income - Key Data & Financial Ratios	FY2022 RM'000	FP2021 RM'000	FY2020 RM'000	FY2019 RM'000	FY2018 RM'000
Revenue <sup>1</sup>	651,446	675,558	556,875	580,299	560,406
Net property income <sup>1</sup>	500,238	457,076	416,809	439,695	419,930
Income available for distribution (realised)	328,228	221,907	228,902	282,886	282,394
Earnings per unit (realised) (sen)	9.58	6.68	7.76	9.59	9.57
Distribution per unit (DPU) (sen)	9.22 <sup>2</sup>	6.10	7.33	9.59	9.57
Distribution yield (%)	6.3 <sup>3</sup>	2.9	4.5	5.1	5.4
Management expense ratio (%)	0.88	0.74	0.86	0.86	0.89

Statement of Financial Position - Key Data & Financial Ratios	As at 31 December 2022 RM'000	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
Investment properties	8,622,501	8,701,745	8,020,233	8,047,410	7,280,225
Investment properties - accrued lease income	48,499	36,514	16,930	-	-
Other non-current assets	16,576	12,427	12,902	12,517	13,591
Current assets	295,795	399,787	410,180	98,111	230,042
Non-current asset held for sale	430,000	-	-	-	-
<b>Total asset value</b>	<b>9,413,371</b>	<b>9,150,473</b>	<b>8,460,245</b>	<b>8,158,038</b>	<b>7,523,858</b>
Non-current liabilities	(1,997,417)	(1,881,024)	(1,892,465)	(91,859)	(384,165)
Current liabilities	(1,887,976)	(1,804,239)	(1,798,006)	(3,269,623)	(2,786,457)
<b>Total liabilities</b>	<b>(3,885,393)</b>	<b>(3,685,263)</b>	<b>(3,690,471)</b>	<b>(3,361,482)</b>	<b>(3,170,622)</b>
<b>Net Asset Value (NAV)</b>	<b>5,527,978</b>	<b>5,465,210</b>	<b>4,769,774</b>	<b>4,796,556</b>	<b>4,353,236</b>
Perpetual note holders' funds	(339,717)	(339,717)	(339,717)	(339,717)	-
<b>Total unitholders' funds</b>	<b>5,188,261</b>	<b>5,125,493</b>	<b>4,430,057</b>	<b>4,456,839</b>	<b>4,353,236</b>
NAV attributable to unitholders (before income distribution) <sup>4</sup>	5,188,261	5,125,493	4,430,057	4,456,839	4,353,236
NAV attributable to unitholders (after income distribution) <sup>4</sup>	5,017,021	5,029,598	4,359,964	4,389,691	4,289,917
NAV per unit attributable to unitholders (before income distribution) (RM)	1.5149	1.4966	1.5042	1.5133	1.4781
NAV per unit attributable to unitholders (after income distribution) (RM)	1.4649	1.4686	1.4804	1.4905	1.4566
Lowest NAV per unit attributable to unitholders during the year/period (RM)	1.4649	1.4686	1.4804	1.4544	1.4074
Highest NAV per unit attributable to unitholders during the year/period (RM)	1.4759	1.4827	1.4905	1.4905	1.4566
Closing unit price (RM)	1.46	1.41	1.62	1.87	1.77
Premium/(discount) to NAV (%)	(0.3)	(4.0)	9.4	25.5	21.5

<sup>1</sup> Includes unbilled lease income receivable pursuant to MFRS 16 Leases (from FY2020 onwards).

<sup>2</sup> Comprises income distributed of 4.22 sen per unit and proposed final income distribution of 5.00 sen per unit.




<sup>3</sup> Based on DPU of 9.22 sen divided by the closing unit price as at 31 December 2022 of RM1.46.

<sup>4</sup> Before/after proposed final income distribution.



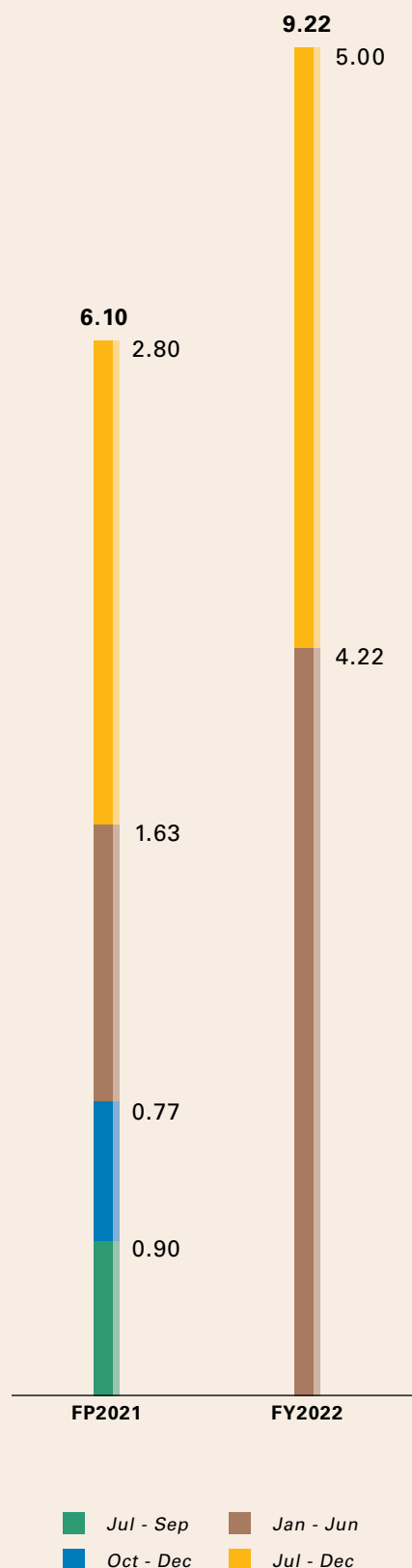
# Financial Highlights

## PERFORMANCE BENCHMARKS

Performance Benchmark	FY2022	FP2021	Commentary
i. Management expense ratio (MER) (%)	<b>0.88</b>	0.74	<p>MER has normalised to pre-pandemic levels largely from the increased Manager's fees in tandem with the significant improvement in NPI. The MER was comparable to the top five M-REITs (in term of market capitalisation), which ranged from 0.60% to 1.25%.</p> <p> For historical levels of the MER, please refer to Five-Year Financial Information section.</p> <p> For more information on the calculation of MER verified by the auditors, please refer to Note 31 to the Audited Financial Statements section.</p>
ii. Total return (%)	<b>9.8</b>	(10.1)	<p>Total return has turned positive steered by a higher distribution yield of 6.3%, coupled with the increase in closing unit price by 3.5%. Total return of Sunway REIT of 9.8% was above the average total return for M-REITs of 4.5%.</p> <p>The negative total return for FP2021 was resulted from a unit price contraction of 13.0%, partially cushioned by the distribution yield of 2.9%.</p>
iii. Average total return (5 years) (%)	<b>1.3</b>	1.8	The five-year average total return hovered around the same level due to negative total return during the pandemic period in FP2021 and FY2020.
iv. Average total return (3 years) (%)	<b>(3.1)</b>	(2.8)	The three-year average total return was negative for both periods due to negative total return during the pandemic period in FP2021 and FY2020.
v. Distribution yield (%)	<b>6.3</b>	2.9	Distribution yield doubled to 6.3% in FY2022, contributed largely by the improvement in the Retail and Hotel segments of Sunway REIT with the increased business and leisure activities following the end of movement control order in early 2022. Distribution yield of Sunway REIT was marginally below the average distribution yield for M-REITs of 6.7%, as the yield was weighed down by the increase in unit price of Sunway REIT.
vi. NAV per unit attributable to unitholders (after income distribution) (RM)	<b>1.4649</b>	1.4686	NAV per unit was largely unchanged as Sunway REIT distributed at least 90% of its distributable income for both periods.
vii. Closing Unit Price (RM)	<b>1.46</b>	1.41	<p>The increase in unit price of 3.5% was boosted by the improvement in financial performance in FY2022.</p> <p> For unit price performance of Sunway REIT, please refer to Trading Performance section.</p>

- i. Ratio of trust expenses in operating Sunway REIT of RM47.2 million (Annualised FP2021: RM39.9 million) to the NAV (after income distribution) of Sunway REIT as at 31 December 2022 of RM5,356.7 million (31 December 2021: RM5,369.3 million).
- ii. Changes in unit price of Sunway REIT from the beginning up to the end of the financial year/period plus distribution yield for the financial year/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 DPU of 9.22 sen divided by the closing unit price as at 31 December 2022 of RM1.46 (FP2021: Annualised DPU of 4.06 sen divided by the closing unit price as at 31 December 2021 of RM1.41).
- vi. Determined by deducting the value of all Sunway REIT's liabilities from its total asset value as at the end of the financial year/period and after the proposed final income distribution for the financial year/period, divided by the number of issued units.
- vii. Based on the unit price as at 31 December 2022 and 31 December 2021.



**DISTRIBUTION PER UNIT (SEN)****PROFIT FOR THE FINANCIAL YEAR**

Sunway REIT recorded a stellar year with profit more than doubled for FY2022 at RM323.6 million (CY2021: RM127.6 million).

The realised profit for FY2022 was higher at RM348.1 million (CY2021: RM184.0 million), as well as surpassed the pre-pandemic realised profit in FY2019 of RM286.5 million. This translated to the increase in realised profit of 85% and 19% compared to CY2021 and FY2019 respectively, contributed by higher net property income from all business segments as discussed in the Segmental Review section. The realised profit margin was also higher at 53%, compared to 39% for CY2021 and 49% for FY2019.

**The strengthened business performance has been able to offset the impact of four overnight policy rate (OPR) hikes by Bank Negara Malaysia of 25 basis points each during the financial year. These hikes resulted in the increase in finance costs by 15% to RM100.1 million (CY2021: RM87.0 million), while was lower than the pre-pandemic finance costs in FY2019 of RM117.7 million. Average interest rate for FY2022 was at 2.98% (FY2021: 2.79%), remained below the average of pre-pandemic levels. It is worthwhile to note that the average cost of debt has been largely stable around 3.90% to 4.00% from FY2014 to FY2019, resulted from the Manager's proactive capital management strategies and robust financials of Sunway REIT.**

The unrealised loss in FY2022 of RM24.6 million (CY2021: RM56.4 million) was largely due to fair value loss on investment properties of RM13.0 million (CY2021: RM57.3 million) where two main segments of Sunway REIT, Retail and Hotel, have been adversely affected during the COVID-19 pandemic. For FY2022, the loss was also resulted from a provision for real property gains tax of RM10.8 million arising from the proposed disposal of Sunway Medical Centre (Tower A & B).

**i****TAX TRANSPARENCY**

Sunway REIT's tax compliance is outsourced to Ernst & Young Tax Consultants Sdn Bhd ("EY Tax"). The finance team of the Manager, with consultation of Sunway Group Tax, is responsible for ensuring compliances with tax obligations and timely submission of tax return. Even though Sunway REIT is exempt from income tax for FY2022 as the REIT will distribute at least 90% of its taxable income, the income tax computation is required to determine the taxable and non-taxable/tax-exempt amount of the income distribution in order to properly withhold 10% of the taxable income distribution to individuals and non-corporate investors and 24% for non-resident corporate investors. Resident corporate investors are required to report the income distribution received in their corporate tax return and subject to the prevailing corporate tax rate of 24%. Hence, it is important to derive the accurate taxable amount with the assistance of EY Tax.

In addition, the finance team works closely with Sunway Group Tax on the identification of qualifying expenditures for major projects in order to properly claim the capital allowances and may undertake capital allowance maximisation exercises with external tax consultants depending on the cost benefit analysis, given that Sunway REIT embarks extensively on property development activities and assets enhancement initiatives. In this aspect, the finance team seeks guidance from past experiences and advice from Sunway Group Tax and/or consultants. Sunway Group Tax and/or consultants will be consulted for major business proposals, including but not limited to divestment, changes to corporate structure and overseas investment.



# Financial Highlights

## DISTRIBUTION PER UNIT (DPU)

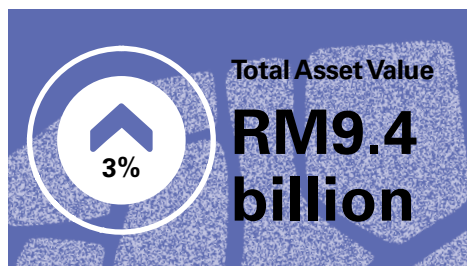
Sunway REIT's distribution policy requires the Manager to distribute at least 90% of the distributable income of Sunway REIT.

**For FY2022, the Manager has proposed for a total cash income distribution of RM315.8 million or 9.22 sen per unit, achieving 96% of the distributable income of Sunway REIT (FP2021: 92%). The Manager increased the distribution payout ratio from 90% to 95% for the interim income distribution of 4.22 sen per unit paid on 15 September 2022 and further increased to 100% for the proposed final income distribution of 5.00 sen per unit payable on 28 February 2023.**

The income distribution frequency has been varied from quarterly to half-yearly with effect from 1 January 2020 as a pre-emptive cash conservation measure in view of the rental support provided to eligible tenants/lessees and slower collection pace. The Manager will continue to monitor the business performance and collection pace before considering to reinstate to quarterly distribution in future.

At the 8<sup>th</sup> 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). At the 9<sup>th</sup> AGM held on 7 April 2022, the unitholders of Sunway REIT approved the renewal of DRS authority until the conclusion of Sunway REIT's next AGM. The Manager has not applied the DRS for income distribution during the financial year and will be seeking a renewal of the authority to issue DRS units when required at the 10<sup>th</sup> AGM to be held on 27 April 2023.

## STATEMENT OF FINANCIAL POSITION



The total asset value (TAV) of Sunway REIT increased by 3% or RM0.2 billion to RM9.4 billion as at 31 December 2022 compared to RM9.2 billion as at 31 December 2021. The increase was largely contributed by the acquisition of Sunway Pier and Sunway REIT Industrial – Petaling Jaya 1 totalling RM98 million and capital expenditure, mainly the expansion of Sunway

Carnival Mall and the refurbishment of Sunway Resort Hotel.

Non-current asset held for sale was pursuant to a conditional sale and purchase agreement on 29 December 2022 for the proposed disposal of Sunway Medical Centre (Tower A & B) for a cash consideration of RM430 million. The disposal is expected to be completed in the first half year of 2023.

Total liabilities stood at RM3.9 billion (31 December 2021: RM3.7 billion) with total borrowings at RM3.5 billion (31 December 2021: RM3.4 billion), increased by RM0.1 billion in tandem with the acquisition during the financial year fully financed by borrowings.

Net asset value (NAV), comprising unitholders' funds and perpetual note holders' funds, remained largely the same at RM5.5 billion on 31 December 2022 and 31 December 2021.

## STATEMENT OF CASH FLOWS

### Operating Activities

Net cash generated from operating activities of RM435.0 million was derived from rental collection and refundable deposits from lessees and tenants, which was partially used for property operating expenses.

### Investing Activities

Net cash used in investing activities of RM265.5 million was mainly to fund the progress payments for refurbishment of Sunway Resort Hotel and expansion of Sunway Carnival Mall and the acquisition of Sunway Pier and Sunway REIT Industrial – Petaling Jaya 1, which was partially offset by net redemption of investment in money market instruments.

### Financing Activities

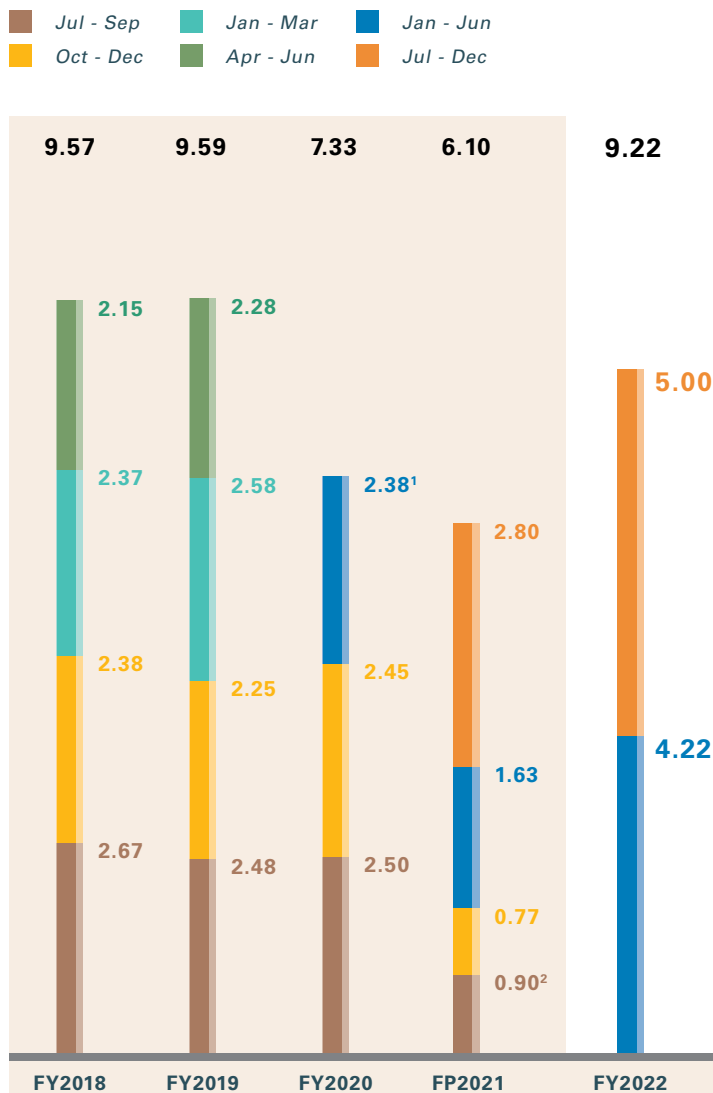
Net cash used in financing activities of RM208.8 million was mainly for income distribution paid to unitholders totalling RM240.4 million and interest paid of RM96.0 million, which was partially offset by the net drawdown of borrowings of RM147.7 million.

### Cash and Cash Equivalents

Cash and cash equivalents, representing cash and bank balances, stood at RM251.2 million (31 December 2021: RM290.5 million). The decrease in cash and bank balances mainly resulted from cash used in investing and financing activities. As Malaysia transitioned to an endemic state, the Manager lowered the cash holdings of Sunway REIT in view of the improvement in collection.



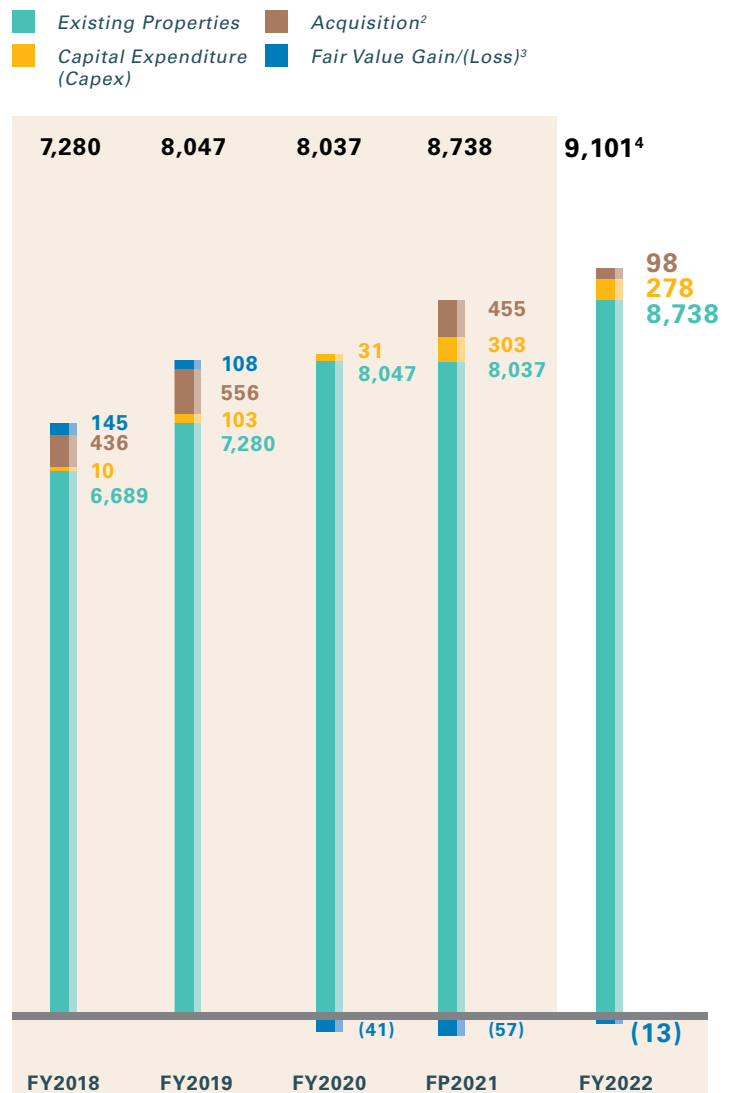
## Distribution per Unit (Sen)



	Since IPO	5-year
DPU CAGR (%)	3.1%	0.1%
Total DPU (sen)	99.65	41.81

	FY2018	FY2019	FY2020	FP2021	FY2022
Annual DPU	4.1	0.2 <sup>4</sup>	(23.6) <sup>5</sup>	(44.7) <sup>3,5</sup>	127.3
Growth (%)					

- <sup>1</sup> The distribution frequency has been changed from a quarterly to semi-annual basis with effect from 3Q FY2020.
- <sup>2</sup> Advance income distribution to existing unitholders prior to the issuance of new units pursuant to the private placement exercise.
- <sup>3</sup> Based on annualised DPU of 4.06 sen for FP2021.
- <sup>4</sup> DPU was flattish for FY2019 due to disruption in income contribution from the closure of Sunway Resort Hotel's Grand Ballroom and meeting rooms for refurbishment.
- <sup>5</sup> DPU was lower for FY2020 and FP2021 due to the impact of the COVID-19 pandemic that affected both the Retail and Hotel segments.

Property Value (RM'million)<sup>1</sup>

	Since IPO	5-year
Property Value Growth (%):	> 100%	37%
- Capex	43%	11%
- Acquisition	73%	23%
- Fair Value Gain	47%	2%

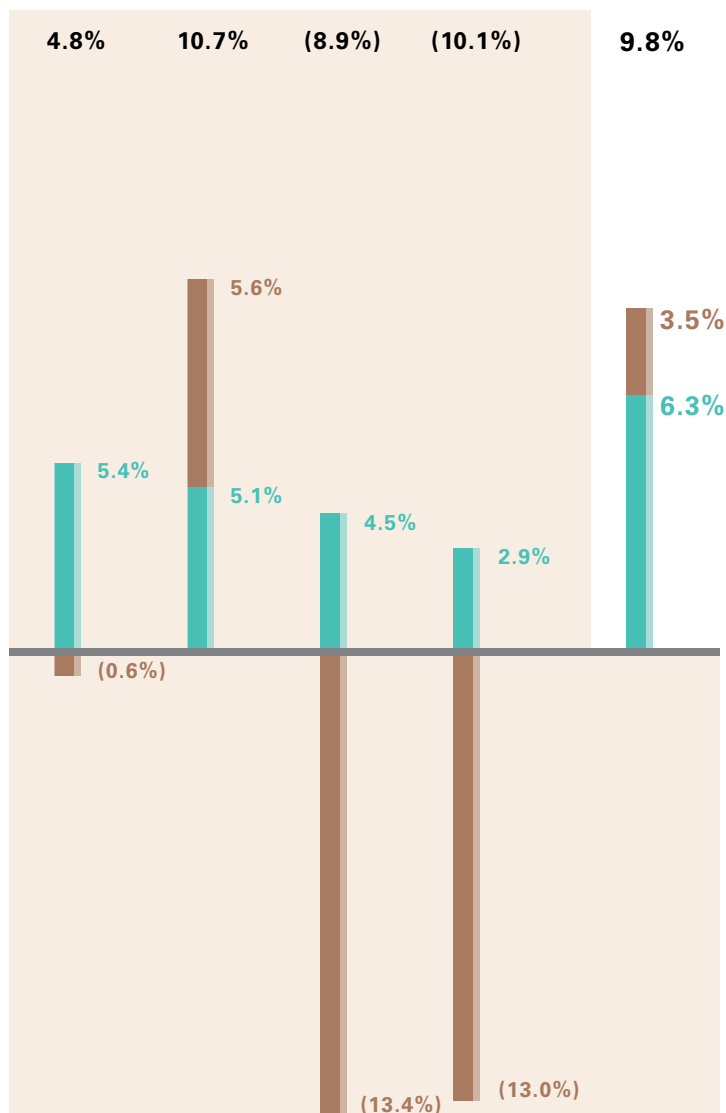
- <sup>1</sup> Includes investment properties – accrued lease income and investment property under construction.
- <sup>2</sup> Includes incidental costs on acquisition, i.e. acquisition fee, legal fee and valuation fee.
- <sup>3</sup> Fair value gain/(loss) – net of capex incurred.
- <sup>4</sup> Includes non-current asset held for sale.



# Financial Highlights

## Distribution Yield & Total Return (%)

■ Distribution Yield  
■ Price Movement

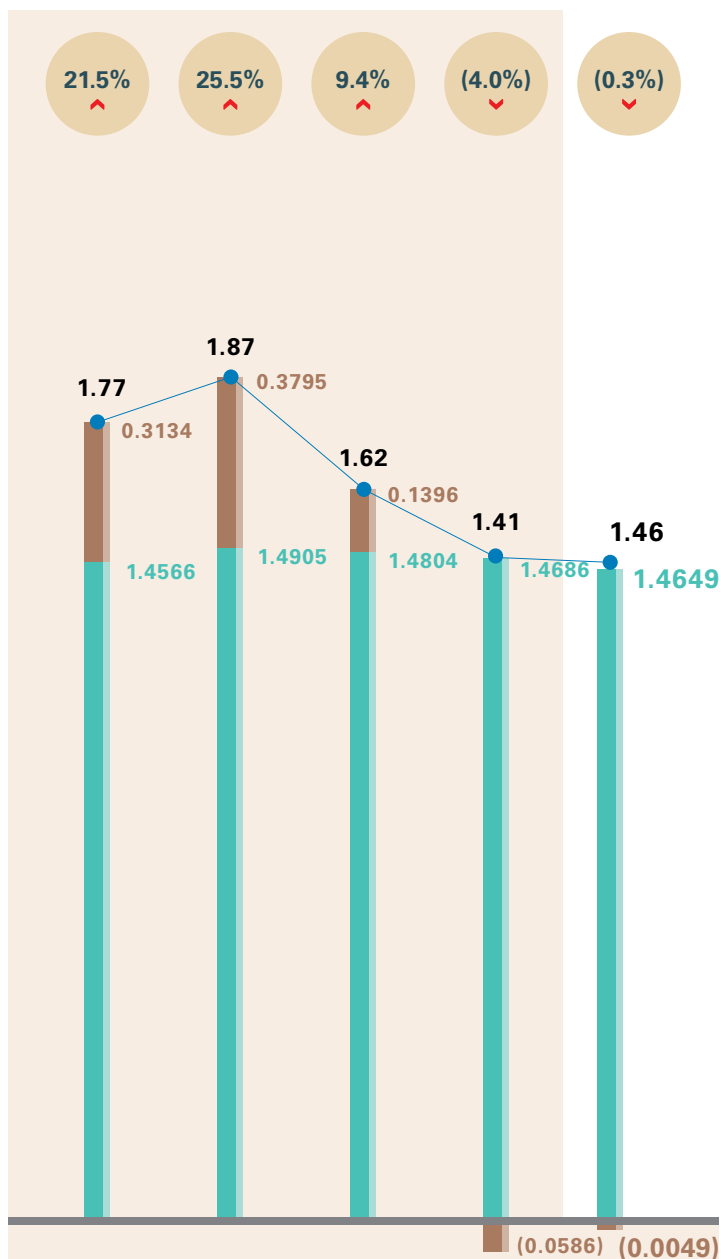


FY2018 FY2019 FY2020 FP2021 FY2022

	Since IPO	5-year
Price Movement	62.2%	-18.0%
Average Total Return	10.0%	1.3%

## NAV per Unit (RM) & Premium to NAV (RM/%)

■ NAV per Unit (RM) ● Premium/(Discount) to NAV (%)  
■ Premium/(Discount) to NAV (RM) ● Closing Unit Price (RM)



FY2018 FY2019 FY2020 FP2021 FY2022

	Since IPO	5-year
CAGR for NAV per Unit	3.4%	0.8%



# Value Added Statement

	FY2022 RM'000	FP2021 RM'000	FY2020 RM'000	FY2019 RM'000	FY2018 RM'000
<b>Value Added</b>					
Total turnover	651,446	675,558	556,875	580,299	560,406
Purchases of goods and services	(151,208)	(218,482)	(140,066)	(140,604)	(140,476)
Interest and other income/(expense)	(33,950)	(66,953)	(56,615)	101,305	148,085
<b>Total Value Added</b>	<b>466,288</b>	<b>390,123</b>	<b>360,194</b>	<b>541,000</b>	<b>568,015</b>
<b>Reconciliation</b>					
Total comprehensive income for the year/period	323,080	198,112	206,091	386,348	426,894
Add: Finance costs	100,050	136,969	116,392	117,664	105,646
Manager's fees	42,388	53,912	36,989	36,260	34,463
Trustee's fees	770	1,130	722	728	1,012
<b>Total Value Added</b>	<b>466,288</b>	<b>390,123</b>	<b>360,194</b>	<b>541,000</b>	<b>568,015</b>
<b>Value Distributed</b>					
<b>Manager and Trustee</b>					
Manager's fees	42,388	53,912	36,989	36,260	34,463
Trustee's fees	770	1,130	722	728	1,012
<b>Providers of capital</b>					
Finance costs	100,050	136,969	116,392	117,664	105,646
Perpetual note distribution <sup>1</sup>	19,890	29,917	19,944	4,141	-
Income distribution <sup>2</sup>	315,767	204,596	215,874	282,433	281,844
<b>Reinvestment and growth</b>					
Undistributed income/(loss) <sup>3</sup>	(12,577)	(36,401)	(29,727)	99,774	145,050
<b>Total Value Distributed</b>	<b>466,288</b>	<b>390,123</b>	<b>360,194</b>	<b>541,000</b>	<b>568,015</b>

<sup>1</sup> In respect of amount reserved and distribution paid to perpetual note holders.

<sup>2</sup> In respect of proposed/declared income distribution to unitholders. The proposed final income distribution will be recognised and paid in the following financial year.

<sup>3</sup> Mainly comprises unrealised income/(loss).



# Fair Value of Investment Properties

Property	Location	Fair Value 31 December 2022 RM'million	Fair Value 31 December 2021 RM'million	Change in Value RM'million	Property Yield FY2022 %	Property Yield FP2021 % <sup>1</sup>
<b>Retail</b>						
Sunway Pyramid Mall	Selangor	3,840	3,830	10	6.7%	3.2%
Sunway Carnival Mall	Penang	700	393	307	3.3% <sup>2</sup>	3.7%
SunCity Ipoh Hypermarket	Perak	55	53	2	5.9%	5.6%
Sunway Putra Mall	Kuala Lumpur	525	525	-	4.8%	2.4%
Sunway Pier <sup>3</sup>	Selangor	55	-	55	(1.1%)	-
		5,175	4,801	374	5.9%	3.2%
<b>Hotel</b>						
Sunway Resort Hotel <sup>4</sup>	Selangor	695	575	120	1.3% <sup>2</sup>	(0.2%)
Sunway Pyramid Hotel <sup>4</sup>	Selangor	345	344	1	3.9%	0.0%
Sunway Lagoon Hotel	Selangor	307	307	-	7.3% <sup>5</sup>	5.8%
Sunway Hotel Seberang Jaya	Penang	55	60	(5)	2.8%	0.2%
Sunway Putra Hotel	Kuala Lumpur	330	330	-	1.9% <sup>6</sup>	2.5%
Sunway Hotel Georgetown	Penang	80	80	-	8.2% <sup>5</sup>	2.4%
		1,812	1,696	116	3.3%	1.6%
<b>Office</b>						
Menara Sunway	Selangor	174	172	2	6.2%	7.0%
Sunway Tower	Kuala Lumpur	115	120	(5)	0.1%	0.5%
Sunway Putra Tower	Kuala Lumpur	133	133	-	6.1%	5.6%
Wisma Sunway	Selangor	60	60	-	6.5%	6.3%
Sunway Pinnacle	Selangor	466	466	-	6.2%	5.9%
		948	951	(3)	5.5%	5.4%
<b>Services</b>						
Sunway Medical Centre (Tower A & B)	Selangor	430 <sup>7</sup>	370	60	6.1%	6.8%
Sunway university & college campus	Selangor	575	568	7	6.4%	6.2%
		1,005	938	67	6.3%	6.5%
<b>Industrial &amp; Others</b>						
Sunway REIT Industrial – Shah Alam 1	Selangor	100	100	-	6.8%	6.1%
Sunway REIT Industrial – Petaling Jaya 1 <sup>8</sup>	Selangor	61	-	61	-	-
		161	100	61	4.2%	6.1%
<b>Total</b>		<b>9,101</b>	<b>8,486</b>	<b>615</b>	<b>5.4%</b>	<b>3.5%</b>
Less: Acquisitions during the financial year				(98) <sup>9</sup>		
Less: Capital expenditure during the financial year				(278)		
Less: Transfer from investment property under construction				(252)		
<b>Net Fair Value Loss</b>				<b>(13)</b>		

<sup>1</sup> Based on annualised NPI for the financial period of 18 months from 1 July 2020 to 31 December 2021.

<sup>2</sup> Lower yield as Sunway Carnival Mall (new wing or SC 2) opened in June 2022 and Sunway Resort Hotel reopened in phases since May 2022.

<sup>3</sup> Acquired on 17 January 2022 and earmarked for redevelopment.

<sup>4</sup> Both hotels are under one master lease with variable lease rental based on combined hotel operating profit.

<sup>5</sup> Contributed by guaranteed income.

<sup>6</sup> Lower yield as guaranteed rent ceased in FP2021.

<sup>7</sup> The disposal price based on sale and purchase agreement dated 29 December 2022.

<sup>8</sup> Acquired on 10 November 2022.

<sup>9</sup> Purchase consideration for Sunway Pier and Sunway REIT Industrial – Shah Alam 1, acquired from Asa Niaga Harbour City Sdn. Berhad and Western Digital (Malaysia) Sdn Bhd respectively, included incidental costs on acquisition i.e. acquisition fee, legal fee and valuation fee.



# Capital Management

The Manager focuses on optimising the financing structure and costs of Sunway REIT within the provisions of the Deed and the Listed REIT Guidelines, while maintaining a healthy liquidity position and a manageable level of financing risks.

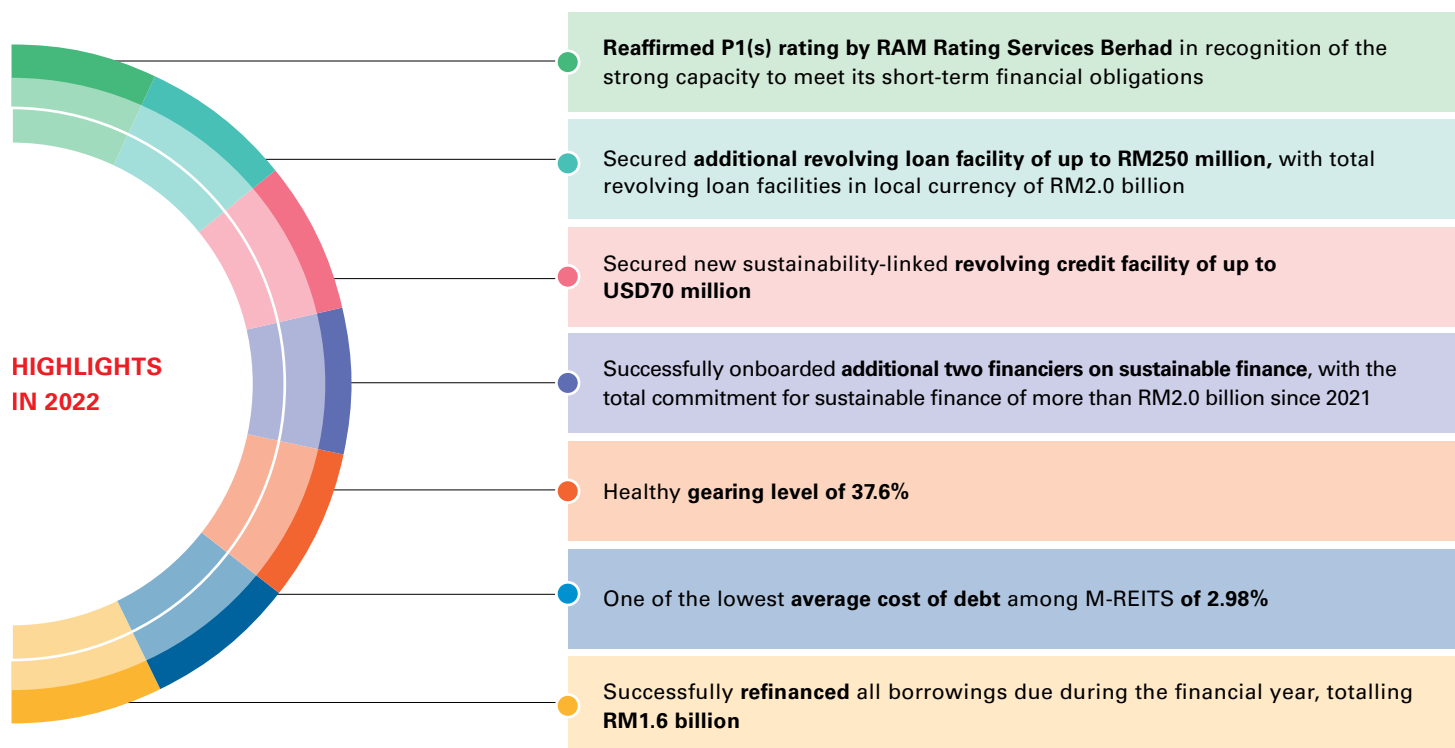
During the financial year, the Manager remained prudent in managing the cash of Sunway REIT while continuing with its proactive capital management strategies through optimisation of gearing level, preservation of stable portfolio of fixed and floating rate borrowings and periodic financing rate reviews. These strategies are premised on adequate credit profile and robust balance sheet of Sunway REIT, supported by a respectable pool of financiers.

Following the first sustainability-linked MTN issuance in 2021, the Manager approached all existing and prospective financiers of Sunway REIT on integration of its sustainable finance ambition with its various financing facilities, in solidifying Sunway REIT's commitment towards the ESG goals and targets set. Importantly, the graduated outcomes ensured tangible positive environmental impact and Sunway REIT is incentivised through lower financing cost.

↪ The financing risks of Sunway REIT are addressed in the Mitigating Our Risks section.

↪ The achievement of the ESG goals and targets of Sunway REIT is tracked in the Sustainability Scorecard – Goals and Targets section.

↪ The fundamentals of the sustainable finance of Sunway REIT are disclosed in the Sustainable Finance section.



## 5-YEAR TRACK RECORD

	FY2022	FP2021	FY2020	FY2019	FY2018
Total borrowings (RM' billion)	3.5	3.4	3.4	3.1	2.9
Gearing ratio (%)	37.6	37.2	40.7	37.9	38.6
Average cost of debt (%)	2.98	2.79	3.66	4.02	3.98
Fixed : Floating ratio	31 : 69	38 : 62	43 : 57	45 : 55	40 : 60
Average debt maturity period (years)	1.9	2.3	0.4	0.4	0.6
Interest service cover ratio (times)	4.5	2.8	3.1	3.4	3.7



# Capital Management

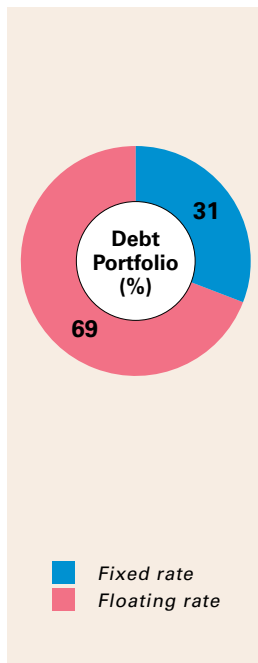
## THREE-PRONGED STRATEGY

### Optimal Gearing Level

The gearing of Sunway REIT has remained relatively stable at a healthy level of 37% since the end of last financial period as part of the capital expenditure spent during the financial year, in relation to the expansion of Sunway Carnival Mall, was funded by proceeds raised from private placement in October 2020. Total borrowings of Sunway REIT inched marginally by RM100 million to RM3.5 billion as at 31 December 2022.

Sunway REIT has a gearing policy of not exceeding 50% of its total asset value in accordance with the Listed REIT Guidelines and the Manager sets a lower internal threshold as a pre-emptive measure to provide a buffer above the minimum regulatory requirement in minimising the risk of non-compliance with the debt covenants. Based on the allowed gearing limit of 50%, Sunway REIT has a large debt headroom of approximately RM1.2 billion to fund investment opportunities. The estimated net proceeds of RM416 million from the proposed disposal of Sunway Medical Centre (Tower A & B), which is expected to be completed in the first half of 2023, will allow Sunway REIT to expediently fund yield-accretive investments in the near term or otherwise, reduce the gearing level of Sunway REIT to approximately 34% and providing further debt headroom for future investments.

In the short term, the Manager may optimise the allowed gearing level to seize on yield-accretive acquisitions and capital expenditure. Over the longer horizon, the Manager will strive to maintain the gearing in the lower-end range of 40% and to undertake equity financing when appropriate.



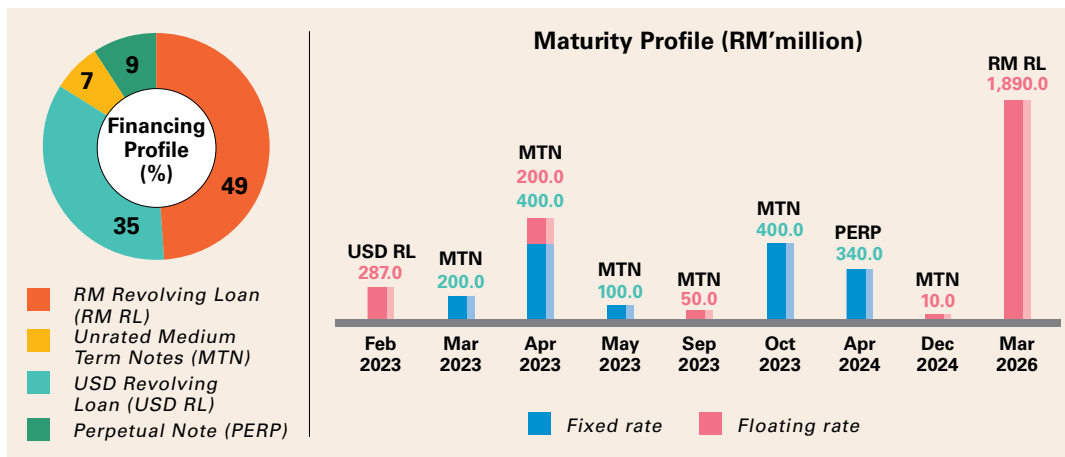
### Balanced Debt Portfolio

The Manager kept the floating rate borrowings of Sunway REIT at the minimum of its internal threshold to enjoy the lower interest rates in the first half of the financial year and thereafter, to offset the gradual increase in the interest rates through the recovery of business performance in the second half of the financial year. For FY2022, Sunway recorded average cost of debt of 2.98%, one of the lowest among M-REITS.

The Manager envisages to keep a manageable level of floating rate borrowings to allow Sunway REIT to continue to benefit from the repricing of market interest rates supported by the accommodativeness of national monetary policy overseen by Bank Negara Malaysia, which has proven and continues to yield return to the unitholders of Sunway REIT over the years. For example, compared to fixed rate 5-year AAA rated debt of 4.50% on total borrowings of RM3.5 billion, Sunway REIT will save financing costs of approximately RM54 million per annum through its agile capital management.

That said, the Manager is cognisant of the evolving interest rate environment and will continue to monitor for opportunities to lock in favourable fixed rates and to hedge through interest rate swap contracts.

### Dynamic and well-diversified financing profile



The resilience capital management of Sunway REIT was underpinned by a diversified financing profile comprising loans and debt securities, in both local and foreign currencies, providing a flexible funding structure for short and medium terms. During the financial year, Sunway REIT secured a new sustainability-linked revolving credit facility in USD to further diversify its sources of funding. The USD revolving credit will be fully hedged with cross-currency swap contract to mitigate the exposure of Sunway REIT to foreign currency and interest rate fluctuations.

Refinancing risk was moderated by Sunway REIT's adequate credit profile and robust balance sheet, coupled with the strong support of reputable financiers to Sunway Group. Sunway REIT recorded a strong interest service cover ratio of 4.5 times for FY2022, well above the debt covenant level.

The Manager successfully refinanced borrowings totalling RM1.6 billion during the financial year on the respective maturity dates of the borrowings. As at 31 December 2022, the weighted average debt maturity of Sunway REIT stood at 1.9 years.



# Segmental Review

Property	Revenue <sup>1</sup>						Net Property Income <sup>1</sup>					
	FY2022 RM'000	CY2021 <sup>2</sup> RM'000	FP2021 RM'000	Change <sup>3</sup> %	FY2019 <sup>4</sup> RM'000	Change <sup>5</sup> %	FY2022 RM'000	CY2021 <sup>2</sup> RM'000	FP2021 RM'000	Change <sup>3</sup> %	FY2019 <sup>4</sup> RM'000	Change <sup>5</sup> %
Sunway Pyramid Mall	324,037	202,776	302,131	59.8%	327,936	(1.2%)	256,263	123,955	184,730	>100%	256,911	(0.3%)
Sunway Carnival Mall	50,672	27,562	45,064	83.8%	47,080	7.6%	23,164	12,099	21,842	91.5%	27,755	(16.5%)
SunCity Ipoh Hypermarket	3,360	3,093	4,504	8.6%	4,400	(23.6%)	3,271	3,083	4,438	6.1%	3,884	(15.8%)
Sunway Putra Mall	48,599	36,110	52,348	34.6%	47,305	2.7%	25,003	12,699	18,887	96.9%	21,903	14.2%
Sunway Pier	184	-	-	N/A	-	N/A	(603)	-	-	N/A	-	N/A
<b>Total for Retail Segment</b>	<b>426,852</b>	<b>269,541</b>	<b>404,047</b>	<b>58.4%</b>	<b>426,721</b>	<b>0.0%</b>	<b>307,098</b>	<b>151,836</b>	<b>229,897</b>	<b>&gt;100%</b>	<b>310,453</b>	<b>(1.1%)</b>
Sunway Resort Hotel	10,055	409	732	>100%	20,066	(49.9%)	9,199	(1,513)	(1,981)	>100%	18,581	(50.5%)
Sunway Pyramid Hotel	14,150	645	1,147	>100%	15,649	(9.6%)	13,486	(28)	140	>100%	14,966	(9.9%)
Sunway Lagoon Hotel <sup>6</sup>	22,998	21,688	29,851	6.0%	24,024	(4.3%)	22,282	19,427	26,678	14.7%	20,522	8.6%
Sunway Hotel Seberang Jaya	1,696	333	425	>100%	3,085	(45.0%)	1,514	162	162	>100%	2,909	(48.0%)
Sunway Putra Hotel	7,644	13,252	14,526	(42.3%)	10,811	(29.3%)	6,407	11,899	12,507	(46.2%)	9,540	(32.8%)
Sunway Hotel Georgetown	6,755	2,767	3,134	>100%	4,974	35.8%	6,551	2,563	2,833	>100%	4,798	36.5%
<b>Total for Hotel Segment</b>	<b>63,298</b>	<b>39,094</b>	<b>49,815</b>	<b>61.9%</b>	<b>78,609</b>	<b>(19.5%)</b>	<b>59,439</b>	<b>32,510</b>	<b>40,339</b>	<b>82.8%</b>	<b>71,316</b>	<b>(16.7%)</b>
Menara Sunway	17,177	17,207	26,201	(0.2%)	17,417	(1.4%)	10,760	12,010	18,197	(10.4%)	11,329	(5.0%)
Sunway Tower	3,608	4,234	6,615	(14.8%)	3,024	19.3%	92	576	897	(84.0%)	(339)	>100%
Sunway Putra Tower	12,826	12,142	18,190	5.6%	11,584	10.7%	8,100	7,440	11,210	8.9%	7,270	11.4%
Wisma Sunway	6,961	6,929	10,421	0.5%	6,402	8.7%	3,870	3,849	5,729	0.5%	3,124	23.9%
Sunway Pinnacle	38,770	36,117	40,207	7.3%	-	N/A	28,953	27,673	30,745	4.6%	-	N/A
<b>Total for Office Segment</b>	<b>79,342</b>	<b>76,629</b>	<b>101,634</b>	<b>3.5%</b>	<b>38,427</b>	<b>&gt;100%</b>	<b>51,775</b>	<b>51,548</b>	<b>66,778</b>	<b>0.4%</b>	<b>21,384</b>	<b>&gt;100%</b>
Sunway Medical Centre (Tower A & B)	26,439	25,545	37,885	3.5%	23,443	12.8%	26,439	25,545	37,885	3.5%	23,443	12.8%
Sunway university & college campus	36,756	35,794	53,356	2.7%	7,221	>100%	36,756	35,794	53,356	2.7%	7,221	>100%
<b>Total for Services Segment</b>	<b>63,195</b>	<b>61,339</b>	<b>91,241</b>	<b>3.0%</b>	<b>30,664</b>	<b>&gt;100%</b>	<b>63,195</b>	<b>61,339</b>	<b>91,241</b>	<b>3.0%</b>	<b>30,664</b>	<b>&gt;100%</b>
Sunway REIT Industrial – Shah Alam 1	6,774	6,158	9,237	10.0%	5,878	15.2%	6,774	6,158	9,237	10.0%	5,878	15.2%
Sunway REIT Industrial – Petaling Jaya 1	-	-	-	N/A	-	N/A	(28)	-	-	N/A	-	N/A
<b>Total for Industrial &amp; Others Segment</b>	<b>6,774</b>	<b>6,158</b>	<b>9,237</b>	<b>10.0%</b>	<b>5,878</b>	<b>15.2%</b>	<b>6,746</b>	<b>6,158</b>	<b>9,237</b>	<b>9.5%</b>	<b>5,878</b>	<b>14.8%</b>
<b>Total Portfolio</b>	<b>639,461</b>	<b>452,761</b>	<b>655,974</b>	<b>41.2%</b>	<b>580,299</b>	<b>10.2%</b>	<b>488,253</b>	<b>303,391</b>	<b>437,492</b>	<b>60.9%</b>	<b>439,695</b>	<b>11.0%</b>

<sup>1</sup> Excludes unrealised income in relation to unbilled lease income receivable pursuant to MFRS 16 Leases.

<sup>2</sup> Results for 12-month financial period from January 2021 to December 2021 (CY2021) have been included for comparison with FY2022.

<sup>3</sup> Comparison between CY2021 and FY2022.

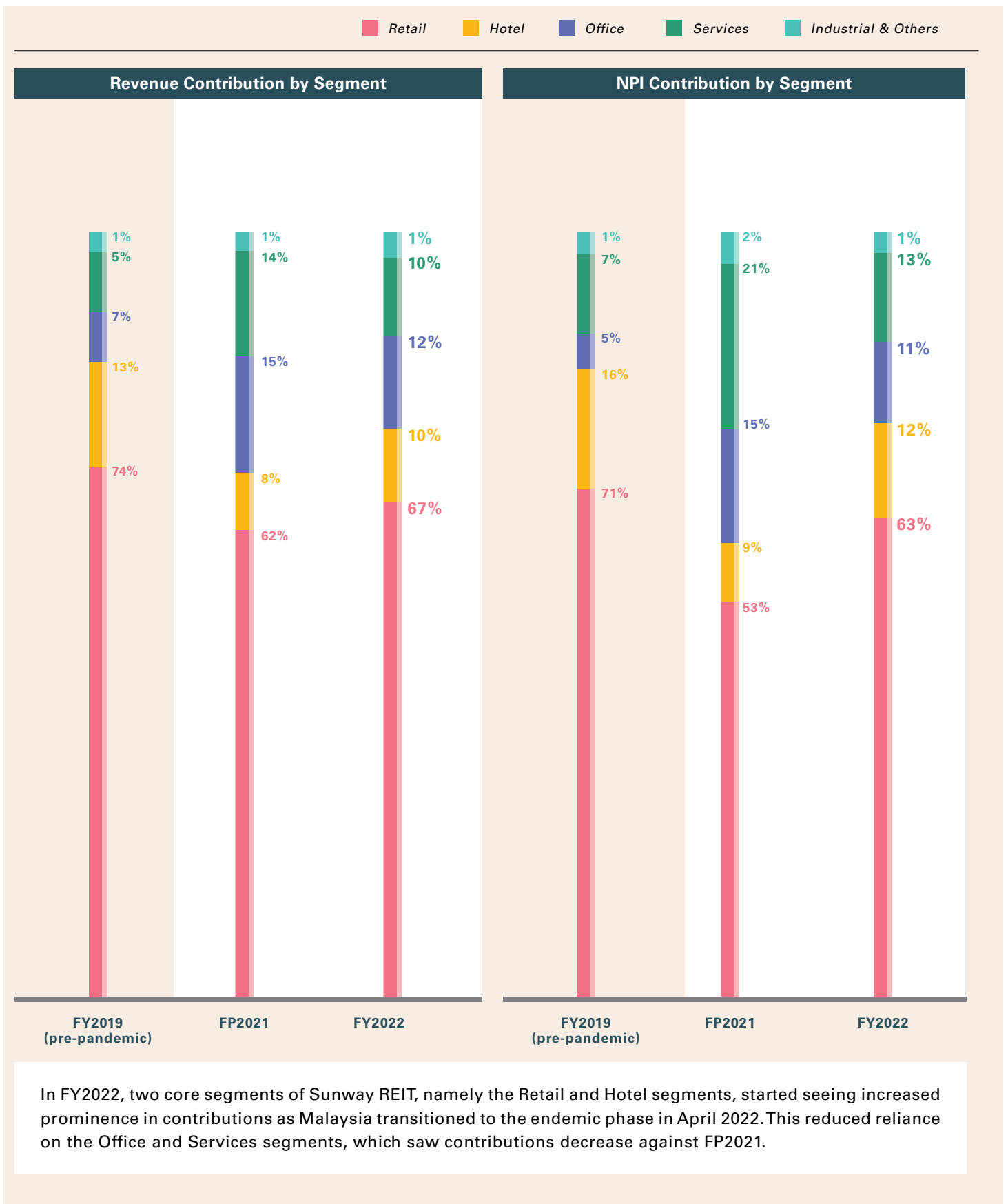
<sup>4</sup> Results for July 2018 to June 2019 (FY2019) have been included for comparison with FY2022, to illustrate the performance against pre-pandemic results.

<sup>5</sup> Comparison between FY2019 and FY2022.

<sup>6</sup> FP2021 and FY2019 for Sunway Lagoon Hotel included the retail portion (formerly known as Sunway Clio Retail).



# Segmental Review





## KEY OPERATING INFORMATION

### Rental Renewals

Sunway REIT recorded an average rental reversion of 4.1% for the portfolio's 2,247,069 sq.ft. of new or renewed tenancies during the financial year. This was primarily contributed by the improved rental rate for the renewals at Sunway Pyramid Mall, Sunway Putra Mall, Sunway Tower, Sunway Putra Tower and Sunway Pinnacle, and partially offset by the reduction in rental rate for the renewals at Sunway Carnival Mall and Menara Sunway.

The Retail segment renewed or secured new tenants for 1,948,882 sq.ft. (FP2021: 1,417,163 sq.ft.) with a renewal rate of 97.8% (FP2021: 96.9%) of total space due for renewal. The Office segment managed to renew 298,187 sq.ft. or 93.0% (FP2021: 859,914 sq.ft. or 93.8% including the newly added tenancies from Sunway Pinnacle upon acquisition) of total space due for renewal.

### Lease Expiry Profile and Lease Structure

The weighted average lease expiry (WALE) as at financial year-end was 4.43 years (FP2021: 4.36 years). The portfolio has 23.1%, 10.2% and 56.9% of NLA expiring in FY2023, FY2024 and FY2025 and beyond, respectively. The majority of the tenancies are three-year tenancies with renewal options for another three-year term, subject to renewal at market rates. Included in the tenancies expiring in FY2022 were monthly tenancies occupying 0.7% (FP2021: 0.9%) of the total space.

**Master leases represent 52.4% 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 <sup>2</sup>
Sunway Hotel Georgetown	January 2025
Sunway Lagoon 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



Rental rate increased

**4.1%<sup>1</sup>**

Weighted Average Lease Expiry (WALE)

**4.43** years

WALE (no. of years) of the respective segments:

Retail

**1.34**



Hotel

**7.19**



Office

**1.33**



Services

**25.92**



Industrial & Others

**12.00**



<sup>1</sup> Increase in three years including step-up rent.

<sup>2</sup> Pursuant to the announcement of the proposed disposal made on 29 December 2022, the lease was not renewed but lease rental will be made payable up to the completion date of the SPA.



# Segmental Review

## TOP 10 TENANTS

Sunway REIT has a diverse tenant mix of approximately 1,305 tenancies (FP2021: 1,198), five hotel master leases, a hospital master lease, an industrial property master lease and an education master lease. As at 31 December 2022, the exposure to tenant-concentration risk remained low, as the top 10 largest tenants only contributed approximately 11.9% (FP2021: 13.0%) based on total gross rental income for December 2022.



**11.9%**  
of Total Gross  
Rental Income

## Top 10 Tenants by Total Gross Rental Income

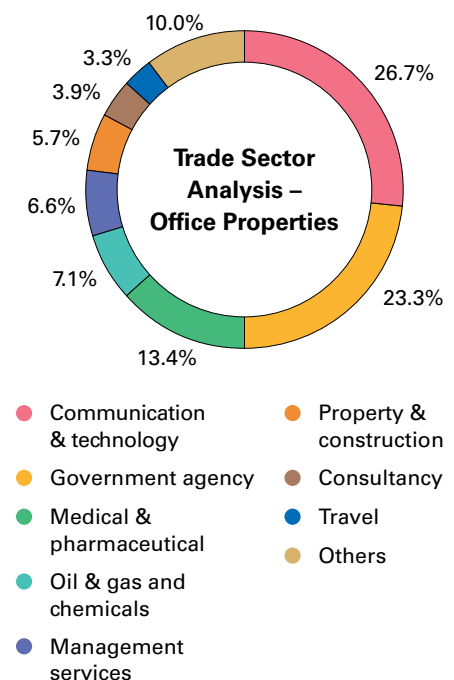
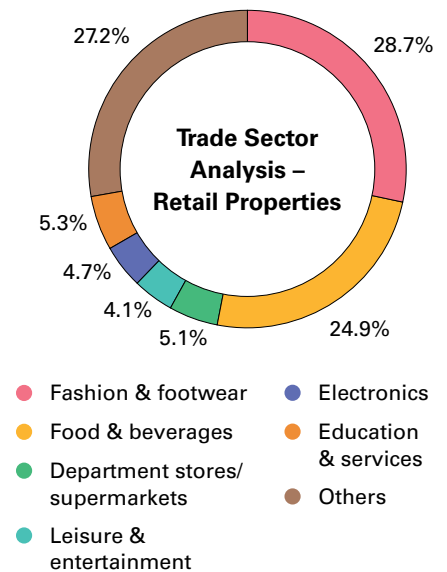
Tenant	Trade	Tenancy Expiry Date <sup>1</sup>	% of Total Gross Rental Income <sup>2</sup>
Parkson	Department store	15 Sep 2023, 30 Sep 2023	1.9%
AEON	Department Store	29 Sep 2023	1.4%
TGV Cinemas	Cinema	22 Jul 2024, 14 Sep 2024	1.4%
Padini	Fashion	27 May 2024, 23 Jun 2025, 6 Sep 2025	1.4%
Roche	Pharmaceuticals	31 May 2024, 30 Sep 2025	1.2%
Uniqlo	Fashion	14 Jul 2023, 27 May 2024, 23 Jun 2025	1.1%
Adidas	Fashion	15 Mar 2024, 30 Sep 2025	1.0%
Jabatan Kerja Raya (JKR)	Government agency	28 Feb 2023	0.9%
Maxis	Telecommunications	14 Dec 2024	0.8%
Cotton On	Fashion	20 Jan 2023	0.8%

<sup>1</sup> 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.

<sup>2</sup> Based on total gross rental income for the month of December 2022, excluding hotel master leases, hospital master lease, industrial lease and education lease.

## TRADE SECTOR ANALYSIS

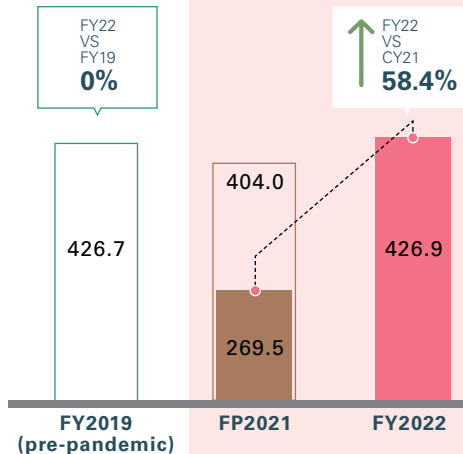
Sunway REIT's diverse tenant mix trade in a wide range of sectors. The top three trade sectors for the retail properties are fashion & footwear, followed by others (comprising various trades such as home & living, healthcare, specialty, etc.) and food & beverages. For office properties, the top three trade sectors are communication & technology, government agency and medical & pharmaceutical.



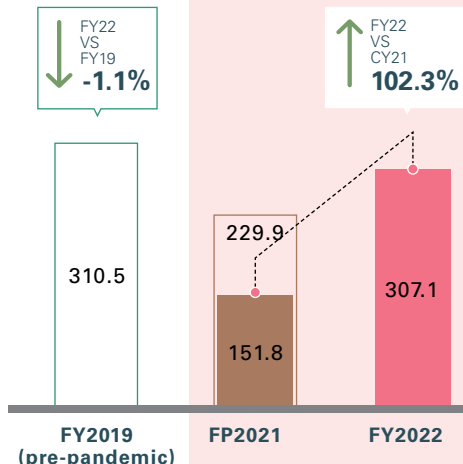


## Retail Segment

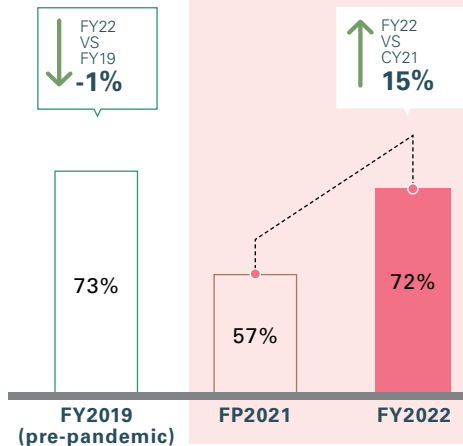
### Revenue (RM'million)



### NPI (RM'million)



### NPI Margin



FY2019 (Jul'18 - Jun'19)    CY2021 (Jan'21 - Dec'21)  
 FP2021 (Jul'20 - Dec'21)    FY2022 (Jan'22 - Dec'22)

The Retail segment rebounded after Malaysia transitioned to the endemic phase in April 2022 but fell slightly short of the FY2019 record. NPI improvement was higher due to the reversal of rebates and doubtful debt provisions as retailers and tenants recorded improvement in sales and collection. Collection for our flagship mall improved from a high of 88 days at the peak of the crisis to 20 days at the end of December 2022.

### Revenue & NPI Contribution

#### FY2019 (Pre-pandemic)



#### FP2021



#### FY2022



Sunway Pyramid Mall    Sunway Carnival Mall    SunCity Ipoh Hypermarket    Sunway Putra Mall

Sunway Pyramid Mall, our flagship mall, continued to be the main contributor of both revenue and NPI in FY2022, which was consistent with FP2021 and FY2019. The improved performance was supported by higher footfall and encouraging tenant sales that increased compared to pre-pandemic levels. Sunway Carnival Mall (New wing or SC 2) which opened at the end of June 2022, started to contribute to both revenue and NPI from 3Q 2022.



# Segmental Review

## Average Occupancy Rate



As evident from the average occupancy rate graph, despite the pandemic in 2020 and 2021, there was minimal impact on the occupancy rate of the Retail segment due to proactive efforts by Management to help tenants in the form of rental support and other assistance. A notable achievement was that of our Sunway Carnival Mall (New wing or SC 2), which saw an occupancy rate of 97.7% as at 31 December 2022 in an underserved market. Its opening at the end of June 2022 was a roaring success based on car count and footfall registered. Sales continued to be strong until the end of the year for our mainland Penang mall.

Sunway Pier, our newest addition to the Retail segment in 2022, will be undergoing an extensive redevelopment plan to be transformed into a retail-centric tourism attraction with the revival of jetty services to attract both local and international tourists upon completion.

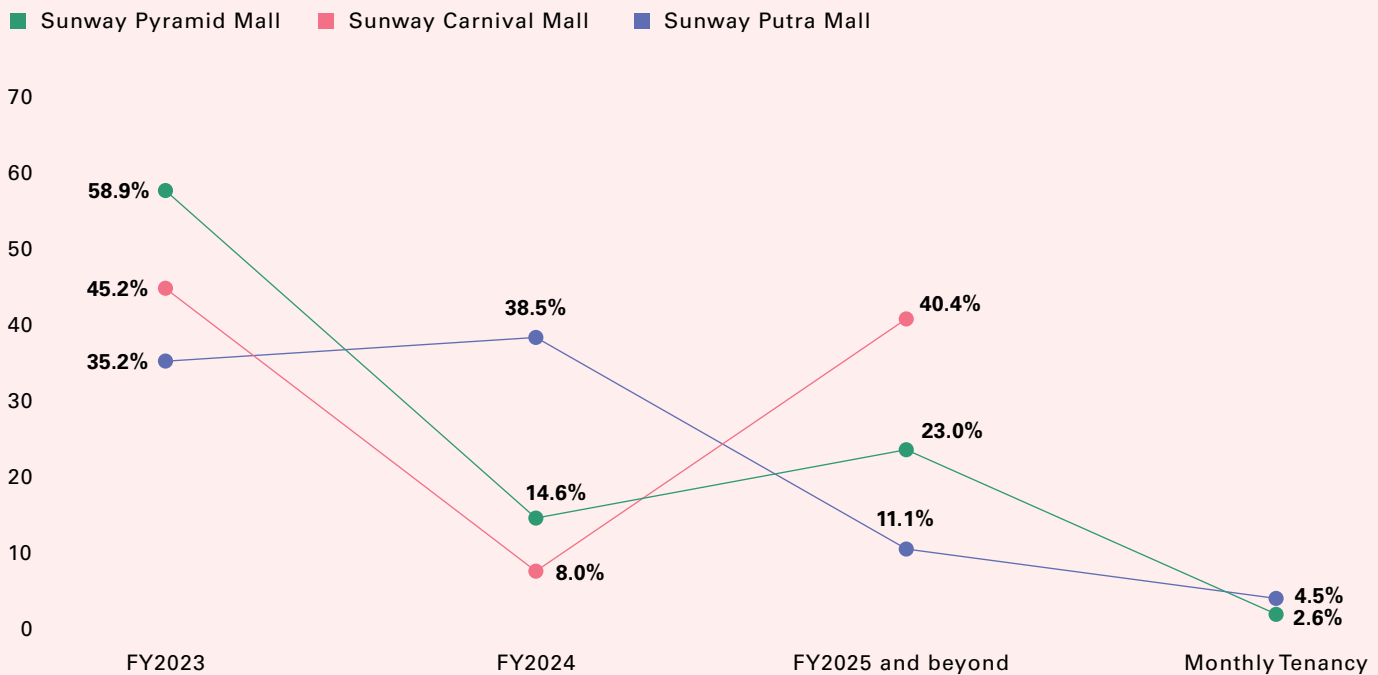


## Tenant Mix

	Sunway Pyramid Mall	Sunway Carnival Mall	Sunway Putra Mall
<b>Based on December 2022 Gross Rental Income</b>			
Fashion & Footwear	29.5%	25.8%	27.0%
Food & Beverages	24.0%	22.9%	33.6%
Departmental Stores/Supermarket	4.8%	8.3%	2.6%
Leisure & Entertainment	4.0%	2.3%	8.0%
Electronics	5.1%	5.1%	1.4%
Education & Services	6.7%	0.2%	3.0%
Others	25.9%	35.4%	24.4%

<b>Based on December 2022 Net Lettable Area</b>			
Fashion & Footwear	20.9%	22.8%	31.4%
Food & Beverages	19.9%	13.0%	22.6%
Departmental Stores/Supermarket	8.5%	22.1%	3.8%
Leisure & Entertainment	9.4%	4.7%	11.9%
Electronics	3.3%	1.0%	1.0%
Education & Services	7.4%		1.4%
Others	20.6%	36.4%	27.9%

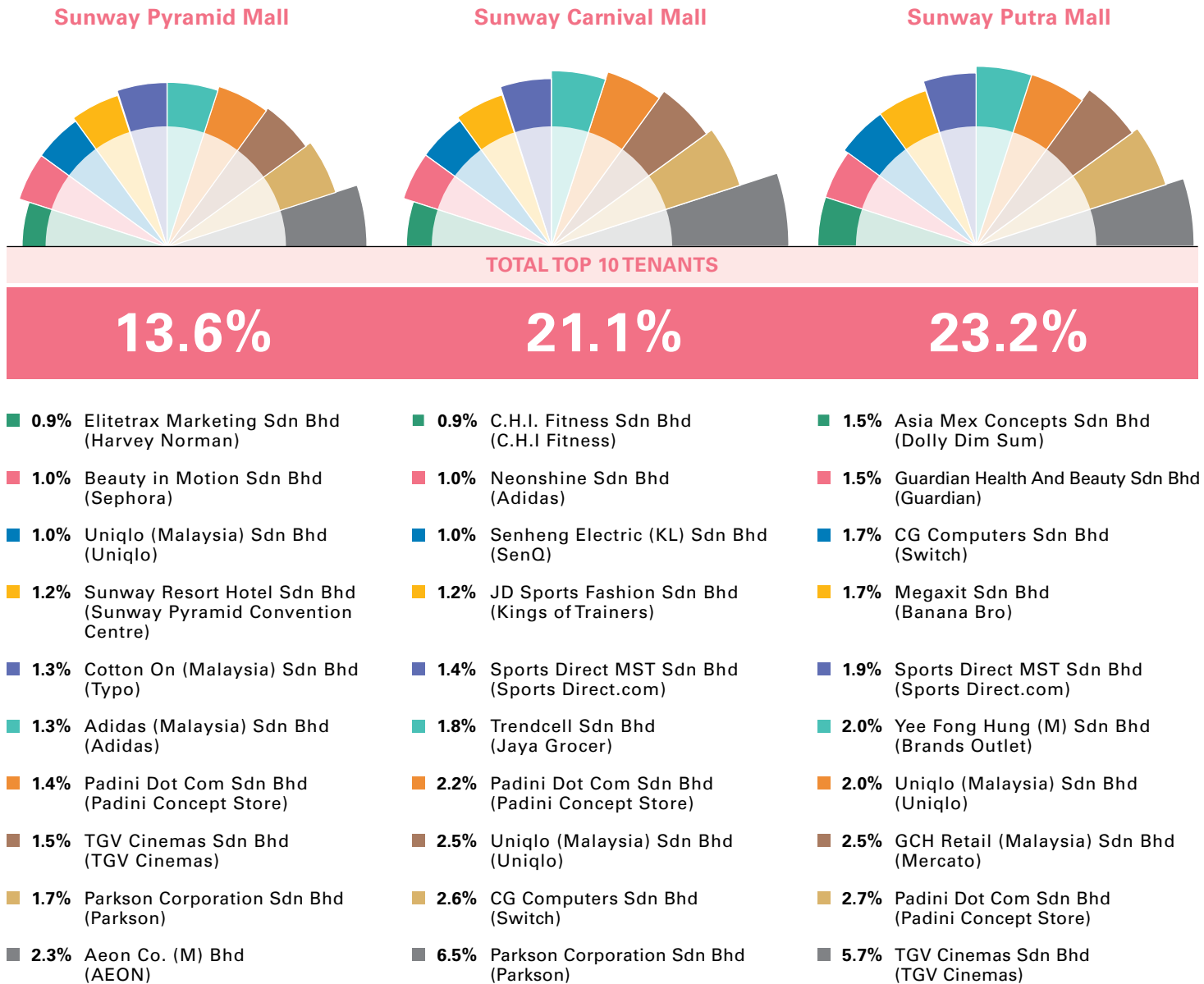
## Lease Expiry Schedule (Expiring tenancies as % of total NLA)





# Segmental Review

## Top 10 Tenants – Based on December 2022 Gross Rental Income



WALE **1.29** years

WALE **1.65** years

WALE **1.21** years



## ACHIEVEMENTS IN 2022



## Awards &amp; Recognition

## Sunway Malls

## International Customer Experience Awards™ (ICXA™)

- Overall Winner in the International CX Awards™ 2022
- Best Customer Experience in Crisis – Gold
- Best Brand Experience – Bronze
- Best Customer Experience – Bronze
- Customer is the Heart of Everything™ – Bronze

## CX Asia Excellence

- Best in CX Innovation – Bronze
- Best CX Strategy – Bronze



PPK Best Experiential Marketing  
2020-2022 Award – Silver

## Sunway Pyramid Mall

- Gold Class 1 by MSOSH (Malaysian Society for Occupational Safety & Health)
- Best Shopping Mall as voted by mothers in the Motherhood Choice Awards 2022

## Sunway Carnival Mall

- MSOSH Award 2022 – Bronze

## Sunway Putra Mall

- MSOSH Award 2022 – Silver
- PPK Best Experiential Marketing 2020-2022 Award – Silver



Sunway Putra Mall team with PPK Best Experiential Marketing 2020-2022 Award – Silver



## Digitalisation/Innovation



Unveiled customer engagement hub in Sunway Pyramid Mall that aims to improve both productivity and efficiency in managing the mall's customers



Introduced Malaysia's **first mall virtual concierge** to complement existing physical concierges, offering hybrid engagement in Sunway Pyramid Mall



Upgraded the car park system to **fully cashless payment** in Sunway Carnival Mall, the first major shopping mall in Penang to accept e-wallet payments for parking



Launched a redesigned website and installed of new **digital directories** to enhance shopping experience in Sunway Putra Mall



## Operational Improvement

Put in place a **centralised content management system** in Sunway Putra Mall that allows marketing content to be updated automatically

Converted **utilities payment** from cheque payment to credit card payment for Sunway Carnival Mall



# Segmental Review

## ACHIEVEMENTS IN 2022



### Newly Completed Asset Enhancement Initiatives

#### Sunway Pyramid Mall

- Unveiled a **brand-new retail** and dining zone called 'The Link'
- **Construction of urban farm** at LG2

#### Sunway Carnival Mall

- Installation of **photovoltaic (PV) solar panels** at the car park rooftop
- Installation of **electric vehicle (EV) charging stations**

#### Sunway Putra Mall

- **Resurfacing work** on the West Entrance driveway
- **Beautification of the perimeter landscape** and enhancement of the street lighting
- Created a **new, seamless connection** to Sunway Putra Hotel



Installation of PV solar panels at the rooftop of Sunway Carnival Mall



### Events

**Soft opening of Sunway Carnival Mall (New wing or SC 2)** on 24 June 2022, expanded the total retail spaces to approximately 750,000 sq.ft. for Sunway Carnival Mall



Soft Opening of SC 2  
24<sup>th</sup> June 2022

**Intellectual property (IP) events** with 'Paw Patrol Rescue Knights' and Disney's 'All Together for Summer'



'Paw Patrol Rescue Knights' event



Disney's 'All Together for Summer' event



## TARGETS FOR 2023



### Planned Asset Enhancement Initiatives (AEIs)

Following the official opening of SC 2, Sunway Carnival Mall will be undergoing a **reconfiguration and refurbishment for its Existing wing or SC 1**



### Marketing Activities

- **Strategic partnerships** with brands, tenants, Sunway Pals and Sunway eMall to increase footfall and motivate customer spending
- Targeting local well-known lifestyle brands to **elevate trade mix**
- Enriching customer experience with a variety of **experiential offerings and facilities**

## MEDIUM-/LONG-TERM TARGETS



Implementing **digital transformation initiatives** such as Real Time Monitoring, Robotic Cleaning, Smart Office, Machine Learning and AI technology for operational improvements



**Elevating F&B offerings** with 'Winner Brands' and reconfiguring space-planning for high-performing tenants



**Bigger role and branding approach** to introduce Sunway Pyramid Mall as a Resort Mall Destination



**Improving operational cost management** by implementing cost discipline and reducing building energy use intensity



Continuing **sustainable development initiatives** to transform Sunway Malls into low-carbon assets



### PROSPECTS

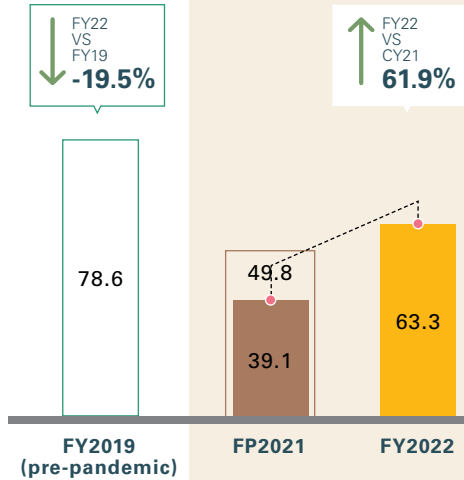
- The outlook for the Retail segment is still positive, supported by ongoing significant growth in retail footfall and retail sales in FY2022, which have returned to pre-pandemic levels in 2019.
- The outlook is further supported by healthy economic growth, sustained domestic consumption, a gradual pickup in international travelling and new income contribution from Sunway Carnival Mall (New wing or SC 2) following its launch in June 2022.



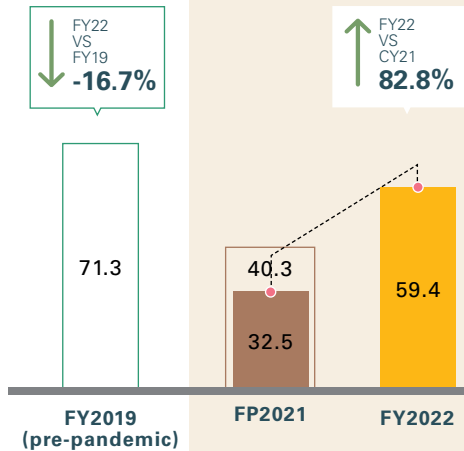
# Segmental Review

## Hotel Segment

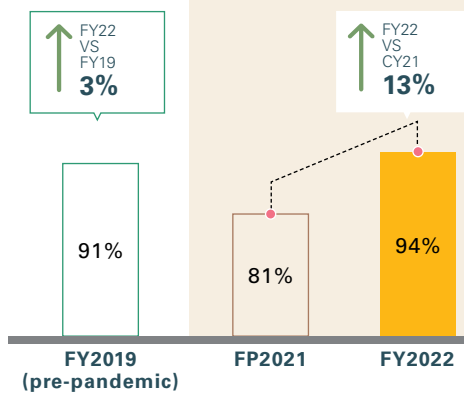
### Revenue (RM'million)



### NPI (RM'million)



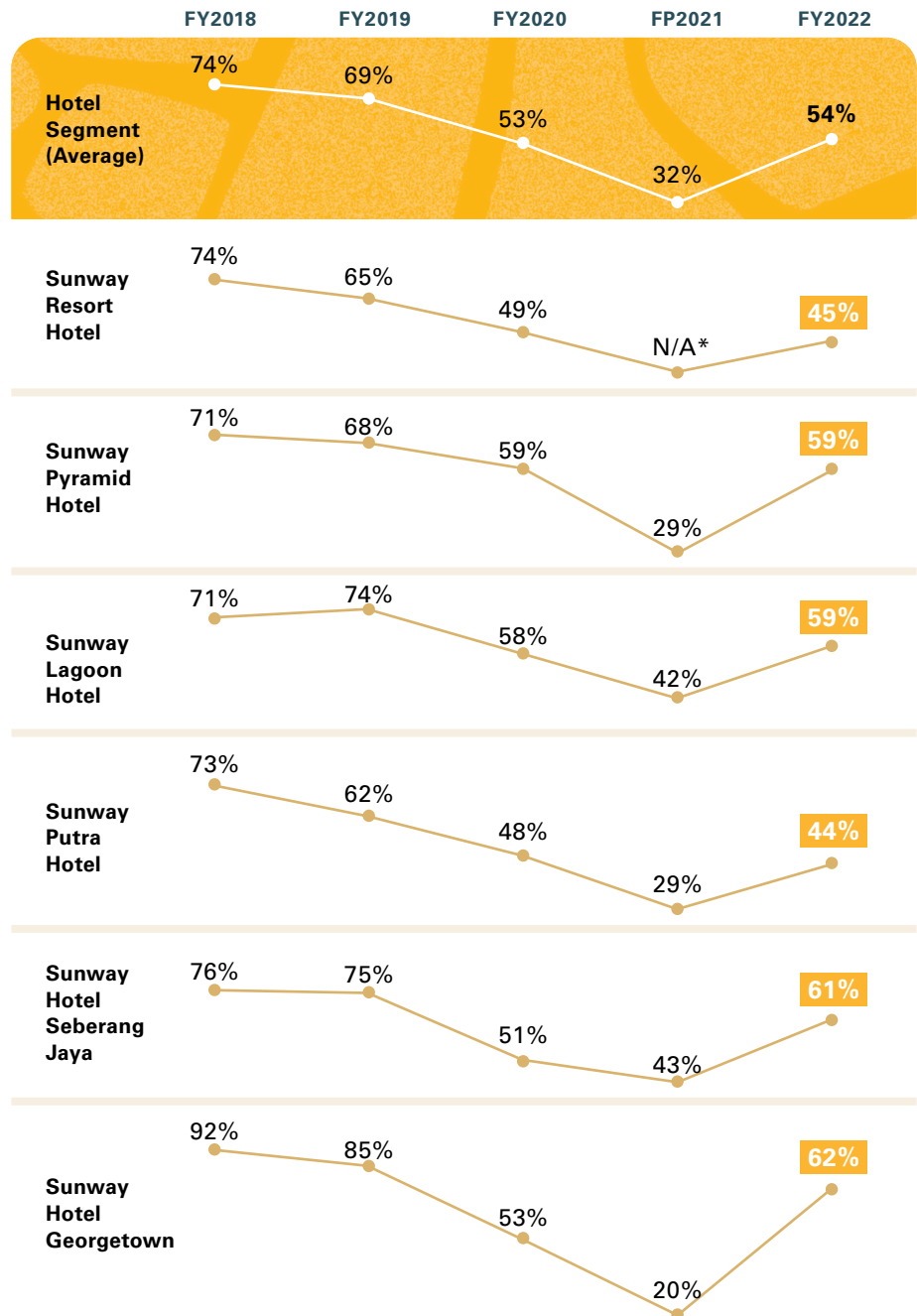
### NPI Margin



█ FY2019 (Jul'18 - Jun'19)    █ CY2021 (Jan'21 - Dec'21)  
█ FP2021 (Jul'20 - Dec'21)    █ FY2022 (Jan'22 - Dec'22)

The Hotel segment saw a slower rebound compared to the Retail segment as our international borders only opened in April 2022. This was also evident from the average occupancy rate of the Hotel segment below where the rate for FY2022 of 54% has yet to reach pre-pandemic levels in FY2019. We continued to rely on domestic travellers as improvement in international travellers was gradual in FY2022.

### Average Occupancy Rate



\* Sunway Resort Hotel was closed for refurbishment in FP2021.



The performance of our flagship hotel, Sunway Resort Hotel, was encouraging following its phased reopening in May 2022, as evidenced by Sunway Resort Hotel's revenue and NPI contribution, which increased in FY2022 compared to FP2021. It opened a total room inventory of 315 rooms out of 460 total rooms by December 2022.

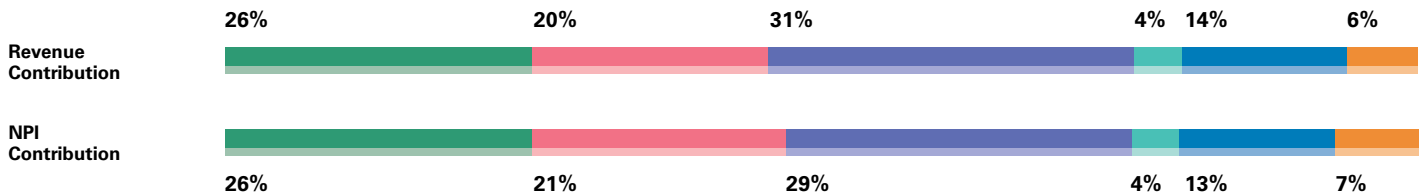
Another milestone achieved was that the average daily rate for FY2022 surpassed that of the pre-pandemic era, with Sunway Resort Hotel achieving a significant increase after its refurbishment. In addition, Sunway Lagoon Hotel was the highest contributor in FP2021 as it was a designated quarantine hotel.

The performance of the Hotel segment was protected by guaranteed rent during the first 10-year term in accordance with the hotel master lease agreements and the guaranteed NPI for Sunway Lagoon Hotel for a period of four years from 2018 under the deed of undertaking. Included in FY2022 was a total top-up for guaranteed income of RM18.6 million for Sunway Lagoon Hotel and Sunway Hotel Georgetown (FP2021: RM30.7 million for Sunway Lagoon Hotel, Sunway Hotel Georgetown and Sunway Putra Hotel). The impact of the top-up of guaranteed income on DPU for FY2022 was 0.54 sen (FP2021: 0.90 sen).

Overall, the Hotel segment demonstrated encouraging growth that was supported by improved occupancy rates from all hotels in FY2022 compared to FP2021. This was predominantly contributed by the increased demand for MICE activities, alongside the arrival of domestic and international tourists, attributed to the relaxation of domestic travel restrictions and gradual reopening of international borders.

### Revenue & NPI Contribution

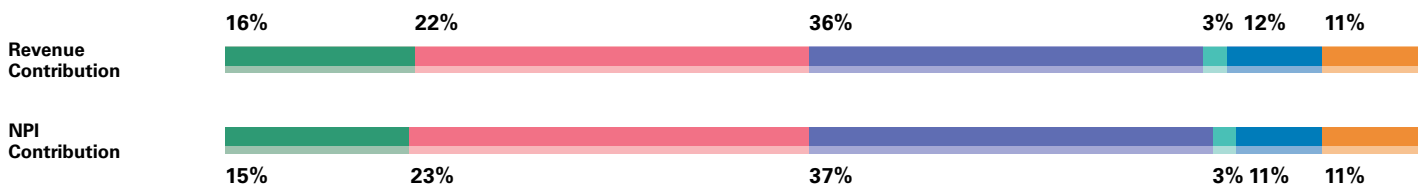
#### FY2019 (pre-pandemic)



#### FP2021



#### FY2022



■ Sunway Resort Hotel   
 ■ Sunway Pyramid Hotel   
 ■ Sunway Lagoon Hotel   
 ■ Sunway Hotel Seberang Jaya   
 ■ Sunway Putra Hotel   
 ■ Sunway Hotel Georgetown



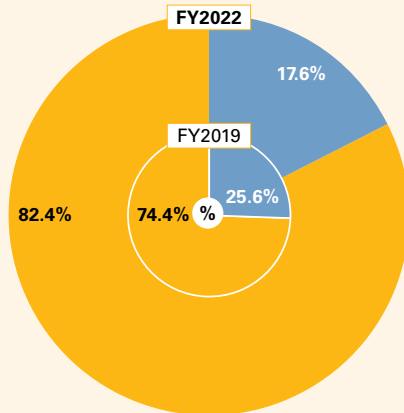
## Segmental Review

In FY2022, our hotels in the Klang Valley, namely Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Lagoon Hotel and Sunway Putra Hotel recorded an increase of leisure guests staying in the central-region hotels compared to the pre-pandemic situation in FY2019. In the northern region, Sunway Hotel Seberang Jaya continued to be a corporate-centric hotel; similarly, Sunway Hotel Georgetown saw an increasing number of corporate guests in FY2022 compared to FY2019, while dominated by leisure guests.

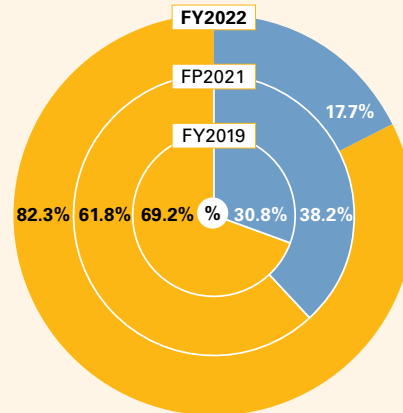
Guest Profile By Room Revenue (%)

● Corporate ● Leisure

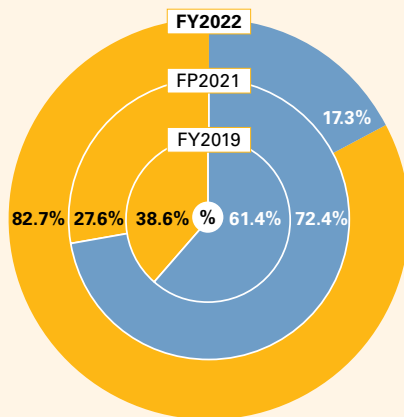
Sunway Resort Hotel



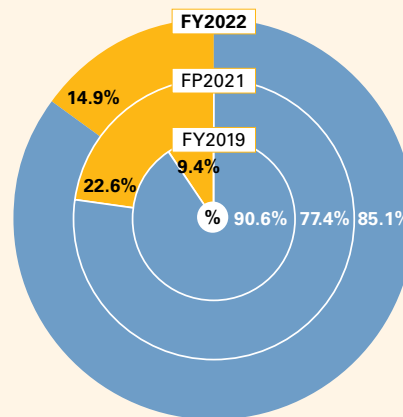
Sunway Pyramid Hotel



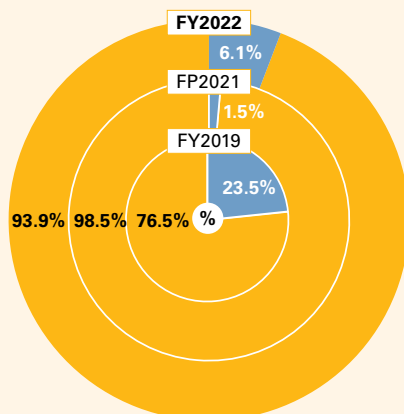
Sunway Lagoon Hotel



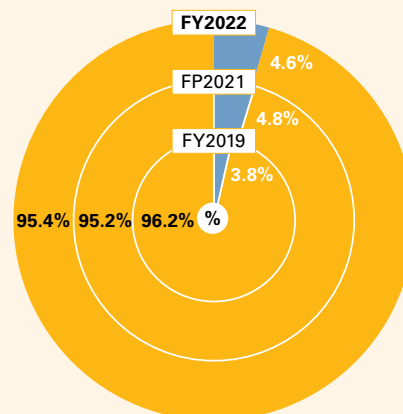
Sunway Hotel Seberang Jaya



Sunway Putra Hotel



Sunway Hotel Georgetown

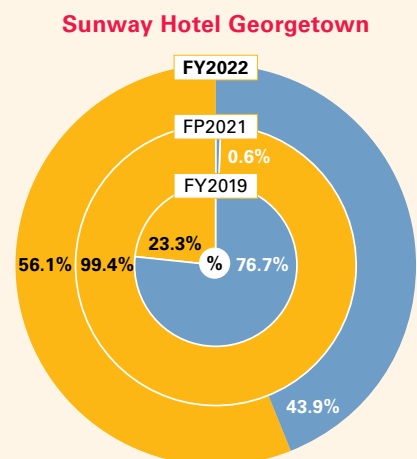
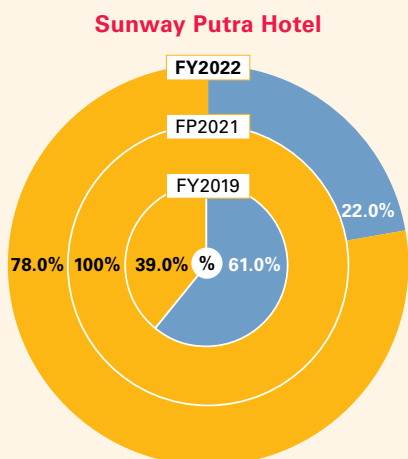
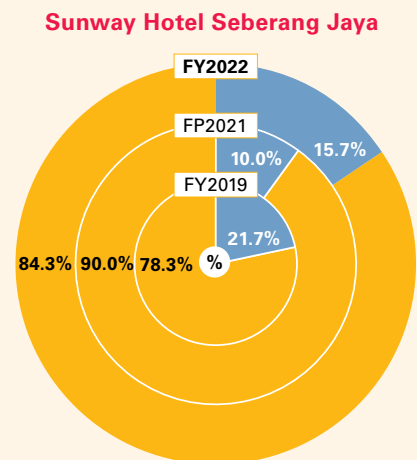
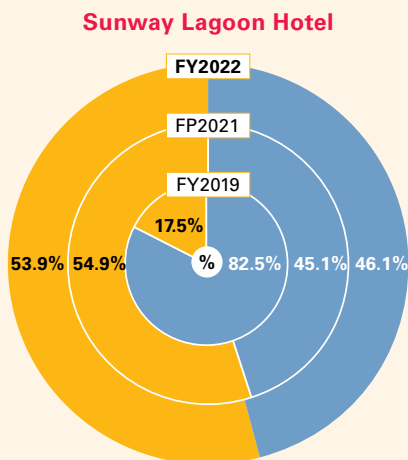
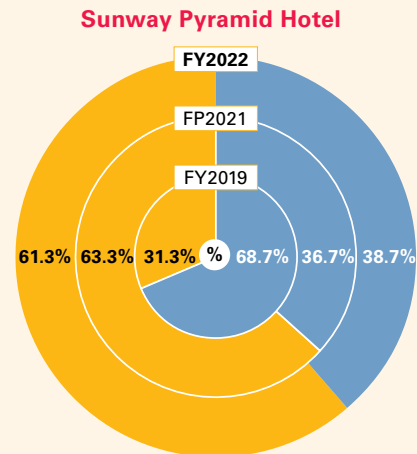
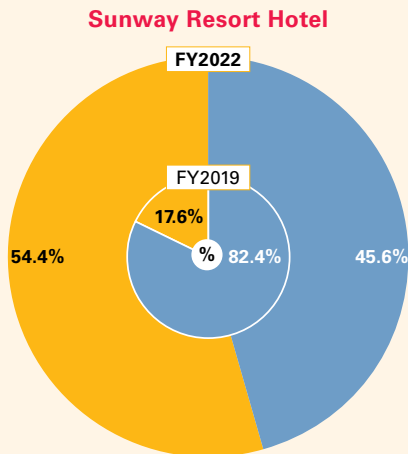




As evident in FY2022, our hotel segment relied more on domestic market as one of our main foreign markets, China, has only recently reopened its border on 8 January 2023.

### % of Foreign vs Domestic Travellers (Room Revenue)

● Foreign ● Domestic





# Segmental Review

## ACHIEVEMENTS IN 2022



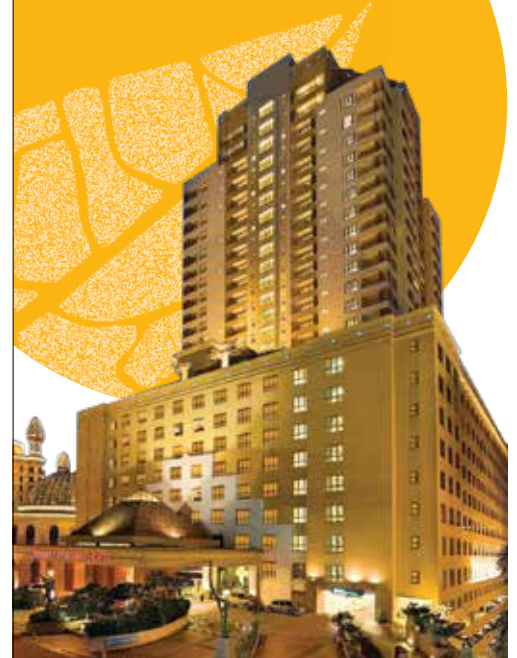
### Awards & Recognition in 2022

#### Sunway Resort Hotel

Best Employer Brand Graduates' Choice Award 2022 - 1<sup>st</sup> Runner-up in Hotels



Sunway Pyramid Hotel  
TripAdvisor Travellers' Choice Award



#### Sunway Putra Hotel

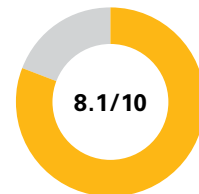
Best Family Hotel in Malaysia at the International Travel Awards 2022, hosted by Golden Tree Event Awards, Dubai, United Arab Emirates

Muslim-Friendly Hospitality Services Recognition (Silver) from Islamic Tourism Centre



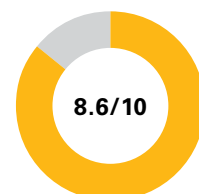
#### Sunway Georgetown Hotel

Booking.com Traveller Review Award

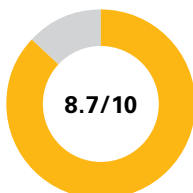


#### Sunway Hotel Seberang Jaya

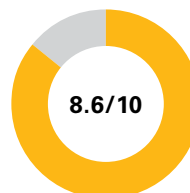
Booking.com Traveller Review Award



Agoda.com  
Customer  
Review Award



Booking.com  
Traveller  
Review Award





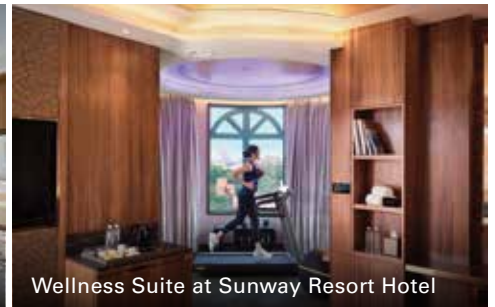


### Ongoing/New/Completed Initiatives

In May 2022, we revealed the first phase of **Sunway Resort Hotel's once-in-a-generation transformation with eight brand-new room and suite categories**. The reimagined rooms feature dedicated options specifically tailored to the latest travel and lifestyle trends, all supported by state-of-the-art solutions, sustainable elements and home comforts.



Grand Suite at Sunway Resort Hotel



Wellness Suite at Sunway Resort Hotel



Business Suite at Sunway Resort Hotel



Gordon Ramsay Bar & Grill

The opening of the **Gordon Ramsay Bar & Grill** at Sunway Resort Hotel marks the start of a new era of international epicurean excellence in Malaysia. **New York's Black Tap Craft Burgers & Shakes** will join the list of distinct dining experiences in 2023.

F&B offerings at Black Tap Craft Burgers & Shakes



F&B offerings at Gordon Ramsay Bar & Grill

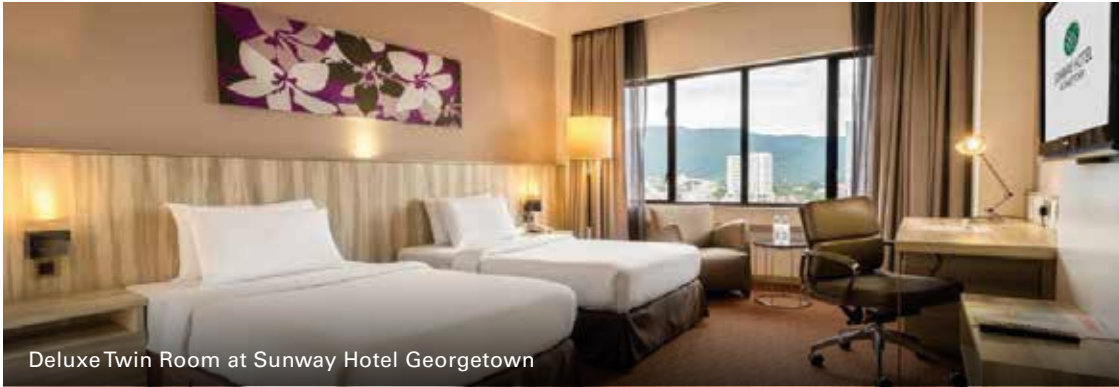


# Segmental Review

## ACHIEVEMENTS IN 2022



### Ongoing/New/Completed Initiatives



Deluxe Twin Room at Sunway Hotel Georgetown



Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya have been converted to a **rooms-only model with F&B and banquet catering** provided by external vendors



### Digitalisation/Innovation



**Spa-inspired bathrooms** at Sunway Resort Hotel feature exclusive bath amenities, a bathtub with 21-inch TV and walk-in chromotherapy showers that use colour to refresh the body and stimulate the senses



**Self-check-in kiosks** at Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya



Replaced all existing TVs at Sunway Putra Hotel with **new 43" or 50" LED screen digital Smart TVs** with an additional channel highlighting hotel promotions and announcements

**Upgraded hotel entrance and lobby to enable direct ground floor** access to Sunway Putra Mall and improved main road visibility from Jalan Putra

With customer-centricity as our core focus, our guests can now **use the Sunway Hotels & Resorts App** for contactless check-in, keyless room and elevator access and digital room lighting and curtain control.

Guests can also tap into the expertise of **specialist 'iButlers'** at Sunway Resort Hotel who will assist in setting up devices and delivering gadgets such as premium headphones and sound bars.



## MEDIUM-/LONG-TERM TARGETS



With international travel making a slow but steady return to pre-pandemic levels, we are now able to aggressively **drive business growth in international markets**. In preparation for this, we will be appointing sales agent representatives in key markets – the Middle East, Indonesia, China and Singapore



At Sunway Resort Hotel specifically, the **newly launched Wellness Suites** will be a key attraction, offering a serene sanctuary equipped with the latest health and wellness **technology** such as in-suite state-of-the-art Technogym equipment, sleep tracker, sound machine and more



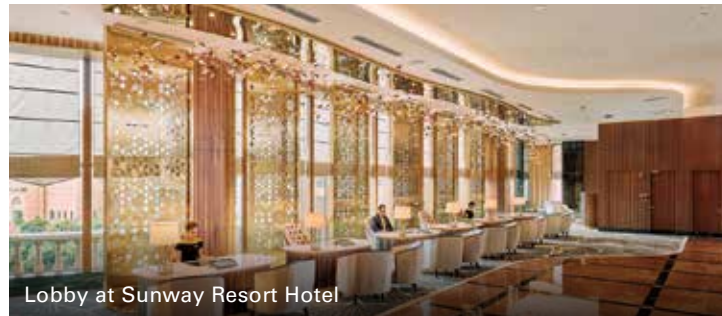
We will also **explore new business segments** such as premium weddings, concerts, dance and music, as well as international world-class sporting events



In this respect, we will **work closely with other Sunway business units** such as Sunway Travel to target new markets with differentiated products and offerings



For our hotels, we will be repositioning the **newly refurbished flagship Sunway Resort Hotel** as a premium destination for high-value guests and VIPs. The Sunway Pyramid Hotel will be marketed to attract corporate business travellers



Lobby at Sunway Resort Hotel



Wellness Suite at Sunway Resort Hotel

**Rebranding Sunway Clio Property to Sunway Lagoon Hotel** to tap into the leisure travel market visiting the theme park

**Leveraging pre-buy business** at Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya

**Rooms offering service-on-demand** at Sunway Putra Hotel with minimal room set-up where services are upon request to provide savings for guests while reducing wastage and inefficiencies

With the opening of Sunway Medical Centre in Seberang Jaya, we will continue to **establish close relationships with travel agencies** in Penang to target leisure and medical tourists

**Close monitoring of day-to-day pricing trends** to determine room rates



## PROSPECTS

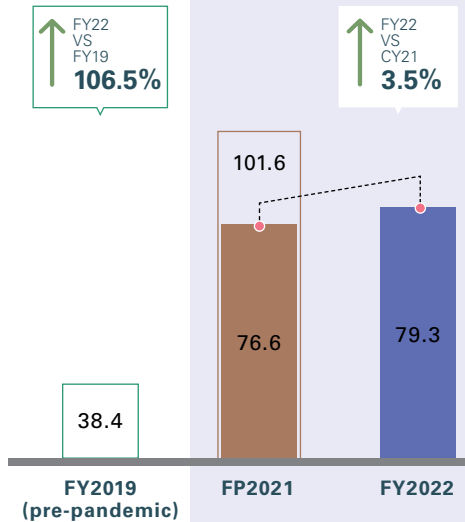
- The lifting of COVID-19 restrictions on weddings, travel and events, as well as pent-up demand, will provide a boost to banqueting, airline crew and MICE business.
- The Malaysian tourism sector is only expected to return to pre-pandemic levels in 2024, subject to the resumption of international travel amid the current economic headwinds and uncertain geopolitical situation.
- The reopening of international borders, including China's on 8 January 2023, bodes well for welcoming international tourists to Malaysia.
- The hotels' Business Unit Management Teams will continue to focus on value-added offerings for domestic travellers, as well as growing markets in ASEAN, the Middle East and India.



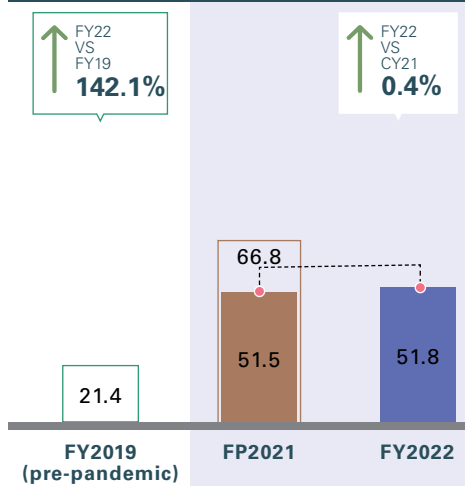
# Segmental Review

## Office Segment

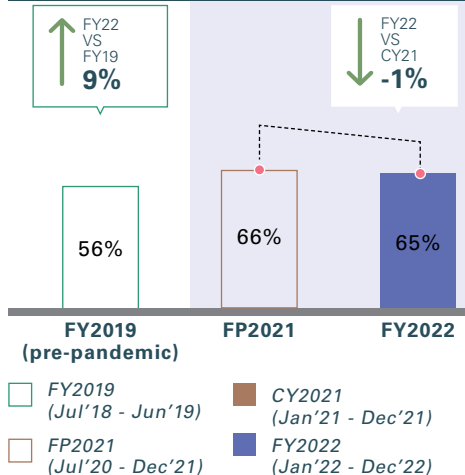
### Revenue (RM'million)



### NPI (RM'million)



### NPI Margin

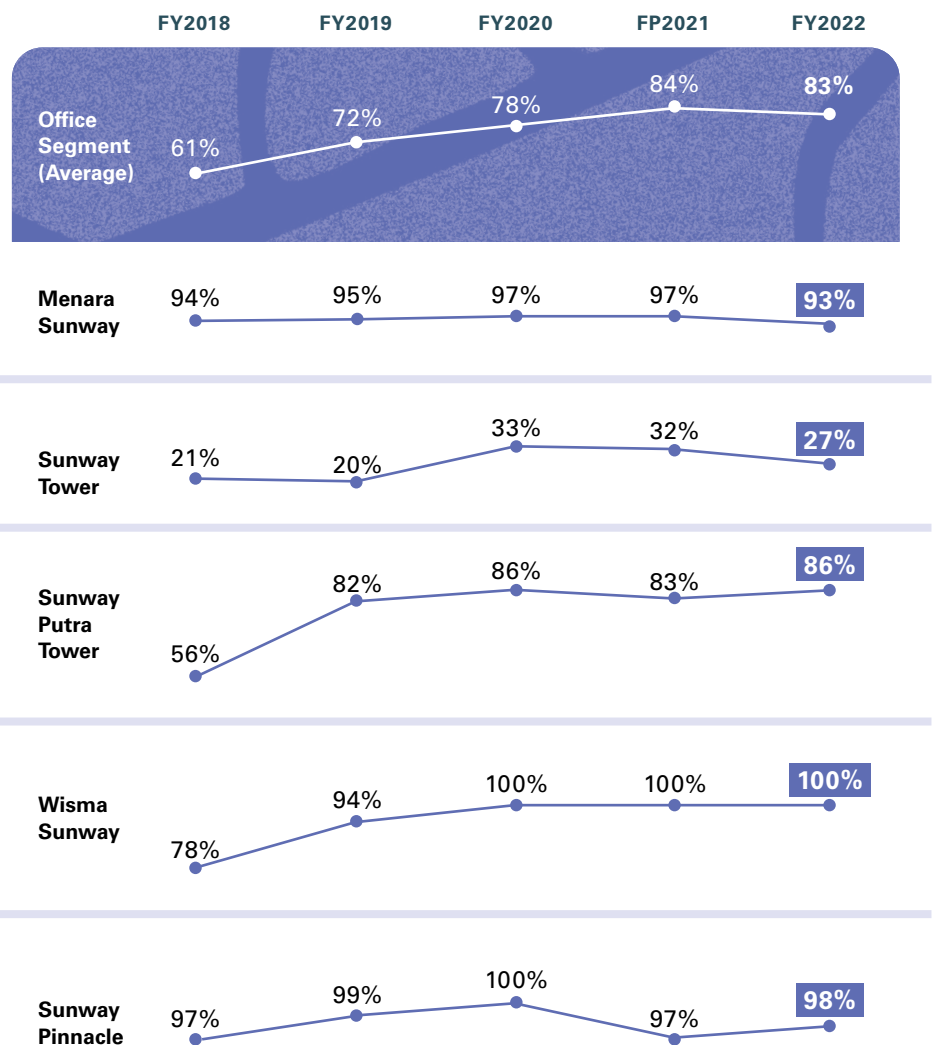


The Office segment remained resilient with a largely stable average occupancy rate throughout the pandemic. Post-pandemic, despite the shift by many corporates to a hybrid working mode, our office tenants continued to renew their leases, and there was strong interest in our available units. We continued to have positive rental reversion as evident from the increase in rental revenue of 3.5%.

NPI percentage also held up despite the normalisation of expenses, especially utility rates and usage, in FY2022 when more employees returned to office.

As for Sunway Tower, it launched many initiatives to attract tenants. Its main breakthrough was when Sunway XFarms, a Sunway Group agritech company, launched its largest indoor vertical farm in Kuala Lumpur in 3Q 2022.

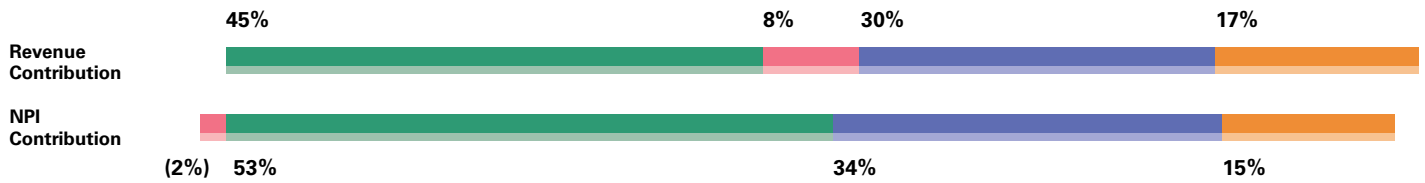
### Average Occupancy Rate



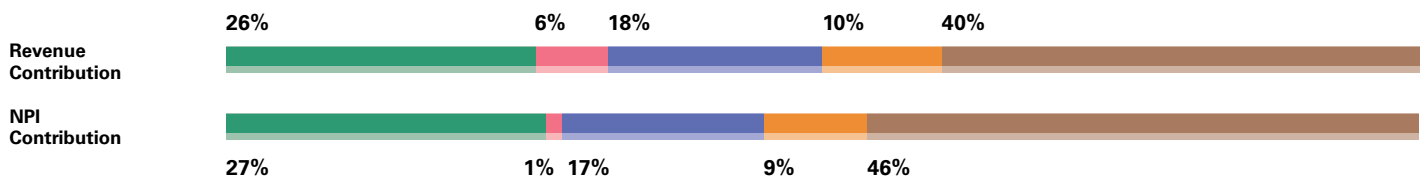


## Revenue & NPI Contribution

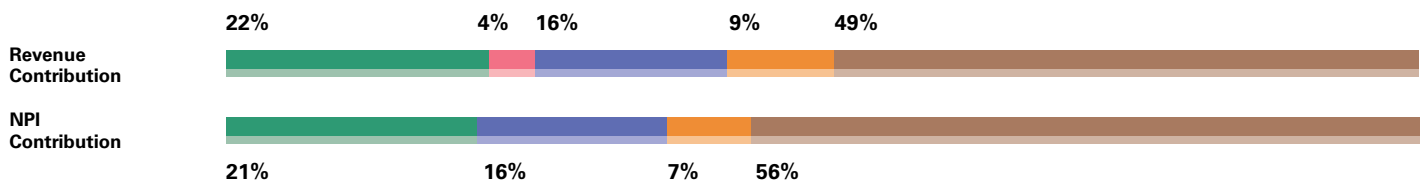
### FY2019 (pre-pandemic)



### FP2021

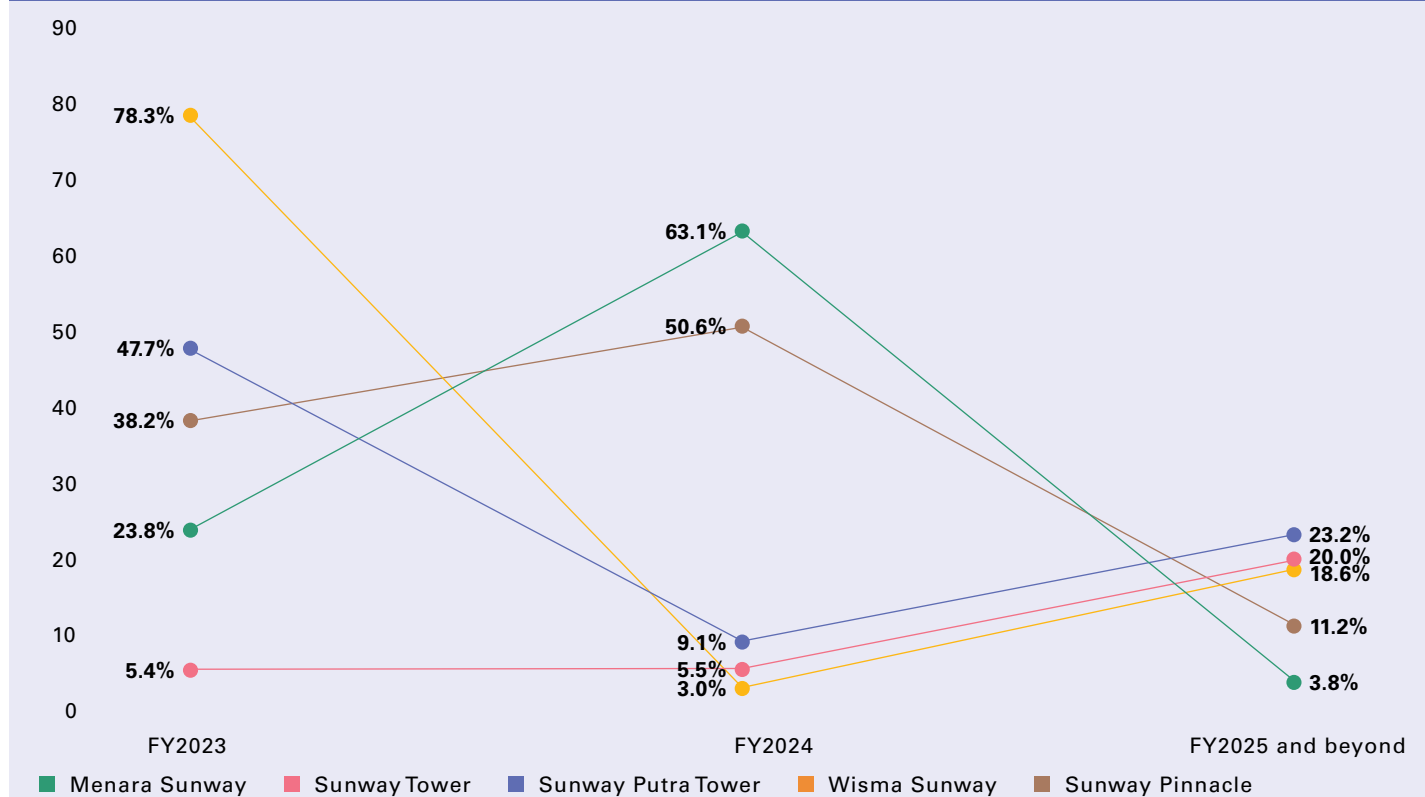


### FY2022



Menara Sunway Sunway Tower Sunway Putra Tower Wisma Sunway Sunway Pinnacle

## Lease Expiry Schedule (Expiring tenancies as % of total NLA)





# Segmental Review

## Tenant Mix

### Menara Sunway

	Based on December 2022 Gross Rental Income	Based on December 2022 Net Lettable Area
Management Services	32.5%	29.6%
Property	16.6%	14.9%
Medical	15.8%	17.5%
Construction	11.6%	12.0%
Technology	5.3%	5.1%
Trading	3.0%	3.0%
Retail	2.5%	2.6%
Supply and Manufacturing	2.1%	2.0%
Leasing	1.6%	1.8%
Leisure	1.6%	1.7%
Others	7.4%	9.8%

### Sunway Tower

Consultancy (Finance)	48.2%	43.9%
Technology	21.5%	23.6%
Agriculture	9.7%	14.6%
Consultancy (Rubber)	9.7%	6.9%
Consultancy	8.9%	9.3%
Others	2.0%	1.7%

### Sunway Putra Tower

Government Agency	91.5%	92.0%
Technology	4.2%	3.6%
Retail	1.5%	1.7%
Communication	1.5%	1.3%
Medical	1.3%	0.7%
Others		0.7%

### Wisma Sunway

Government Agency	96.8%	97.0%
Consultancy	3.2%	3.0%

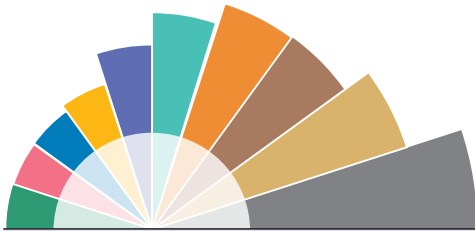
### Sunway Pinnacle

Technology	28.1%	28.8%
Pharmaceutical Services	20.3%	21.5%
Telecommunication	17.6%	17.6%
Chemical Development	10.4%	10.3%
Travel	6.7%	6.3%
Oil and Gas	3.9%	4.2%
Logistics	2.8%	2.8%
IT Service	2.1%	1.9%
Building Materials	2.1%	1.9%
Co-working	1.4%	1.4%
Others	4.6%	3.3%

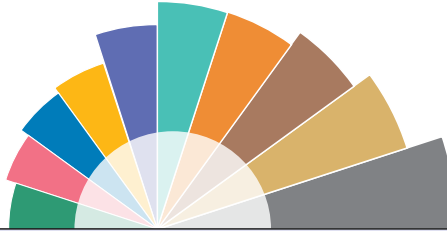


## Top 10 Tenants – Based on December 2022 Gross Rental Income

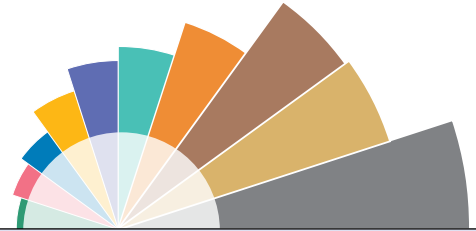
## Menara Sunway



## Sunway Tower



## Sunway Putra Tower



## TOTAL TOP 10 TENANTS

77.4%

98.0%

95.6%

3.0%	Sunway Marketing Sdn Bhd
3.0%	Sunway Quarry Industries Sdn Bhd
3.0%	Sunway Computer Services Sdn Bhd
3.1%	Sunway PFM Sdn Bhd
5.6%	Sunway Shared Services Sdn Bhd (IT & FSSC)
7.3%	Merck Sdn Bhd
8.6%	Sunway Construction Group Berhad
8.6%	Roche Services (Asia Pacific) Sdn Bhd
13.0%	Sunway Integrated Properties Sdn Bhd (IH)
22.2%	Sunway Services Sdn Bhd

3.7%	Kitago Sdn Bhd
4.2%	Eftech Drilling Solution Sdn Bhd
5.2%	Pimpinan Ehsan Berhad
5.7%	SK Networks Retails Malaysia Sdn Bhd
7.8%	ZJ Advisory Sdn Bhd
9.7%	R1 International Malaysia Sdn Bhd
9.8%	Sunway XFarms Sdn Bhd
11.6%	Iconnectix Sdn Bhd
15.1%	VPO Services Sdn Bhd
25.2%	YYC Holdings Sdn Bhd

0.8%	Raffcomm Sdn Bhd
1.2%	Pemandu Associates Sdn Bhd
1.5%	Giosis Sdn Bhd
3.7%	Construction Research Institute of Malaysia (CREAM)
4.2%	Nano Commerce Sdn Bhd
4.4%	Cradle Fund Sdn Bhd
6.2%	Jabatan Perdana Menteri (ICU)
19.4%	Lembaga Pembangunan Industri Pembinaan Malaysia (CIDB)
19.6%	Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan Malaysia
34.6%	JKR Wilayah Persekutuan Kuala Lumpur

WALE 1.53 years

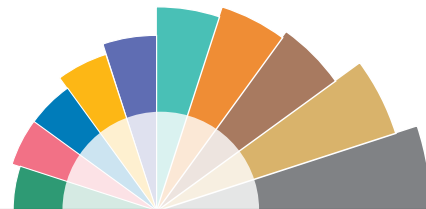
WALE 1.71 years

WALE 1.09 years

## Wisma Sunway



## Sunway Pinnacle



## TOTAL TOP 10 TENANTS

100.0%

61.6%

3.2%	SM Centre (MYS) Sdn Bhd
5.5%	Majlis Tindakan Pelancongan Negeri Selangor
16.4%	Lembaga Hasil Dalam Negeri
24.2%	Jabatan Alam Sekitar
50.7%	Jabatan Kesihatan Negeri Selangor

3.8%	Hitachi Sunway Information Systems Sdn Bhd
3.9%	Linde Malaysia Sdn Bhd
3.9%	Huntsman Global Business Services Sdn Bhd
4.2%	Accenture Solution Sdn Bhd
4.4%	Evonik Malaysia Sdn Bhd
6.0%	Johnson & Johnson Sdn Bhd
6.4%	Lodging Partner Travel (M) Sdn Bhd (Expedia)
6.9%	Ericsson (Malaysia) Sdn Bhd
10.7%	Maxis Mobile Sdn Bhd
11.4%	Roche Services (Asia Pacific) Sdn Bhd

WALE 1.13 years

WALE 1.32 years



# Segmental Review

## ACHIEVEMENTS IN 2022



### Newly Completed Asset Enhancement Initiatives

#### Menara Sunway

- Solar panels were successfully installed and generated approximately **13,400 kWh** of electricity monthly
- Replacement of domestic water pipes for water-cooled package unit (WCPU) & pantry
- New wiring/ installation for ITSSC server equipment

#### Sunway Putra Tower

- Replacement of elevators (D-Elevators)
- Installation of hand dryers in common toilets to reduce paper wastage

#### Wisma Sunway

- Resurfaced the inner road and driveway
- New Sunway sky signage
- New aluminium frame for air handling unit (AHU) filter
- New hose reel for mezzanine floor

#### Sunway Pinnacle

- Sky roof painting
- Exhaust ventilation duct extension at electrical transformer room
- Alfresco dining and canopy sky roofing extension

### Launched Corporate Suite @ Level 19 at Sunway Resort Hotel

- Renovated and repurposed the rooftop into commercial office space with **NLA of 30,000 sq.ft.** and achieved full occupancy in FY2022



Corporate Suite @ Level 19 at Sunway Resort Hotel



### Operational Improvements

Construction of new F&B outlet and sky roofing at Sunway Pinnacle

Lift replacement in Sunway Putra Tower

Introduction of Sunway Green Lease Partnership Programme to Office tenants (jointly with Retail and Hotel business unit management teams)





## Digitalisation/Innovation



**Sunway Community app to communicate with tenants** and provide updates and latest announcements

**Implemented a carbon dioxide monitoring system** for the basement car park of Sunway Pinnacle

**Optimised chiller energy consumption** via the use of artificial intelligence at Sunway Pinnacle

**Implemented licence plate recognition and the use of KERB technology** to provide ease and convenience to vehicles entering Menara Sunway, Sunway Pinnacle, Sunway Tower and Wisma Sunway

## TARGETS FOR 2023



Increasing and enhancing digital marketing efforts



Exploration of the new trend of co-working



Pre-lease activity aimed at **Malaysia Digital (MD)-status companies**



Stepping up **tenant engagement activities**

## MEDIUM-/LONG-TERM TARGETS



**Creation of additional NLA** through reconfiguration of common area in the office buildings



**Continue to identify and implement sustainability initiatives** for the office properties in order to achieve operational efficiency



### PROSPECTS

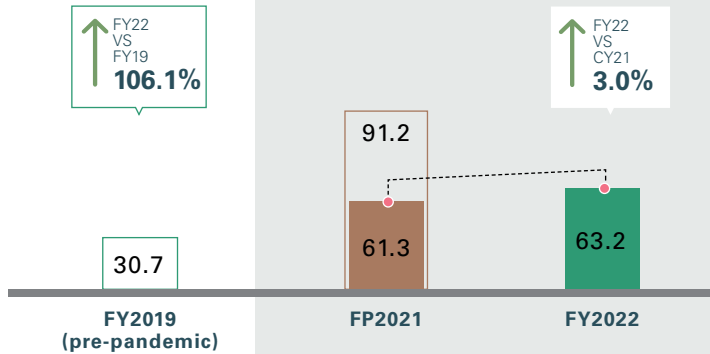
- The Office segment is expected to experience excess and incoming supply. Together with the ongoing trend of supply outstripping demand, it is projected that rental rates and occupancy levels for office buildings will continue to remain challenging.
- However, we believe that the reinvention of office buildings via asset enhancement and tapping into co-working trends that offer better flexibility will attract more tenants.
- Overall, the Office segment within Sunway REIT's asset portfolio is expected to remain stable in FY2023.



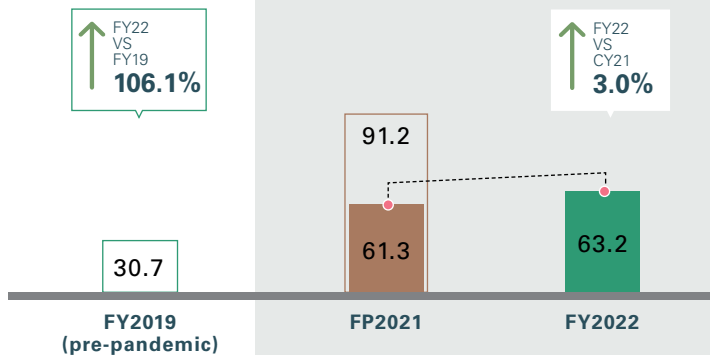
# Segmental Review

## Services Segment

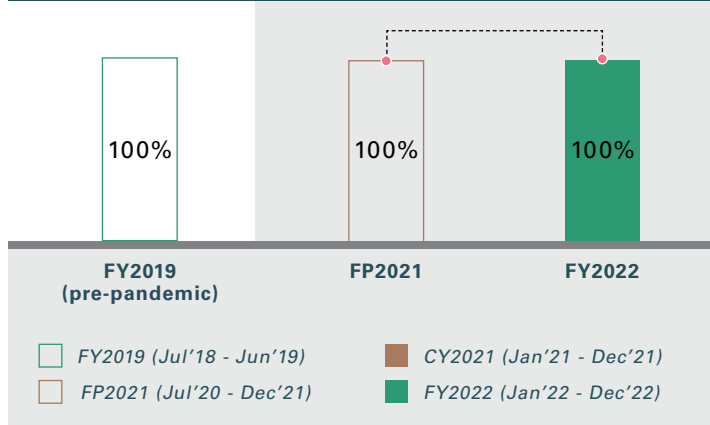
### Revenue (RM'million)



### NPI (RM'million)



### NPI Margin

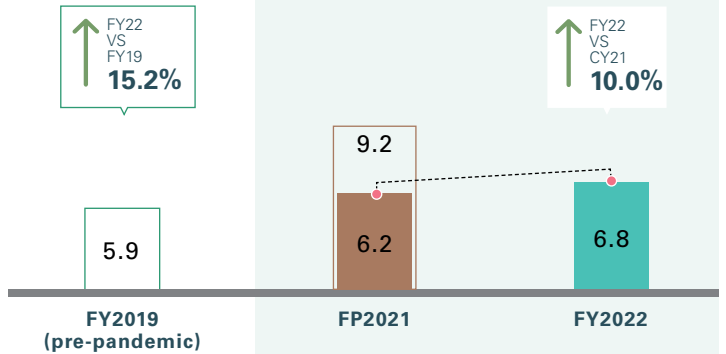


The Services segment consists of Sunway Medical Centre (Tower A & B) and Sunway university & college campus, which are medical and education assets on a triple net master lease with fixed rental and predetermined annual rental uplift.

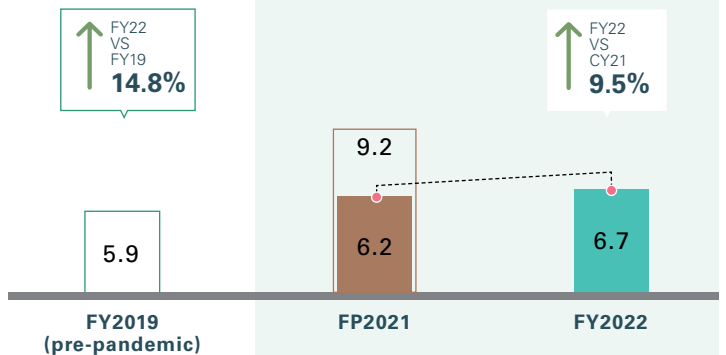
Improvement in revenue is due to annual rental reversion in accordance with the master lease agreements.

## Industrial & Others Segment

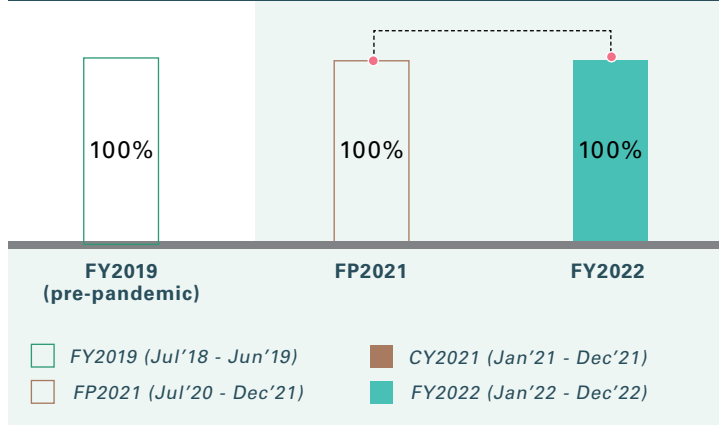
### Revenue (RM'million)



### NPI (RM'million)



### NPI Margin



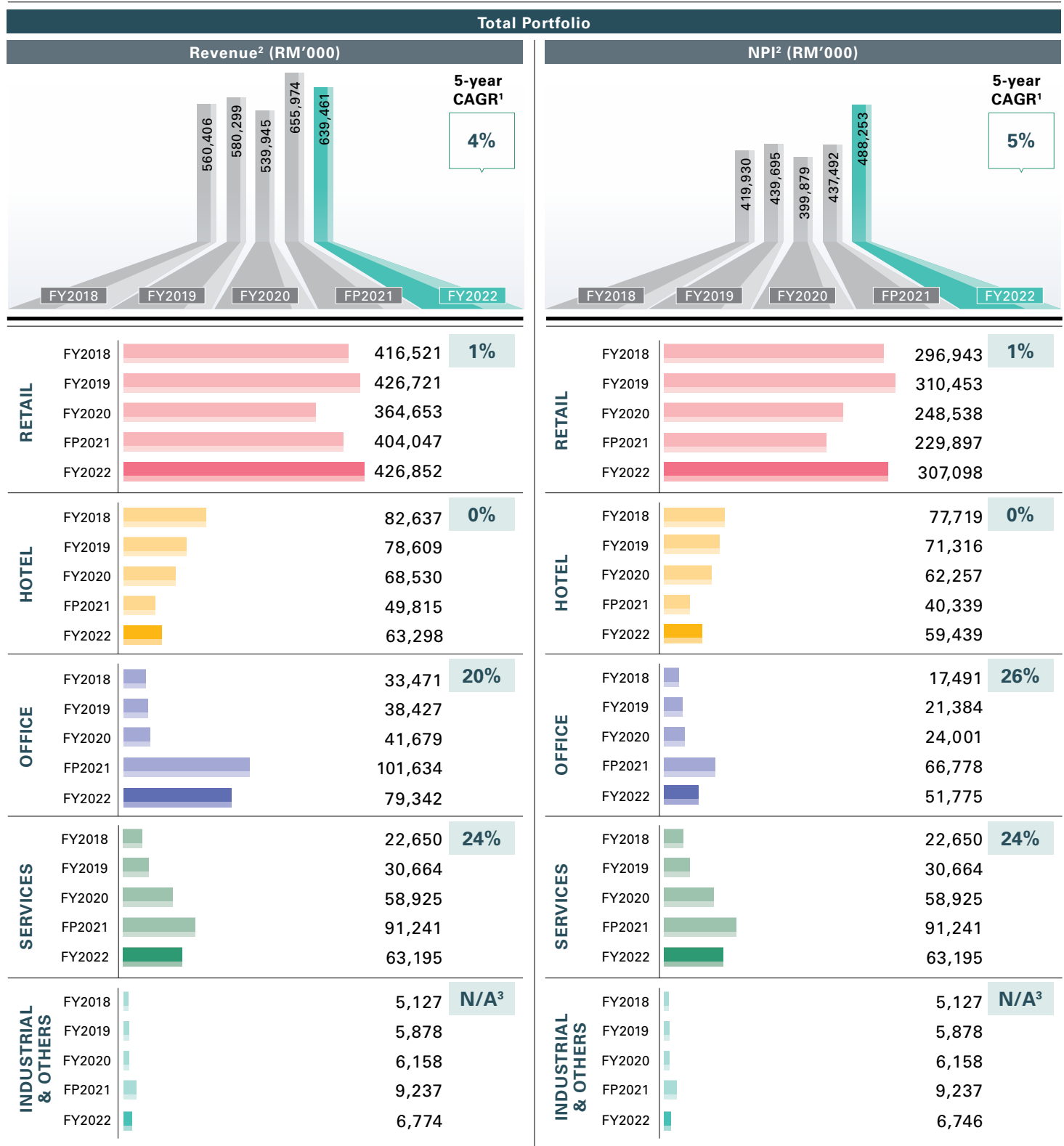
The Industrial & Others segment comprises Sunway REIT Industrial – Shah Alam 1 and Sunway REIT Industrial – Petaling Jaya 1.

The revenue and NPI for FY2022 increased due to a 10% increase in rental, in accordance with the master lease agreement of Sunway REIT Industrial – Shah Alam 1.

Sunway REIT completed the acquisition of Sunway REIT Industrial – Petaling Jaya 1 on 10 November 2022 and the Manager is actively looking for quality anchor lessees, given the size and strategic location of the property.



## Segmental Performance



<sup>1</sup> Based on FY2017 as the base year.

<sup>2</sup> Excludes unrealised income in relation to unbilled lease income receivable pursuant to MFRS 16 Leases (from FY2020 onwards).

<sup>3</sup> N/A due to no income generated in FY2017 as Sunway REIT Industrial – Shah Alam 1 was acquired in FY2018.



# Investment Review

## PROPOSED DISPOSAL OF SUNWAY MEDICAL CENTRE (TOWER A & B)

The Board of Directors of Sunway REIT Management Sdn Bhd, being the Manager for Sunway REIT, announced that RHB Trustees Berhad, as the trustee for Sunway REIT, had on 29 December 2022 entered into a conditional sale and purchase agreement (SPA) with Sunway Medical Centre Sdn Bhd (SMCSB), a 99.99%-owned subsidiary of Sunway Healthcare Holdings Sdn Bhd (SHH), for a total cash consideration of RM430 million. SHH is a 90.26%-owned subsidiary of Sunway City Sdn Bhd, which is in turn a wholly-owned subsidiary of Sunway Berhad.



Since its acquisition on 31 December 2012, the property has consistently generated NPI with an annual reversion of 3.5% resulting in a property yield of 6.1% based on Proposed Disposal Price of RM430 million.

The Proposed Disposal will allow Sunway REIT to unlock the value of and realise its investment in the property, with an expected gross gain on disposal of RM60 million (excluding incidental costs), representing a 16.2% premium above the market value of RM370 million. Meanwhile, compared to the cost of investment of RM320 million, the Proposed Disposal will crystallise gross gains of RM110 million since acquisition.

The Proposed Disposal will also eliminate the risk of revaluation loss in the event SMCSB chooses not to renew the second lease term of 10 years or opts to renew at less favourable terms.

The net proceeds from the Proposed Disposal are intended to be redeployed into yield-accretive investments to build Sunway REIT's asset portfolio towards TRANSCEND 2027 targets. Alternatively, in the event no new investment is secured within the next 12 months, the Manager will utilise the proceeds to repay the borrowings of Sunway REIT, which is expected to reduce the gearing to approximately 34% and result in financing cost savings of approximately RM17 million per annum.



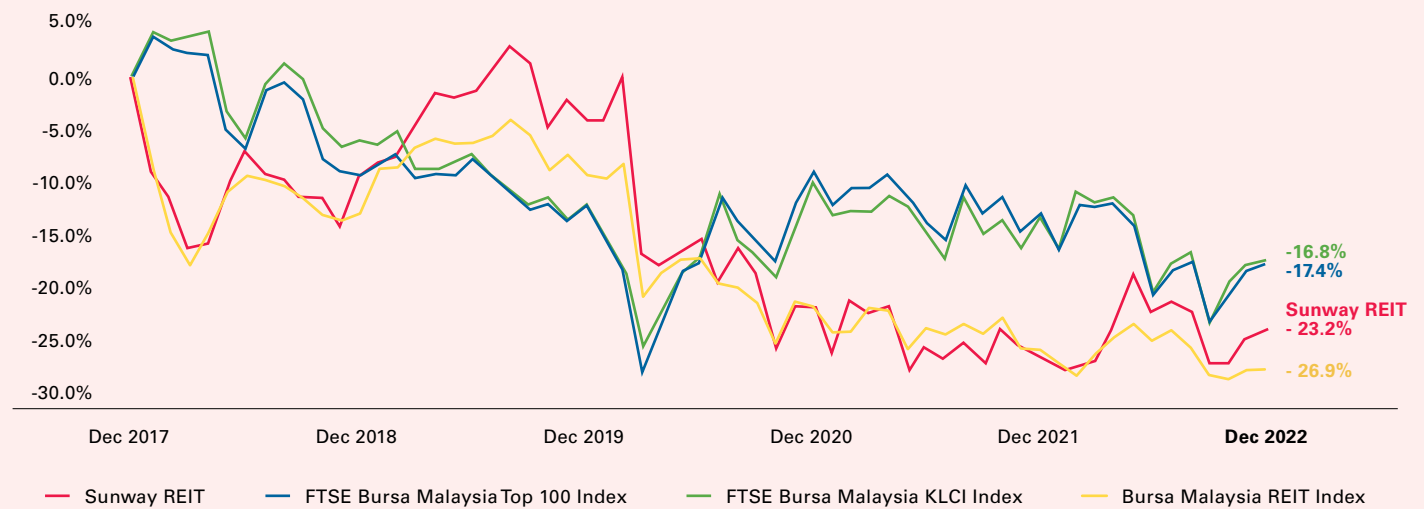
# Trading Performance

## 5-YEAR TRADING PERFORMANCE OF SUNWAY REIT

Trading Summary	FY2022 RM'000	FP2021 RM'000	FY2020 RM'000	FY2019 RM'000	FY2018 RM'000
Closing Unit Price (RM)	1.46	1.41	1.62	1.87	1.77
52-Week Highest Traded Price (RM)	1.58	1.72	1.92	1.97	1.90
52-Week Lowest Traded Price (RM)	1.32	1.67	1.50	1.61	1.48
Price Movement (%)	3.5	(13.0)	(13.4)	5.6	(0.6)
Total Return (%)	9.8	(10.1)	(8.9)	10.7	4.8
Number of Units in Circulation (unit '000)	3,424,808	3,424,808	2,945,078	2,945,078	2,945,078
Market Capitalisation (RM '000)	5,000,219	4,828,979	4,771,026	5,507,296	5,212,788
Free Float (%)	59.1	59.1	59.1	59.1	59.1
Free Float (unit '000)	2,024,513	2,024,513	1,741,130	1,741,130	1,741,130

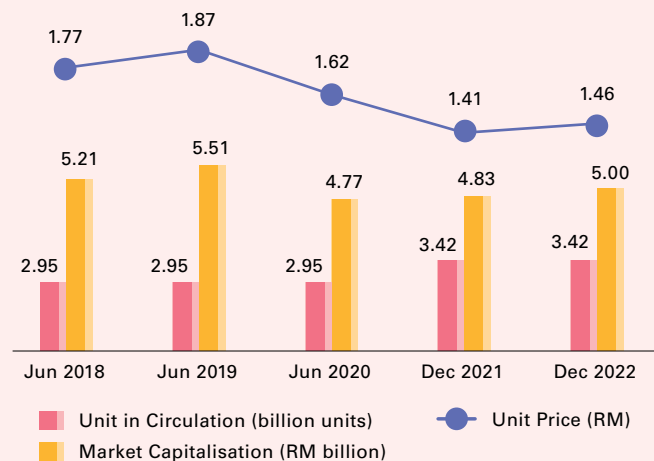
Source: Sunway REIT, Bloomberg

### Unit Price Performance of Sunway REIT versus Benchmark Indices



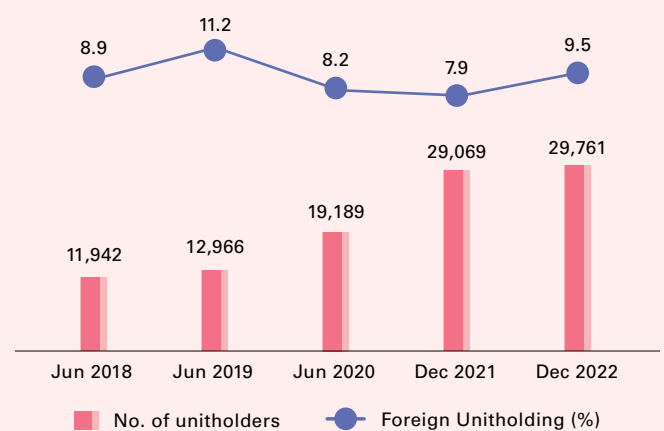
Source: Sunway REIT, Bloomberg

### Market Capitalisation, Unit Price and Units In Circulation



Source: Sunway REIT, Bloomberg

### Unitholders Statistics

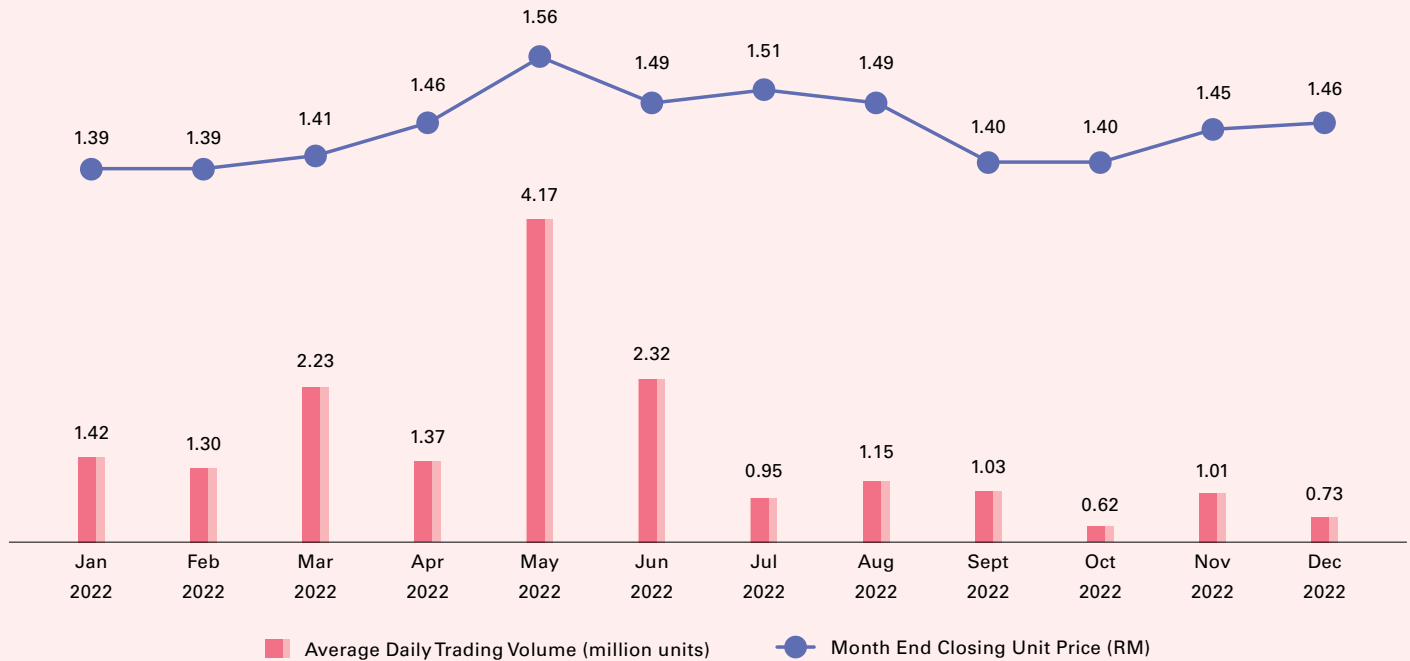


Source: Sunway REIT, Bloomberg



# Trading Performance

**Sunway REIT Monthly Trading Performance (FY2022)**



Note: All information is based on month-end data

Source: Sunway REIT, Bloomberg

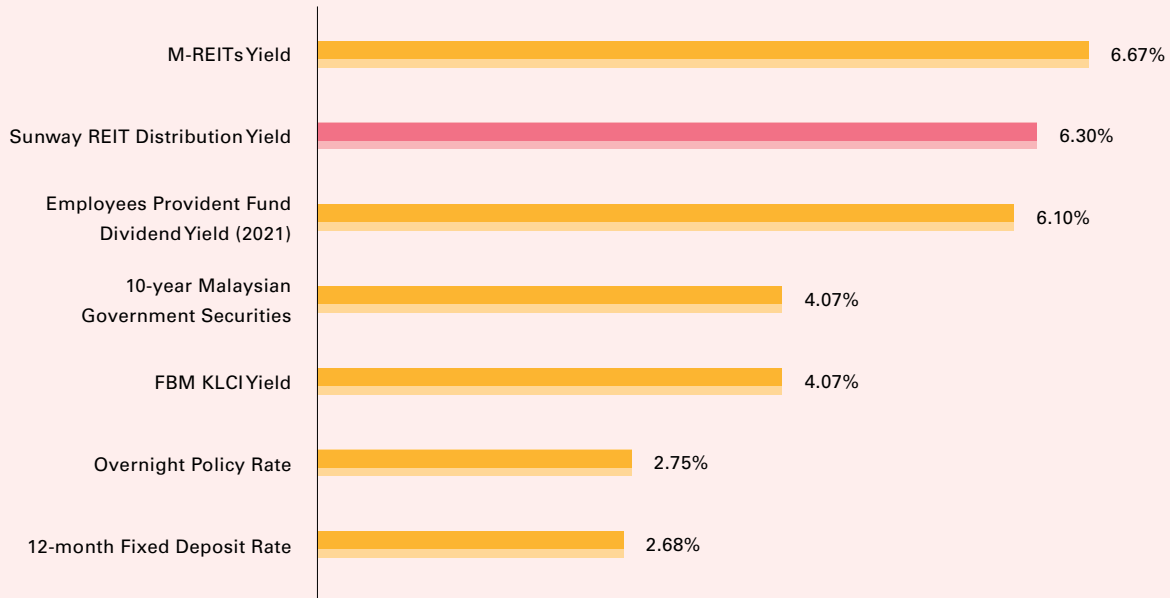
**Unit Price Performance of Sunway REIT versus FTSE Bursa Malaysia KLCI Index and Bursa Malaysia REIT Index (FY2022)**



Source: Sunway REIT, Bloomberg

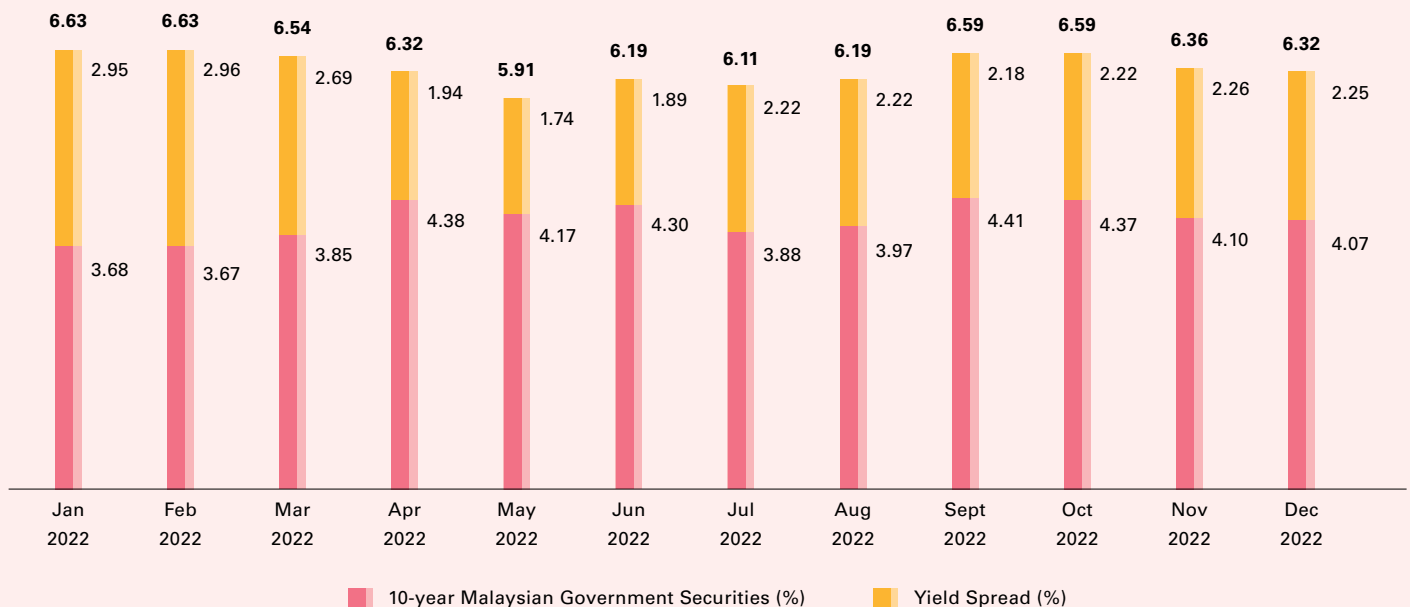


### Comparative Yields (As At 31 December 2022)



Source: Sunway REIT, Bloomberg, Bank Negara Malaysia, Employees Provident Fund

### Sunway REIT Monthly Yield Comparison (FY2022)



Note: All information is based on month-end data

Source: Sunway REIT, Bloomberg, Bank Negara Malaysia



# TRANSCEND 2027 Progress Report

## TARGETS FOR TRANSCEND 2027



**Become the Top 2 M-REIT in Malaysia**



**Grow the asset value to RM14 - 15 billion**

► Supported by both yield-accretive acquisitions and value-enhancing AEI



**Rebalance the portfolio**

► Services and Industrial & Others segments to make up 20% - 30% of property value  
► Diversifying into foreign properties, making up 10% - 20% of property value



**Growth targets:**

### Primary annual targets

► Average trading price in market for the year showing a higher premium or lower discount to NAV than competitor REITs  
► Achieve the targeted annual total return based on the recommended strategies

### Secondary targets

► 5-year average total return and DPU CAGR above average of listed M-REITs (from FY2022 onwards)

## STRATEGIC INITIATIVES



**DIVERSIFYING PORTFOLIO INTO OTHER SEGMENTS AND GEOGRAPHIES**

**Sunway REIT's future will be driven by 3 key objectives supported by multiple strategic initiatives, focused on driving scale and yield:**



**UNLOCKING MAXIMUM VALUE FROM EXISTING ASSETS IN THE PORTFOLIO**



## SUNWAY REIT'S PROGRESS IN 2022



**3<sup>rd</sup> largest M-REIT**  
(measured by market capitalisation)



**Property Value**

**RM9.1 billion**

(based on valuation as at 31 December 2022)



**GETTING  
AHEAD  
OF THE  
MARKET**



**Asset Portfolio Attribution**

**13% in Services, Industrial  
& Others segments**

(based on valuation as at 31 December 2022)



**Outperformed M-REITs**

**21.7%**

**Discount to NAV  
of Sunway REIT**

► **-0.3%**

**Discount to NAV  
of M-REITs**

► **-22.0%**

(as at 31 December 2022)



**Unlock Value via proposed disposal of  
Sunway Medical Centre (Tower A & B)**

**Disposal Gain:  
RM110 million**

(Disposal gain = disposal price – investment cost)



# Macroeconomic Highlights



## GDP

**8.7%** ↑  
(2021: 3.1%)

GDP growth increased to 8.7% in 2022 from a lower base of 3.1% in 2021 mainly due to the reopening of the Malaysian economy in April 2022 which boosted consumption, investment and domestic tourism activities. That said, GDP growth is expected to moderate in 2023 due to slower global growth and geopolitical uncertainties.



## Consumer Price Index (CPI)

**3.3%** ↑  
(2021: 2.5%)

CPI increased to 3.3% in 2022 from 2.5% in 2021 due to increased market demand for goods and services following the resumption in trade and travel in April 2022. Meanwhile, supply-chain disruptions persist due to the closure of China's borders and the Russia-Ukraine War in 2022.



## Unemployment Rate

**3.6%** ↓  
(2021: 4.6%)

Unemployment rate decreased to 3.6% in 2022 from 4.6% in 2021 due to increased demand for labour with the surge in economic activity post-COVID-19. Some sectors such as construction continue to face labour shortages due to the limited pool of foreign workers, many of whom have returned to their home countries during the pandemic.



## Overnight Policy Rate (OPR)

**2.75%** ↑  
(2021: 1.75%)

OPR increased to 2.75% in 2022 from a low base of 1.75% in 2021 due to the normalisation in monetary policy to manage inflationary pressures and foreign exchange rates in line with the global increase in interest rates.

Source: Bank Negara Malaysia, Ministry of Finance

Looking forward, Malaysia's GDP growth is expected to stabilise around 4% to 5% in 2023, amidst inflationary pressures and challenging global growth outlook. While China reopened in January 2023 and is expected to provide a boost to international trade and travel, the uncertain geopolitical and macroeconomic situation may soften growth despite Malaysia's steady consumer spending and investment activities supported by a relatively strong employment market.



# Property Market Insights

## RETAIL MARKET OVERVIEW

As Malaysia reopened in 2Q 2022, signs of economic recovery have become evident. Retail footfall in Klang Valley has picked up and is returning to pre-pandemic levels, backed by major festivals such as Chinese New Year and Hari Raya Aidilfitri. The high traffic in major shopping malls marked a return in demand and highlighted the continued relevance of physical stores.

Owing to the low base during the partial and full lockdowns, Malaysia's retail sales spiked 96.0% y-o-y in 3Q 2022 and achieved an all-time high record in growth, compared to 3Q 2021 which recorded a contraction of 27.8%. As such, the retail players in the city center have revised their revenue projections in anticipation of greater retail spending and higher footfall in 4Q 2022 and into 2023. For 2022, Retail Group Malaysia (RGM) forecasted a full-year retail sales growth of 31.7% and expects its recovery to gain further momentum by end of year.

All retail sub-sectors achieved positive growth in 3Q 2022, surpassing market expectations. Retail sales of department stores and fashion sub-sectors managed to turn around, witnessing a noticeable improvement in 3Q 2022 on a y-o-y basis.

During the COVID-19 pandemic, the e-commerce industry grew at an accelerated rate as many retailers shifted to e-commerce platforms to stay afloat. Malaysia's e-commerce sales in 3Q 2022 recorded RM289.2 billion, a 3.7% growth y-o-y and 0.3% q-o-q. To succeed in the post-pandemic landscape, retailers are increasingly merging in-store and online experiences via omnichannel retail.

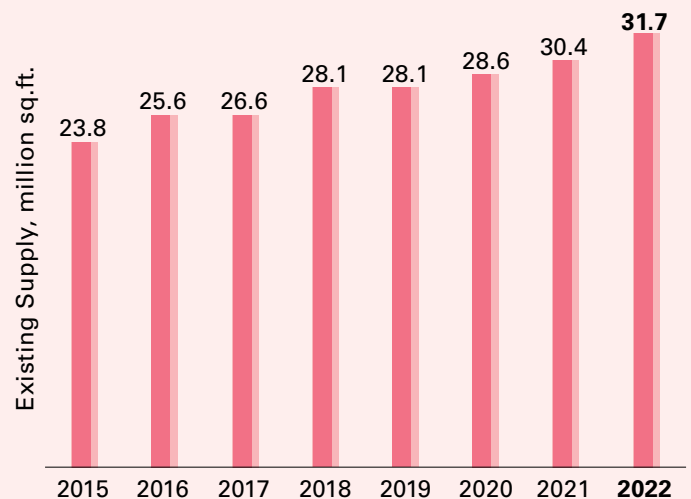
### SUPPLY OF RETAIL SPACE

#### KUALA LUMPUR

As of 2022, the total supply of retail space in Kuala Lumpur increased to 31.7 million sq.ft. of net lettable area (NLA) with the completion of Mitsui Shopping Park LaLaport BBCC, The Starhill, and Pavilion Bukit Jalil in 1H 2022.

Kuala Lumpur's cumulative supply stands at approximately 55% of Klang Valley's. Approximately 35% of retail supply is concentrated in Central Kuala Lumpur while Metropolitan Kuala Lumpur accounts for the remaining 65%.

**Cumulative Supply of Retail Space in Kuala Lumpur, 2015 to 2022**



Source: Savills Research

Kuala Lumpur is set to welcome several more upscale retail destinations occupying some of the prime shopping districts in the city. Shopping malls slated for completion in 2H 2022 include Datum Jelatek and Sapura Corporate retail. An additional 3.3 million sq.ft. including The Exchange TRX Mall, Warisan Merdeka Mall and Pavilion Damansara Heights are scheduled to be completed in 2023 and 2024.



# Property Market Insights

## Selected Future Supply of Retail Space in Kuala Lumpur, 2023

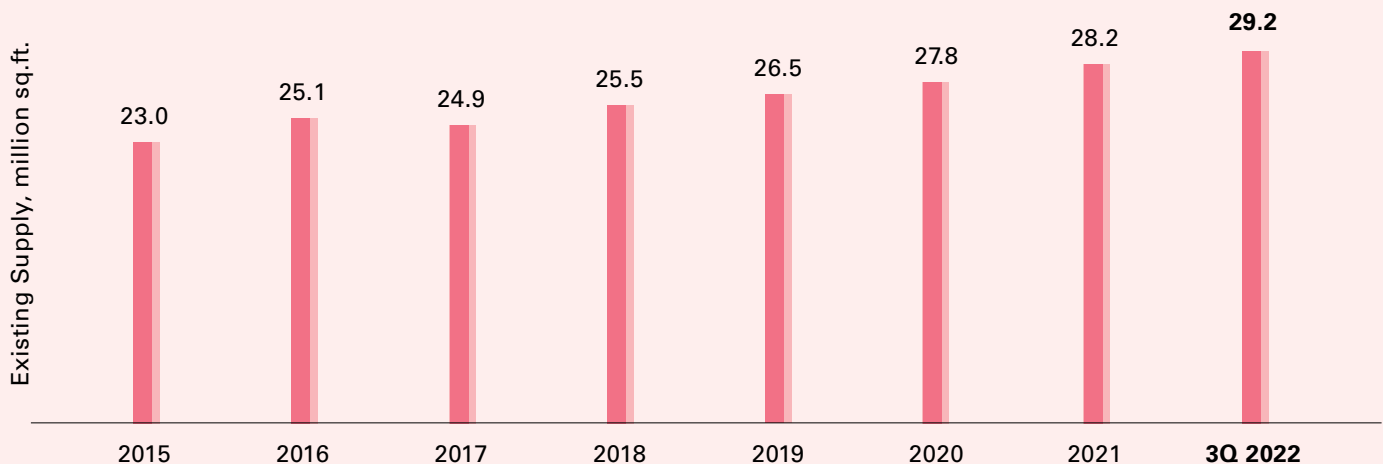
Retail Development	Location	Expected Completion	Estimated NLA (sq.ft.)
The Exchange TRX Mall	Jalan Tun Razak	2023	1,350,000
Pavilion Damansara Heights Phase 1	Pusat Bandar Damansara	2023	530,000
Warisan Merdeka Mall	KLCC	2024	900,000
Pavilion Damansara Heights Phase 2	Pusat Bandar Damansara	2024	530,000

Source: Savills Research

## SELANGOR

Selangor's cumulative supply of retail space in 3Q 2022 stands at 29.2 million sq.ft., accounting for approximately 45% of retail space supply in Klang Valley. The completion of IOI City Mall Phase 2 in 3Q 2022 added 1 million sq.ft. to the state's existing retail stock, while KSL Esplanade was also slated for opening in 4Q 2022 with 650,000 sq.ft. of retail space.

### Cumulative Supply of Retail Space in Selangor, 2015 to 3Q 2022



Source: CBRE | WTW Research

## Selected Future Supply of Retail Space in Selangor, 2023

Retail Development	Location	Expected Completion	Estimated NLA (sq.ft.)
KSL Esplanade Mall	Klang	4Q 2022	650,000

Source: CBRE | WTW Research



## PENANG

As of 1H 2022, the cumulative supply of retail space in Penang increased to approximately 20.0 million sq.ft., following the completion of Sunway Carnival Mall (New Wing or SC 2), adding circa 350,000 sq.ft. of retail space. Out of the cumulative supply of retail space, 57.2% or 11.4 million sq.ft. is on Penang Island whilst the remaining 42.8% or 8.6 million sq.ft. is in Mainland Penang.

On Penang Island, two shopping malls are expected to be completed in 2023 and 2024, namely Sunshine Mall in Air Itam and The Waterfront Shoppes Phase 1 @ The Light City in Jelutong. However, no new completion of retail space is expected in Mainland Penang during the period.

### Selected Future Supply of Retail Space in Penang, 2023 to 2024

No.	Retail Development	Location	Expected Completion	Estimated NLA (sq.ft.)
<b>PENANG ISLAND</b>				
1	Sunshine Mall	Air Itam	2023	142,000
2	The Waterfront Shoppes Phase 1 @ The Light City	Jelutong	2024	680,000
<b>Total</b>				<b>822,000</b>

Source: Knight Frank Research

Post 2024, several shopping malls, which are currently in the planning stage, will be expected to enter the retail market in Penang, namely Penang Mitsui Outlet and Penang World City in Bayan Lepas, Sunway Valley City in Paya Terubong and GEM Megamall in Seberang Jaya.

## DEMAND FOR RETAIL SPACE

### KUALA LUMPUR

In 1H 2022, Suria KLCC, the premier shopping destination in Kuala Lumpur, commanded the highest rental rates ranging from RM26.54 to RM207.30 per sq.ft. per month. Popular shopping malls in Metropolitan Kuala Lumpur, such as Mid Valley Megamall and The Gardens Mall, charge between RM15.00 and RM80.00 per sq.ft. per month. The rental rates vary based on the occupied space, floor level and other variables. The table below summarises the rental rates of selected shopping malls in Kuala Lumpur from 2020 to 1H 2022.



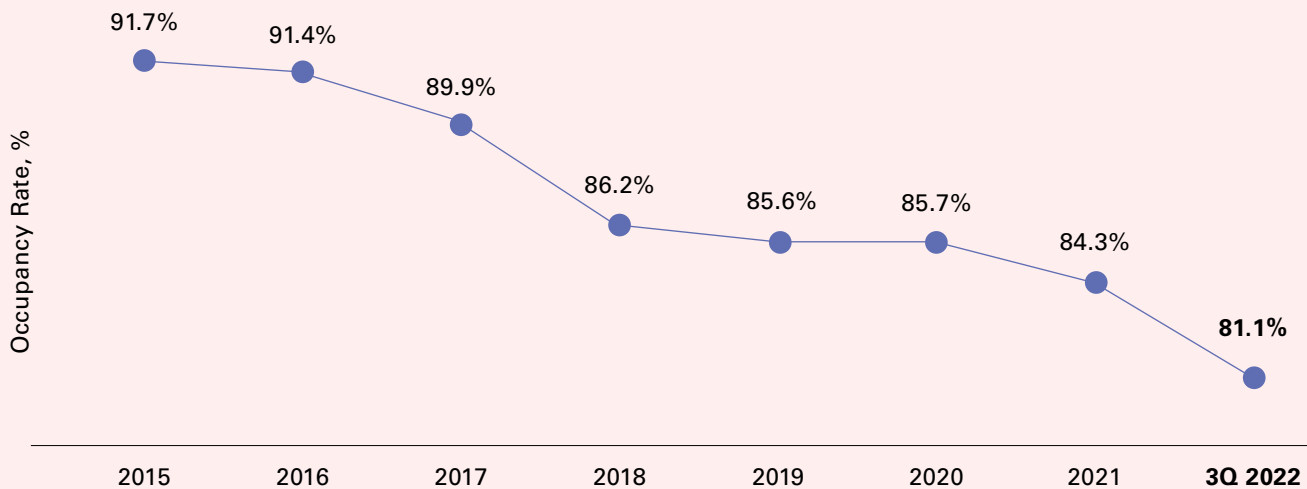
# Property Market Insights

Shopping Mall	Location	Floor Level	Floor Area (sq.ft.)	Gross Rents (RM per sq.ft./month)		
				2020	2021	1H 2022
Suria KLCC	Jalan Ampang (Central KL)	LG	151 – 4,047	42.55 – 223.00	46.00 – 213.84	35.00 – 207.30
		G	301 – 2,928	41.64 – 165.47	41.64 – 152.44	60.00 – 151.00
		1	215 – 904	96.62 – 113.84	96.62 – 113.84	95.40 – 113.10
		2	323 – 1,819	36.54 – 89.23	36.54 – 100.54	26.54 – 100.54
		3	205 – 1,679	50.64 – 100.94	50.64 – 100.94	43.95 – 100.20
		4	570 – 2,368	47.59 – 60.09	47.59 – 60.09	37.75 – 61.12
Mid Valley Megamall	Mid Valley City (Metropolitan KL)	LG	1,076 – 1,851	25.00 – 35.65	25.00 – 35.65	25.00 – 35.65
		G	560 – 958	45.00 – 80.00	45.00 – 80.00	45.00 – 80.00
		1	215 – 904	33.35 – 38.00	33.35 – 38.00	33.35 – 38.00
		2	431 – 700	23.35 – 25.00	23.35 – 25.00	23.35 – 25.00
		3	420 – 969	15.00 – 21.00	15.00 – 21.00	15.00 – 21.00
The Gardens Mall	Mid Valley City (Metropolitan KL)	LG	517 – 926	27.00 – 40.00	27.00 – 40.00	27.00 – 40.00
		G	1,001 – 1,819	31.50 – 38.15	31.50 – 38.15	31.50 – 37.50
		1	1,485 – 1,862	23.50 – 30.00	23.50 – 30.00	23.50 – 30.00
		2	1,098 – 1,658	18.50 – 21.00	18.50 – 21.00	18.50 – 21.47
		3	2,077 – 2,777	17.00 – 18.00	17.00 – 18.00	17.00 – 18.00

Source: NAPIC

The average occupancy rate of retail space in Kuala Lumpur peaked in 2015 at 91.7% and has since continued to decline, hovering around 86% between 2018 and 2020 before falling to 81.1% in 3Q 2022 following the adverse impacts of the COVID-19 movement restrictions and new supply from Pavilion Bukit Jalil and Mitsui LaLaport. With more shopping malls anticipated to open in the coming months, the occupancy rate will depend on the recovery in post-pandemic consumer demand.

Occupancy Rates of Retail Space in Shopping Malls in Kuala Lumpur, 2015 to 3Q 2022



Source: CBRE I WTW Research



## SELANGOR

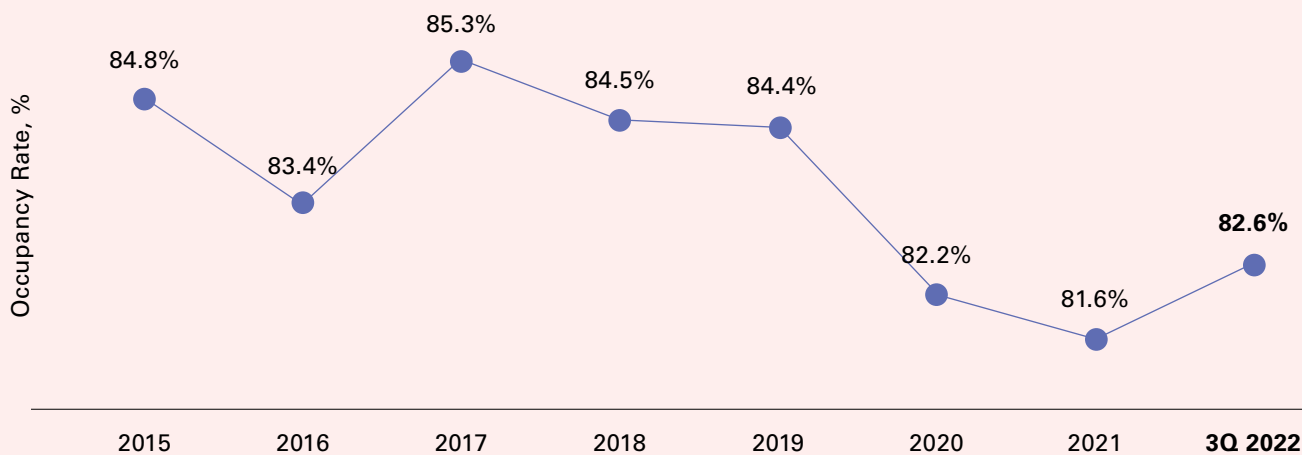
In 1H 2022, the average rental rate for ground floor retail space in selected prime shopping malls in Selangor ranges from RM23.00 to RM41.00 per sq.ft. per month. The table below summarises the rental rates of selected prime shopping malls in Selangor from 2020 to 1H 2022.

Shopping Mall	Location	Floor Level	Floor Area (sq.ft.)	Gross Rents (RM per sq.ft./month)		
				2020	2021	1H 2022
Sunway Pyramid	GKL	LG 1	538 – 3,337	16.00 – 43.00	16.00 – 43.00	16.00 – 43.00
		LG 2	915 – 7,739	19.00 – 34.90	19.00 – 34.90	19.00 – 34.90
		G	592 – 1,991	22.60 – 41.00	22.60 – 41.00	22.60 – 41.00
		1	398 – 3,391	17.50 – 33.20	17.50 – 33.20	17.50 – 33.20
1 Utama	MKL – PJ	LG	323 – 1,981	12.00 – 50.00	12.00 – 50.00	12.00 – 41.00
		G	1,345 – 2,669	14.00 – 34.00	14.00 – 34.00	12.50 – 34.00
		1	560 – 1,378	13.00 – 37.00	13.00 – 37.00	12.50 – 38.00
		2	463 – 1,830	7.00 – 31.00	7.00 – 31.00	7.00 – 31.00
The Curve	MKL – PJ	G	323 – 1,938	9.10 – 39.21	9.12 – 39.21	9.48 – 39.48
		1	646 – 1,658	6.50 – 17.19	8.20 – 17.19	8.95 – 15.33
		2	581 – 11,022	2.00 – 13.01	2.00 – 13.01	2.20 – 10.50

Source: NAPIC

The average occupancy rate of retail space in Selangor peaked at 85.3% in 2017. It declined for a fourth straight year, falling to 81.6% in 2021, marking its lowest since 2012 as retailers were impacted by the COVID-19 pandemic and incoming supply pipeline. Fortunately in 3Q 2022, the higher footfall at shopping malls in Selangor showed positive signs for the retail market, with a promising occupancy rate of 82.6% in line with post-COVID-19 reopening and recovery in consumer demand.

Occupancy Rates of Retail Space in Shopping Malls in Selangor, 2015 to 3Q 2022



Source: CBRE / WTW Research



# Property Market Insights

As malls started to attract large crowds post-COVID-19, F&B outlets witnessed significant recovery compared to other retail sub-sectors. As of 3Q 2022, the retail sector observed notable openings of F&B outlets, such as Kenny Hills Bakers in IOI City Mall, Chef Wan and Serai in Setia City Mall. There are also more new entrants in the market, including brands from China and Japan. Demand for F&B space in shopping malls is picking up and retailers are confident that their performance in 2022 will end on a higher note.

## PENANG

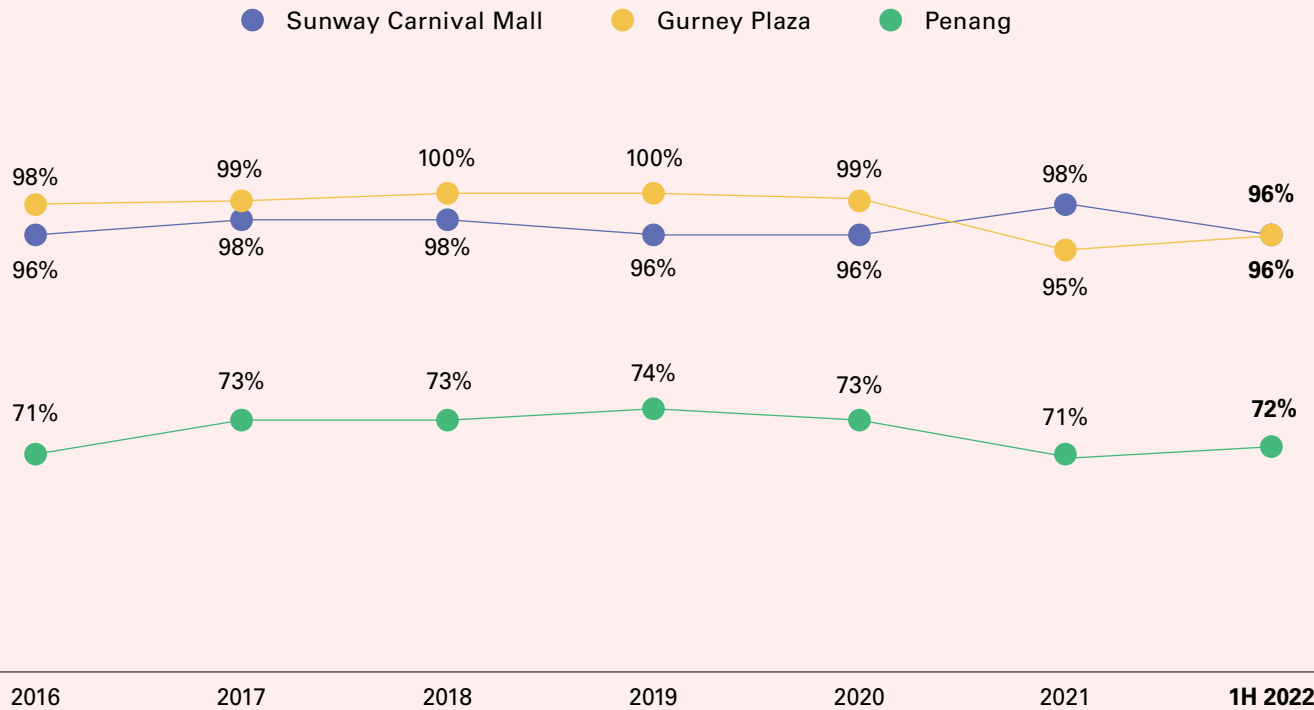
The average rental rate for ground floor retail space in selected prime shopping malls in Penang have generally been stable and range from RM2.10 per sq.ft. to as high as RM38.20 per sq.ft., depending on the mall, location and the size of the units amongst the factors. The table below summaries the rental rates of selected prime shopping malls from 2H 2021 to 1H 2022.

Shopping Mall	Floor Level	Floor Area (sq.ft.)		Gross Rents (RM per sq.ft./Month)			
		Min	Max	Jul-Dec 2021 (2H 2021)		Jan-June 2022 (1H 2022)	
Penang Island							
Gurney Paragon	LG	312	2,260	4.80	12.90	4.80	14.85
	1	485	1,915	16.53	23.86	16.53	23.86
	2	485	2,131	12.72	20.90	12.72	20.90
	3	290	1,334	4.80	14.67	4.80	14.67
1st Avenue	G	485	1,518	10.50	36.80	10.50	36.80
	1	581	1,281	5.30	6.80	5.30	6.80
	2	387	1,873	6.50	11.43	6.50	11.43
	3	1,367	1,948	7.10	7.90	7.10	7.90
Queensbay Mall	LG	172	581	25.33	38.20	25.33	38.20
	G	323	1,205	21.10	28.20	21.10	28.20
	1	506	1,054	14.41	27.82	14.41	27.82
	2	12,583		4.00		4.00	
Mainland Penang							
Design Village	G	333	2,142	3.97	8.80	2.10	8.80
		140	2,077	8.83	14.31	8.83	13.76
		2,152	6,867	3.20	8.00	3.20	8.00
		2,206	2,239	9.80	10.00	9.80	10.00
		21,261		2.80		2.80	

Source: NAPIC / Knight Frank Research



## Occupancy Rates of Selected Shopping Malls in Penang, 2016 to 1H 2022



Source: NAPIC / REIT's Annual Report / Knight Frank Research

The overall occupancy rate of retail space in Penang declined to 70.9% in 2021 from 72.8% in 2020. During 1H 2022, however, the overall occupancy rate increased to 71.5% with both Penang Island and Mainland Penang recording 78.3% and 62.4% respectively.

Shopping malls managed by REITs, such as Sunway Carnival Mall in Seberang Jaya and Gurney Plaza in George Town, recorded high occupancy rates of over 90%, above the state's overall occupancy rate.



# Property Market Insights

## RETAIL MARKET TRENDS

### OMNICHANNEL RETAIL

COVID-19 has accelerated the adoption of e-commerce and broadened its scope, reaching new consumer groups such as the elderly and covering new product categories such as fresh groceries. E-commerce and cashless payments are increasingly embraced by mall operators as part of omnichannel retail, integrating online speed and convenience with physical service and social experiences to provide the best of both worlds to continue attracting visitors to shop and spend in malls.

### CREATIVE USE OF COMMON AREA

Mall operators are proactively seeking more flexible and creative usage of space to achieve strong tenant retention rates. Some malls have repurposed their common areas to cater to events, pop-up stores, festivals, and recreational spaces. Mall operators are quick to tap into this trend which is fast taking over the retail scene, improving leases for temporary kiosks and pop-up stores.

### ACTIVELY SUPPORTING TENANT SALES

As the retail landscape is increasingly a tenant's market, mall operators have to play a proactive role in supporting tenants to attract and retain them. Mall operators are evolving from passive landlords to active business partners who engage tenants in coordinating promotional activities to drive retail footfall and sales.

This includes providing common online booking and reservation platforms for tenants with loyalty reward programmes and discounts as well as data analytics for continued improvement of services.

### LEADING BRANDS AND SIGNATURE STORES

Klang Valley remains one of Southeast Asia's most desirable destinations for overseas retailers. This year, Klang Valley witnessed the opening and expansion of a number of new international and local brands in premier shopping malls.

With Malaysia's economic fundamentals, market infrastructure and relatively business-friendly environment, leading brands and signature stores are expected to continue to expand in the country, driving turnover sales growth and spillover foot traffic for their host malls beyond base rental revenue.

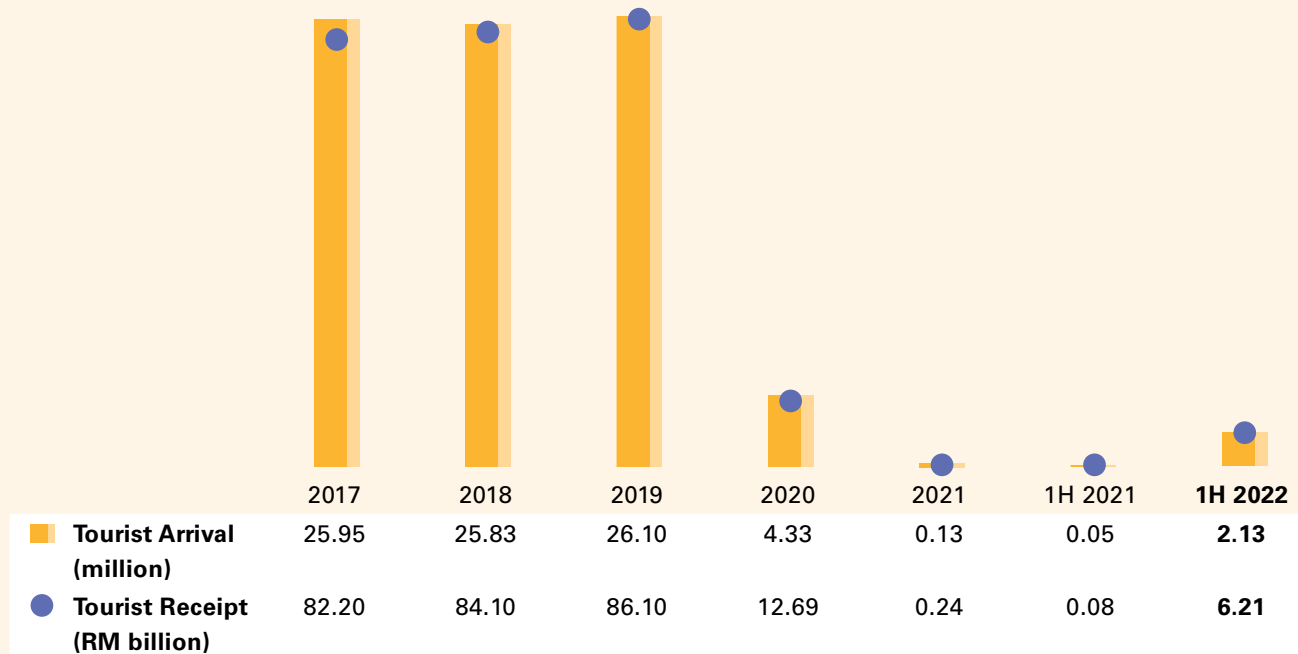


## HOSPITALITY MARKET OVERVIEW

Ending almost two years of stringent border control, Malaysia finally allowed quarantine-free entry for all fully vaccinated foreign travelers in April 2022. In 1H 2022, Malaysia's tourism sector welcomed 2.13 million international visitors (1H 2021: 0.05 million), with total spending of RM6.2 billion (1H 2021: RM0.08 billion). With the full reopening of international borders, Malaysia is anticipating the arrival of 4.5 million tourists with projected receipts of RM11.1 billion in 2022.

As travel confidence gradually picks up, there is growing optimism for substantial improvement in Malaysia's tourism industry.

**International Tourist Arrival and Receipts as of 1H 2022**



Source: Ministry of Tourism Malaysia



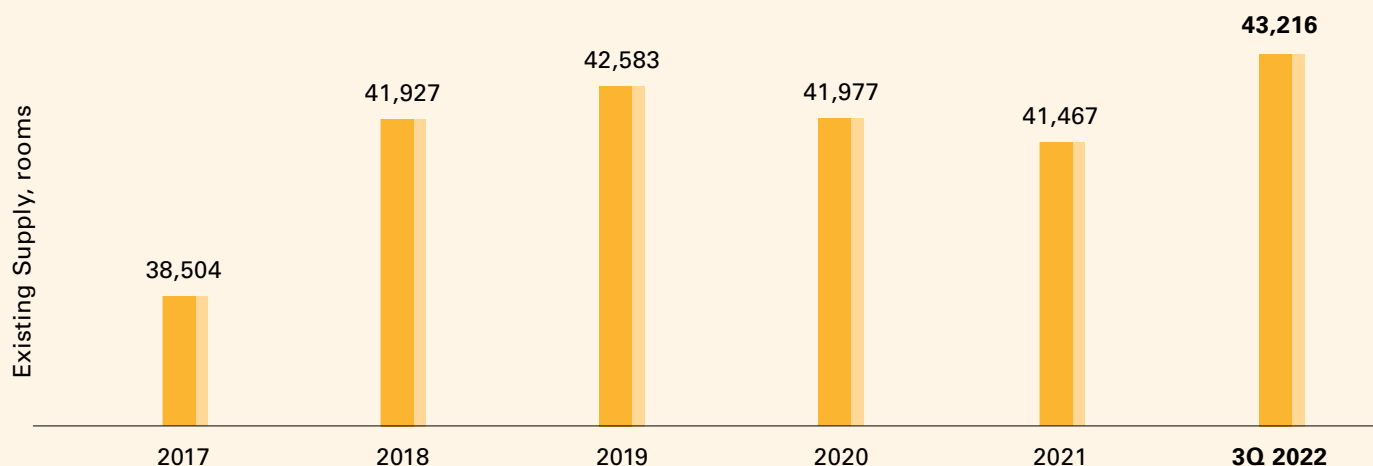
# Property Market Insights

## SUPPLY OF HOSPITALITY SPACE

### KUALA LUMPUR

As at 3Q 2022, 43,216 hotel rooms are available in Kuala Lumpur, accounting for approximately 70% of the supply of hospitality space in Klang Valley. This is dominated by 5-star hotels (32%), followed by 4-star hotels (28%), 3-star hotel (24%), and hotel-typed serviced apartments (16%).

Cumulative Supply of Hospitality Space in Kuala Lumpur, 2017 to 3Q 2022



Source: CBRE | WTW Research

Amari Kuala Lumpur opened its door to the public in September 2022 and Pan Pacific Serviced Suites is scheduled to open by the end of 2022. More developments are on their way with major hospitality brands in line such as Kimpton Hotel located within Tun Razak Exchange (TRX) and Waldorf Astoria Kuala Lumpur. To date, around 3,000 additional hotel rooms are tentatively planned to open in Kuala Lumpur.

### Selected Future Supply of Hospitality Space in Kuala Lumpur, 2023 to 2024

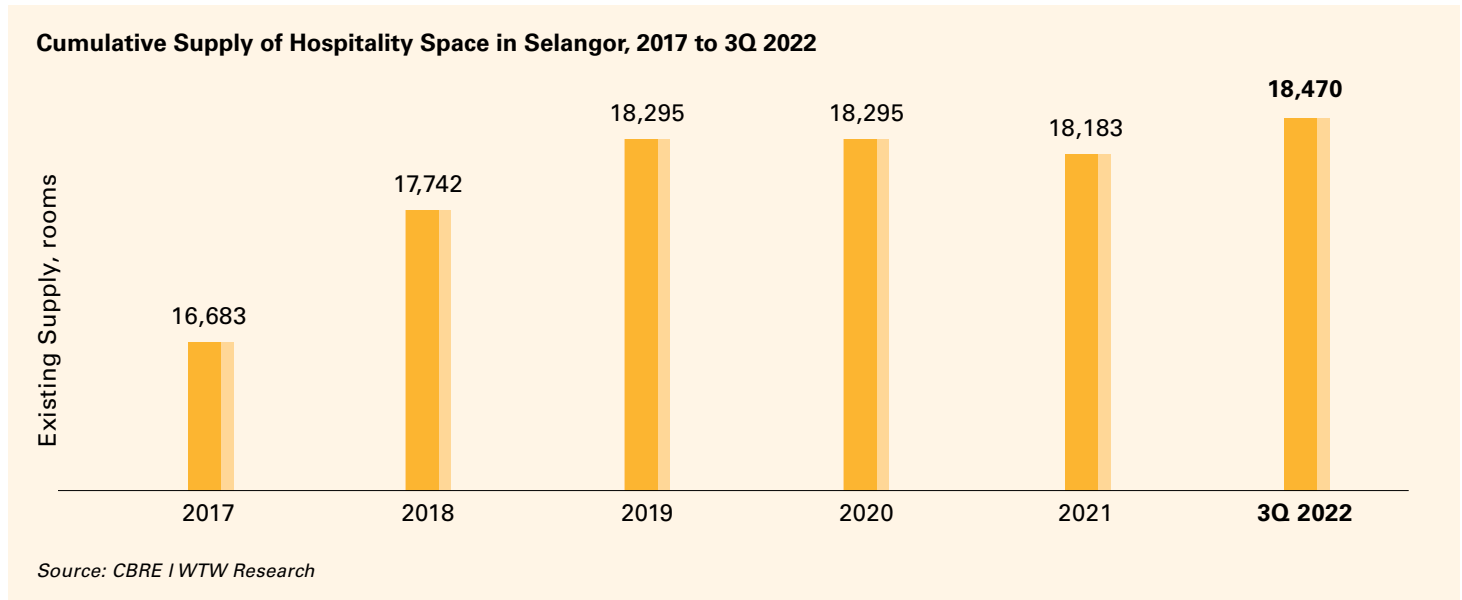
Hotel Development	Location	Expected Completion	No. of Rooms
Conrad Kuala Lumpur	Jalan Sultan Ismail	2023	544
Crowne Plaza Hotel	Jalan Yap Kwan Seng	2023	338
Imperial Lexis	Jalan Kia Peng	2023	439
Kempinski @ 8 Conlay	8 Conlay	2023	260
Kimpton Kuala Lumpur	TRX	2023	471
Regent Kuala Lumpur	Jalan Bukit Bintang	2023	259
Jumeriah Kuala Lumpur	Jalan Ampang	2024	190
So Sofitel Kuala Lumpur	Jalan Ampang	2024	207
Waldorf Astoria Hotels and Resorts	Jalan Raja Chulan	2024	279

Source: CBRE | WTW Research



## SELANGOR

The total supply of all-star hotel rooms in Selangor stood at 18,470 units in 3Q 2022, accounting for 30% of the supply of hospitality space in Klang Valley. It is dominated by 4-star hotels (42%), followed by 5-star hotels (34%), 3-star hotels (21%), and hotel-typed serviced apartments (3%).



Sunway Resort Hotel completed its phased refurbishment in 2H 2022, with new room and suite categories as well as refreshed, tech-enabled facilities. Also in the pipeline, Courtyard Marriot @ Setia Alam is scheduled to open by end of 2022 with 425 rooms.

## PENANG

As at 1Q 2021, there were 283 hotels with a total of 20,558 rooms in Penang, a reduction from 310 hotels with a total of 22,840 rooms. This was primarily due to permanent and temporary closure of hotels affected by COVID-19 pandemic in the state.

In November 2022, a new 453 guest rooms and suites hotel called the Amari SPICE opened in Bayan Baru. This business hotel is jointly owned by ONYX Hospitality Group, one of the region's leading hotel management companies, and the award-winning property developer SP Setia Berhad.

A total of five hotels are scheduled for completion in 2023 and 2024 in the state, adding an additional 1,487 rooms, namely Marriott Hotel, Harris Sunshine and Iconic Regency Hotel on Penang Island, and Holiday Inn & Suites and Crowne Plaza in Bukit Mertajam and Butterworth respectively.



# Property Market Insights

## Selected Future Supply of Hospitality Space in Penang, 2023 to 2024

No.	Hotel Development	Location	Expected Completion	No. of Rooms
<b>Penang Island</b>				
1	Marriott Hotel	George Town	2023	223
2	Harris Sunshine	Air Itam	2023	289
3	Iconic Regency Hotel	Sungai Nibong	2024	304
4	The Light City Hotel	Gelugor	2024	500
<b>Total</b>				<b>1,316</b>
<b>Mainland Penang</b>				
1	Holiday Inn & Suites	Bukit Mertajam	2023	328
2	Crowne Plaza Hotel	Butterworth	2023	343
<b>Total</b>				<b>671</b>
<b>Grand Total</b>				<b>1,987</b>

Source: NAPIC / Knight Frank Research

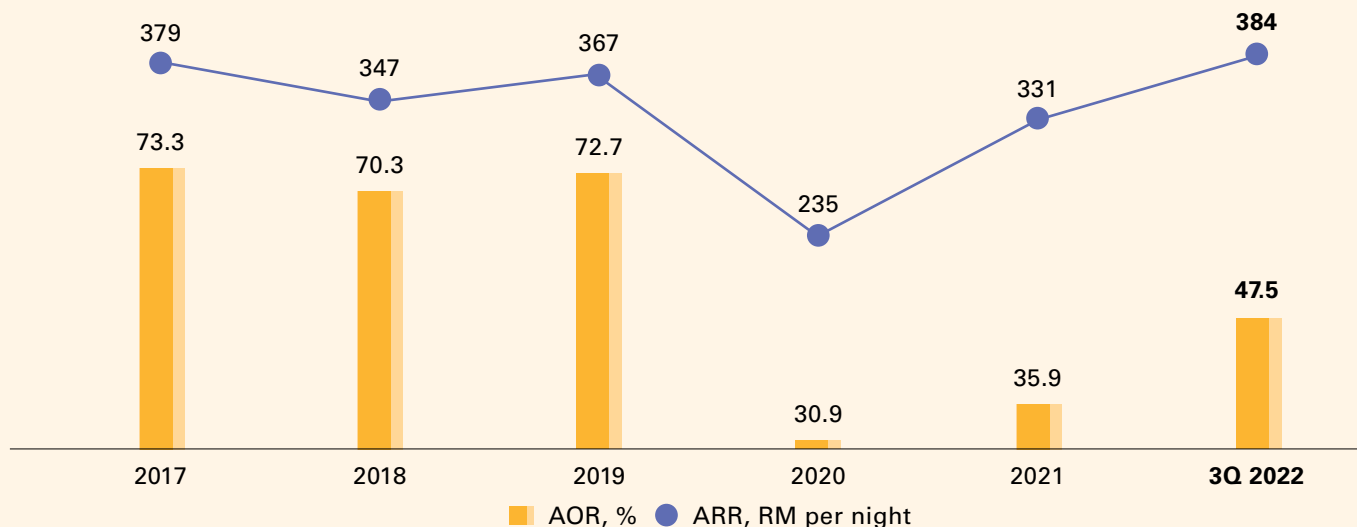
Post 2024, several hotel projects are expected to be completed, including InterContinental Penang Resort (355 rooms) in Teluk Bahang, Le Meridian Penang Airport Hotel (200 rooms) in Bayan Lepas, Runnymede Place (133 rooms) and Ibis Hotel (168 rooms) in George Town.

## DEMAND OF HOSPITALITY SPACE

### KUALA LUMPUR

YTD 3Q 2022, the Average Occupancy Rate (AOR) in Kuala Lumpur has reached 48% (YTD 3Q 2021: 23%). Hotel occupancy rates in Kuala Lumpur are expected to increase up to 60% in 2H 2022, particularly in the upscale market targeting expatriates. Meanwhile, the Average Room Rate (ARR) in Kuala Lumpur has improved significantly from RM231 per night in 3Q 2021 to RM384 per night in 3Q 2022, reflecting a 66% y-o-y jump.

Average Occupancy Rate and Average Room Rate of All Star-Rated Hotels in Kuala Lumpur, 2017 to 3Q 2022



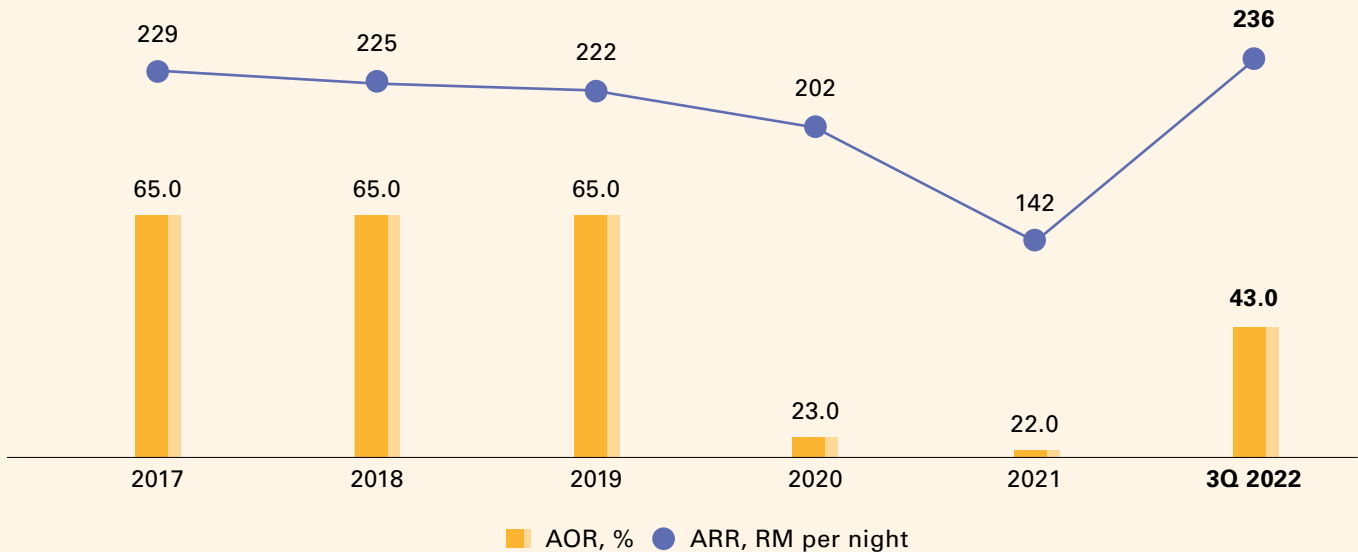
Source: CBRE I WTW Research



## SELANGOR

The Average Occupancy Rate (AOR) in Selangor has increased significantly from 22.9% in 3Q 2021 to 47.5% in 3Q 2022, underpinned by festive and holiday seasons coupled with the increase in international inbound travel. The Average Room Rate (ARR) for hotel rooms in Selangor grew at a rate of 76% y-o-y, from RM134 per room in 3Q 2021 to RM236 per room in 3Q 2022. The hospitality sector in Selangor is expected to continue the path of recovery with stronger performance ahead as it normalises from COVID-19 pandemic lows.

**Average Occupancy Rate and Average Room Rate of All Star-Rated Hotels in Selangor, 2017 to 3Q 2022**

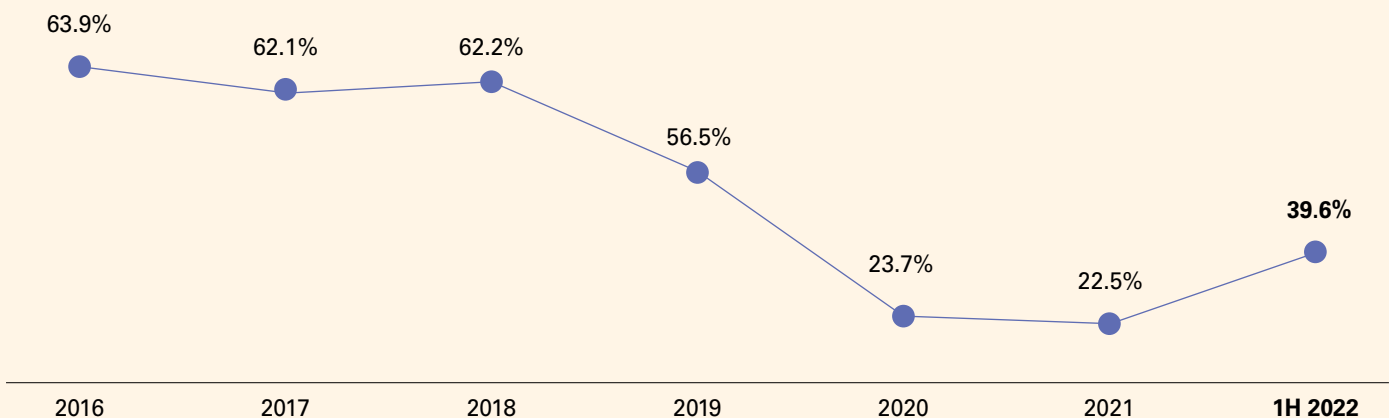


Source: CBRE | WTW Research

## PENANG

Amid the prolonged pandemic, some hotels operated at minimal occupancy while others opted to temporarily close their doors or solely rely on COVID-19 quarantine guests to continue operations, resulting in the slight dip in the overall Average Occupancy Rate (AOR) at 22.5% in 2021.

**Average Occupancy Rate of Hotels in Penang, 2016 to 1H 2022**



Source: Tourism Malaysia / Knight Frank Research



# Property Market Insights

With the gradual relaxation of interstate travel and reopening of tourist destinations for domestic travellers under the tourism bubble plan in 3Q 2021, hotel occupancy rates have been on the rise for the year 2022 supported mainly by domestic-focused activities as well as foreign tourists. The average occupancy rate of hotels in Penang fell to below 30% in 2020 and 2021. During 1H 2022, the average occupancy rate of hotels in Penang has increased to 39.6%.

Starting 1<sup>st</sup> April 2022, the country moved into endemic phase of COVID-19 pandemic with the reopening of international borders and further relaxation of COVID-19 restrictions. This is expected to bode well for tourism and hospitality industry in Penang.

## HOTEL SECTOR TRENDS

### THE RISE OF BOUTIQUE HOSPITALITY

In recent years, social media has boosted the demand for more authentic and boutique travel experiences.

The rise of boutique hotels like the Else Hotel (formerly The Lee Rubber Building at Jalan Tun HS Lee), WOLO Kuala Lumpur (Jalan Bukit Bintang), Parkroyal Collection Kuala Lumpur (Jalan Sultan Ismail) and The RuMa Hotel and Residences (Jalan Kia Peng) at Golden Triangle, is in line with the trend.

Refreshed décor, personalised service and flexibility are key to cater to guests who are ready to pay more for well-curated experiences.

### UNIQUE CULINARY OFFERINGS TO BOOST F&B REVENUE

Room rates and bookings aside, unique dining and culinary options can beef up hotel revenue with favourable margins. These offerings allow the hotel to stand out, cultivate brand loyalty and incentivise guests to stay with them over their competitors.

### REDEFINING THE HOSPITALITY SPACE WITH 'WORK FROM HOTEL' PACKAGES

Work staycation is on the rise and the hospitality industry is evolving to cater to the new ways of working in a post-COVID world.

The 'Work From Hotel' package which was introduced during the pandemic is here to stay with the rise of digital nomads and remote work. By providing tech-enabled business centres, comfortable meeting rooms and co-working lounges, hospitality operators will be able to capitalise on the trend of working from anywhere.



## OFFICE MARKET OVERVIEW

Since April 2022, Malaysia has entered the endemic phase of COVID-19, with the workforce returning to their offices. Many businesses are looking for office space with the right sizes and specifications located within matured neighbourhoods with public transport connectivity. As such, the fringes of Kuala Lumpur and decentralised locations such as KL Sentral, Mid Valley City, Damansara Heights, Bangsar South, TTDI and Petaling Jaya remain office hotspots.

### SUPPLY OF OFFICE SPACE

#### KUALA LUMPUR

The supply of office space in Kuala Lumpur has grown steadily over the years. New supply from KL Fringe, which includes the decentralised localities of Damansara Heights, KL Sentral, TTDI, Mont' Kiara, Dutamas, Mid Valley City, KL Eco City, KL Gateway, Bangsar South, Kerinchi, Pantai and Bangsar has been outpacing KL City, which includes new and old CBDs and KL City Centre Peripheral since 2015, recording a CAGR of 3.8% against a modest 2.5% for KL City.

As of 1H 2022, the cumulative supply of purpose-built office space in KL City was at 84 million sq.ft., while in KL Fringe, the existing stock stood at around 22.68 million sq.ft. The bulk of incoming supply, amounting to approximately 9.38 million sq.ft. of office space, is expected to come on stream between 4Q 2022 and 2023.

#### Selected Future Supply of Office Space in Kuala Lumpur, 4Q 2022 to 2023

Development	Location	Locality	Expected Completion Year	Estimated NLA (sq.ft.)
PNB 1194 (formerly known as MAS Annex)	Jalan Sultan Ismail	KL City	2023	680,000
Merdeka 118 Tower	Jalan Hang Jebat/Jalan Stadium	KL City	Mid 2023	1,000,000
Felcra Tower (Lot 391)	Jalan Sultan Yahya Petra	KL City	2022	171,500
Pavilion Embassy Corporate Tower	Jalan Ampang	KL City	2022	N/A
Pavilion Embassy Corporate Suites	Jalan Ampang	KL City	2022	N/A
V2 Corporate Office Tower	Sunway Velocity 2	KL City	2022	391,400
Pavilion Damansara Heights (Phase 1)	Damansara Heights	KL Fringe	2023	468,000

Source: VPC Research

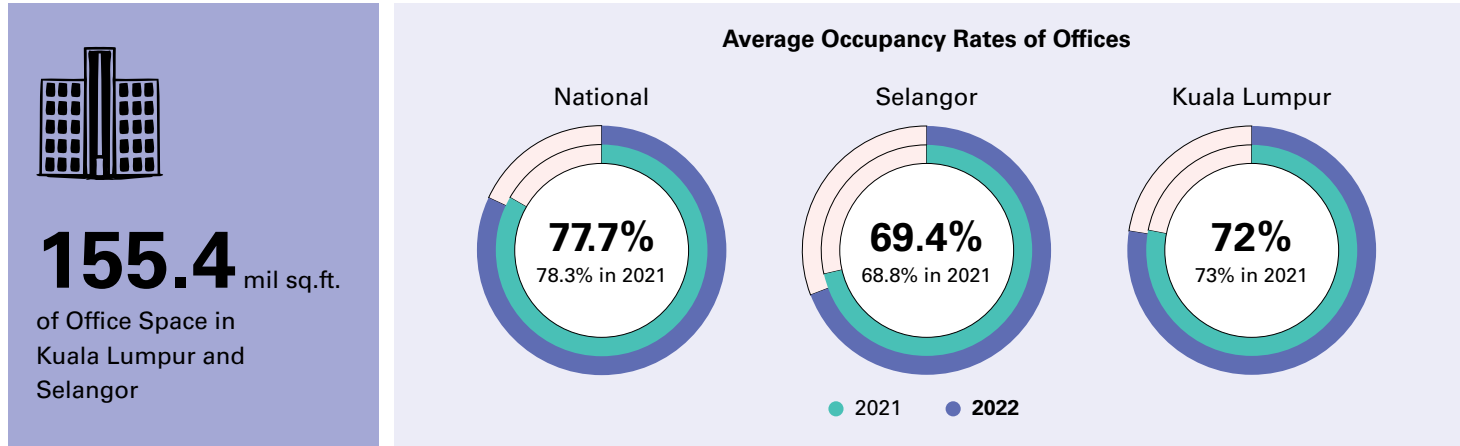
In KL City, the completion of Affin Tower @ TRX and The Stride Strata Office @ BBCC in 1H 2022 have collectively contributed approximately 1.2 million sq.ft. to the existing office stock. As for KL Fringe, its existing supply remained unchanged at 22.7 million sq.ft. with no new completions in 1H 2022.



# Property Market Insights

## SELANGOR

The supply of purpose-built office space in Selangor stood at around 47.5 million sq.ft. as of 1H 2022, increased by 3.1% from around 46.1 million sq.ft. in 2H 2021. The bulk of incoming office supply in Selangor is mostly located in Petaling Jaya (629,000 sq.ft.), and Shah Alam (354,200 sq.ft.), collectively amounting to 983,200 sq.ft.



There was one notable office completion in 4Q 2021, HCK Tower (Block J) @ Empire City, Petaling Jaya, with NLA of around 496,000 sq.ft..

## DEMAND FOR OFFICE SPACE

### KUALA LUMPUR

The overall occupancy rate of office space in Kuala Lumpur decreased from 73.3% in 2H 2021 to 71.6% in 1H 2022, amidst the widening gap between supply and demand.

With the introduction of premium, high-spec office spaces within Tun Razak Exchange, Prime A+ office buildings in KL City continued to command higher asking rental rates, averaging RM8.50 per sq.ft. per month. The rental rates of selected Grade A offices in the new CBD started from a lower band, ranging from RM3.75 per sq.ft. to RM11.40 per sq.ft. per month. On the other hand, for selected Grade B offices, the rental rates ranged from RM4.00 per sq.ft. to RM7.86 per sq.ft. per month. In the old CBD, the monthly rental rates of selected purpose-built office buildings ranged from RM3.40 per sq.ft. to RM5.50 per sq.ft., while in KL City Centre Peripheral, monthly rental rates were between RM2.50 per sq.ft. and RM5.40 per sq.ft..

### Gross Rental Rates of Selected Office Buildings in KL City, 1H 2022

Building Name	Location	Classification	Gross Rental Rates (RM per sq.ft./month)
<b>New CBD (formerly Golden Triangle)</b>			
Petronas Twin Towers	Jalan Ampang	Prime A+	10.88
G Tower	Jalan Tun Razak	Prime A+	5.30 – 8.30
Integra Tower	Jalan Tun Razak	Prime A+	8.00 – 11.40
The Exchange 106	Tun Razak Exchange	Prime A+	5.00 – 11.00
Menara Pavilion Tower	Jalan Raja Chulan	Grade A	6.35 – 7.95
Menara Maxis	Jalan Ampang	Grade A	7.50 – 12.00
Menara Binjai	Jalan Binjai	Grade A	7.90 – 9.10
Wisma UOA Centre	Jalan Pinang	Grade A	4.20 – 6.70
Menara Hap Seng 2	Jalan P. Ramlee	Grade A	6.00 – 9.00



Building Name	Location	Classification	Gross Rental Rates (RM per sq.ft./month)
<b>New CBD (formerly Golden Triangle)</b>			
Menara AIA Sentral (formerly known as Menara Standard Chartered)	Jalan Sultan Ismail	Grade A	3.75 – 7.15
Wisma Golden Eagle Realty (formerly known as Wisma Selangor Dredging)	Jalan Ampang	Grade B	4.00 – 7.86
Menara HLX (formerly known as Menara HLA)	Jalan Kia Peng	Grade B	4.20 – 6.70
Menara Atlan	Jalan Ampang	Grade B	4.50 – 6.00

Meanwhile, the rental rates for selected Grade A and Grade B office buildings in KL Fringe ranged from RM3.00 per sq.ft. to RM9.45 per sq.ft. per month and from RM2.30 per sq.ft. to RM6.93 per sq.ft. per month respectively.

#### Gross Rental Rates of Selected Office Buildings in KL Fringe, 1H 2022

Building Name	Location	Classification	Gross Rental Rates (RM per sq.ft./month)
<b>KL Fringe</b>			
Menara Shell	KL Sentral	Grade A	3.00 – 9.45
Centrepont South & North	Mid Valley City	Grade A	4.00 – 7.50
Menara IGB	Mid Valley City	Grade A	5.00 – 6.50
Mercu 3	KL Eco City	Grade A	5.10 – 5.70
Menara Guocoland	Damansara City	Grade A	5.80 – 7.00
Menara Milenium	Damansara Heights	Grade A	4.62 – 6.10
Menara BRDB	Bangsar	Grade A	4.65 – 6.85
The Horizon, Tower 2A, 6 & 8	Bangsar South	Grade A	4.80 – 6.93
Menara Dato' Onn	PWTC	Grade B	3.38 – 5.42
Wisma Chase Perdana	Damansara Heights	Grade B	2.30 – 4.10
Menara Manulife	Damansara Heights	Grade B	4.50

Source: NAPIC



# Property Market Insights

## SELANGOR

The overall occupancy rate of office space in Selangor increased from 68.8% in 2H 2021 to 69.4% in 1H 2022. Selected Grade A office buildings in the locality of Petaling Jaya commanded rental rates of between RM3.50 per sq.ft. and RM5.50 per sq.ft. per month. The rental rates for Grade B office space ranged from RM3.00 per sq.ft. to RM5.90 per sq.ft. per month.

Meanwhile, the rental rates for selected Grade A office buildings in Subang Jaya ranged from RM5.50 per sq.ft. to RM9.50 per sq.ft. per month, while Grade B office space commanded lower gross rental rates of between RM2.30 per sq.ft. and RM4.90 per sq.ft. per month.

### Gross Rental Rates of Selected Office Buildings in Selangor, 1H 2022

Building Name	Location	Classification	Gross Rental Rates (RM per sq.ft./month)
<b>Locality: Petaling Jaya</b>			
PJ City – Tower B	Seksyen 51A, Petaling Jaya	Grade A	3.50 – 4.90
Tropicana Garden Office Tower	Petaling Jaya	Grade A	3.50 – 5.00
The Ascent @ Paradigm	SS 7, Kelana Jaya	Grade A	4.30 – 5.50
PJ 33	Seksyen 13, Petaling Jaya	Grade B	3.00 – 5.50
Menara VSQ	PJS 52, Petaling Jaya	Grade B	4.30 – 4.62
Uptown 1 & 2	Damansara Utama	Grade B	4.50 – 5.90
Menara CP	Seksyen 16, Petaling Jaya	Grade B	3.00 – 3.95
Menara AmFirst	Seksyen 19, Petaling Jaya	Grade B	3.00 – 4.00
<b>Locality: Subang Jaya</b>			
Sunway Pinnacle	Bandar Sunway	Grade A	5.50 – 9.50
Menara HeiTech Village	USJ 1, Subang Jaya	Grade B	3.00 – 3.75
Wisma Consplant 1 & 2	SS 16, Subang Jaya	Grade B	3.80 – 4.90
Wisma Conlay	USJ 10, Subang Jaya	Grade B	2.30 – 5.50
Menara Summit	USJ 1, UEP Subang Jaya	Grade B	2.30 – 3.90
MCT Tower	One City, UEP Subang Jaya	Grade B	3.50 – 4.00
<b>Old CBD (formerly Central Business District)</b>			
JKG Tower	Jalan Raja Laut	Grade A	4.00 – 5.00
Menara Multi-Purpose	Jalan Munshi Abdullah	Grade A	4.75 – 5.50
Menara OCBC	Jalan Tun Perak	Grade B	5.31 – 5.32
Wisma Bumiraya	Jalan Raja Laut	Grade B	3.40 – 5.10
Menara Olympia	Jalan Raja Chulan	Grade B	4.00 – 4.70
<b>KL City Centre Peripheral</b>			
Plaza See Hoy Chan	Jalan Raja Chulan	Grade B	4.55 – 5.40
Menara AA	Jalan Tun Razak	Grade B	3.50 – 4.00
Bangunan TH Selborn	Jalan Tun Razak	Grade B	2.50 – 3.85

Source: NAPIC



## OFFICE MARKET TRENDS

Since the full reopening of the Malaysian economy in April 2022, businesses have resumed operations and employees have been returning to the office. As such, the office market is expected to recover, though normalisation to pre-pandemic levels may take some time.

Landlords in the KL CBD area are expected to offer competitive rental rates to attract and retain tenants amidst pressure on occupancy from KL Fringe and decentralised areas. Landlords may also upgrade building specifications with priority on health, comfort and safety and provide more flexible leasing arrangements.

Meanwhile, the rental rates in outer KL is expected to remain stable, supported by demand from life sciences, technology and global business services related industries. The completion of new highways such as DASH and SUKE as well as public transport links such as MRT2 and the proposed MRT3 will boost the competitiveness of offices in these areas.

Moving forward, as more companies embrace the hybrid work model, office landlords may consider adapting their assets and adjusting their strategies to cater to this trend. Modern, tech-enabled offices with high-speed internet allow tenants to manage a global remote workforce while maintaining a physical presence. Co-working spaces provide more needs-based flexibility for the under-served segment of startups, SMEs and digital nomads, while green and smart buildings appeal to the increasingly ESG-conscious tenants and reduce cost of utilities for landlords.





# Ensuring A Robust Business Model

GRI 201-1, 201-2

## Inputs



### Financial Capital

The pool of funds available to Sunway REIT, generated from rental income, property revaluation and financing through debt and equity.

- Total Unitholders' Funds: **RM5.2 billion**
- Total Borrowings: **RM3.5 billion**
- Total Assets: **RM9.4 billion**



### Manufactured Capital

Encompasses our diversified portfolio assets, which consist of the Retail, Hotel, Office, Services and Industrial & Others segments.

- 5 Retail Malls
- 6 Hotels
- 5 Offices
- 2 Industrial Properties
- 1 Medical Centre
- 1 Education Asset



### Intellectual Capital

Specialised asset management expertise and knowledge, business strategies, inherent experience and expertise spanning more than a decade alongside strong support from the Sponsor and Sunway REIT brand.

- Deep industry knowledge of our **Board of Directors and the Manager**
- **Standard operating procedures, policies** and investment due diligence **checklist**
- Strong **capital management expertise**



### Human Capital

All employees of the Manager and Trustee work together for the benefit of the unitholders. Outsourced parties such as the Property Manager and share registrar complete the human capital ecosystem.

- Number of employees under the Manager: **21**



### Social and Relationship Capital

Fostering strong relationships with stakeholders to actively understand and manage expectations and create shared value over the long term.

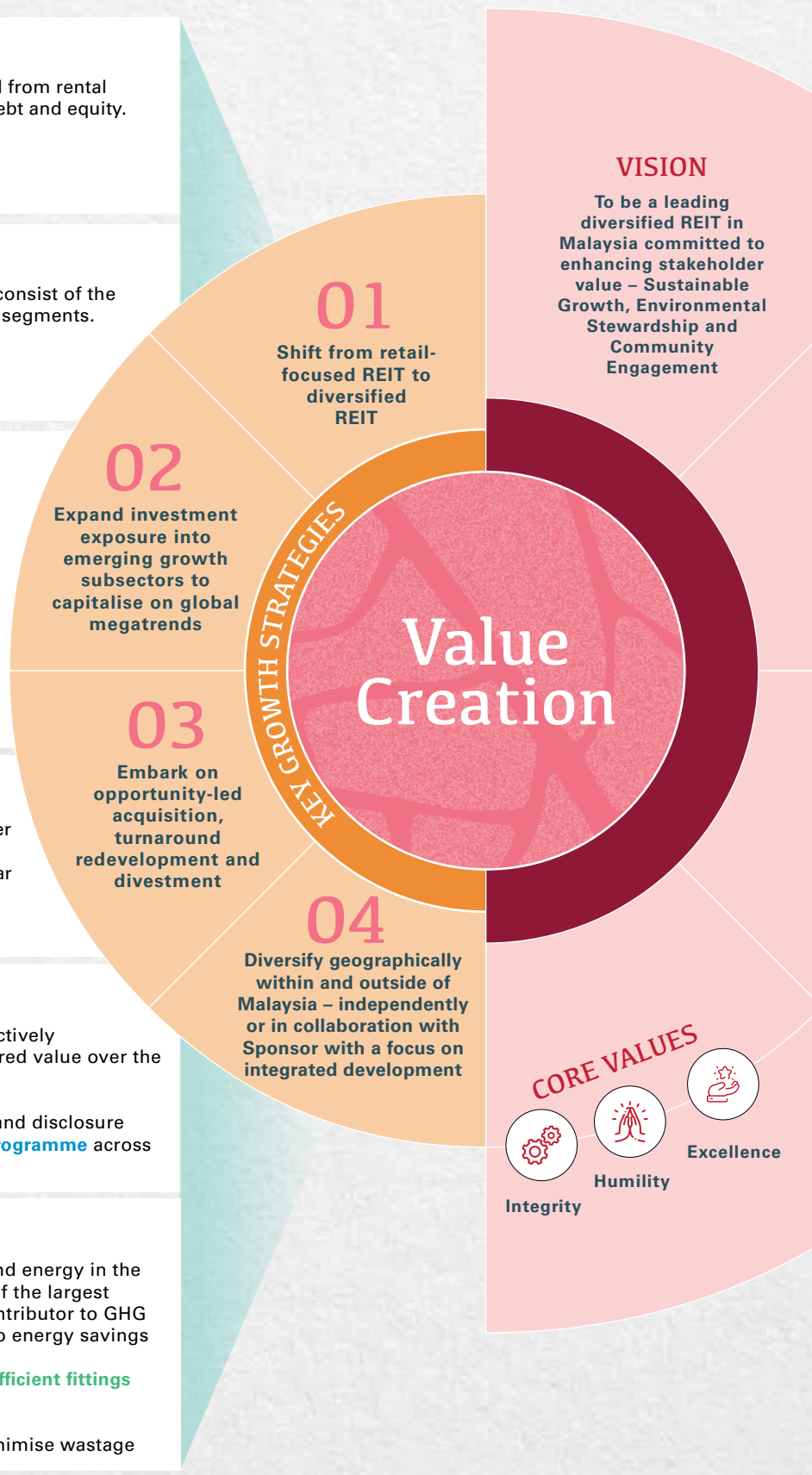
- **Regular stakeholder engagement**
- **Effective, timely** and **transparent** communication and disclosure
- Implementing **Sunway Green Lease Partnership Programme** across Retail, Hotel and Office tenants



### Natural Capital

Sunway REIT seeks to efficiently utilise land, water and energy in the operation of our business. Given that energy is one of the largest components in the operation of Sunway REIT and contributor to GHG emissions, we make conscious efforts to contribute to energy savings and carbon emissions reduction.

- Encouraging the use of **renewable energy, water-efficient fittings** and **energy-efficient equipment**
- Committed to having more **Green Buildings**
- Implementing **waste management initiative** to minimise wastage





## 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

	Outputs	Outcomes	Trade-offs
<b>Our Competitive Advantages</b>	<ul style="list-style-type: none"> <li>Revenue: <b>RM651.4 million</b> (CY2021: RM472.3 million)</li> <li>Net Property Income: <b>RM500.2 million</b> (CY2021: RM323.0 million)</li> <li>Distribution per Unit: <b>9.22 sen</b> (FP2021: 6.10 sen)</li> <li>Payout Ratio: <b>95% to 100%</b> (FP2021: at least 90%)</li> </ul>	<ul style="list-style-type: none"> <li>Ranked 2<sup>nd</sup> by Property Value: <b>RM9.1 billion</b></li> <li>Ranked 3<sup>rd</sup> by Market Capitalisation: <b>RM5.0 billion</b></li> <li>Five-year Average Total Return: <b>1.3%</b></li> </ul>	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 this may impact the revenue generation potential of our Manufactured Capital.
<b>Diversified Asset Portfolio</b>	<ul style="list-style-type: none"> <li>Retail: <b>3.28 million</b> sq.ft. NLA</li> <li>Hotel: <b>2,527 rooms</b></li> <li>Office: <b>1.63 million</b> sq.ft. NLA</li> </ul>	Average Occupancy Rate <ul style="list-style-type: none"> <li>Retail: <b>96%</b> (FP2021: 97%)</li> <li>Hotel: <b>54%</b> (FP2021: 32%)</li> <li>Office: <b>83%</b> (FP2021: 84%)</li> </ul>	Our investments in converting our properties into 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.
<b>Prudent Risk Management</b>			
<b>Experienced and Diverse Backgrounds &amp; Skill Sets</b>	<ul style="list-style-type: none"> <li>Properly governed and balanced investment decision-making process</li> <li>Incorporated high-level investment checklist into the preliminary screening of investment opportunities</li> <li>Optimum and low cost of debt/ financing</li> </ul>	<ul style="list-style-type: none"> <li>Received prominent industry awards and accolades</li> <li>Listed on <b>15</b> local and regional indices</li> <li>Strong governance structure</li> </ul>	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.
<b>Strong Relationship with Tenants</b>	<ul style="list-style-type: none"> <li><b>67%</b> employee retention rate</li> <li>Total learning hours: <b>625</b></li> </ul>	<ul style="list-style-type: none"> <li>High talent attraction and retention</li> <li>Increased capability of employees</li> <li>Optimum customer satisfaction achieved through excellent customer service delivered by highly skilled workforce</li> </ul>	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.
<b>Sunway Brand Synergy</b>			
<b>Responsible &amp; Sustainable Business Practices</b>	<ul style="list-style-type: none"> <li>Strong long-term relationships with business partners and stakeholders with high levels of integrity and fairness</li> <li>Compliance with regulatory and reporting frameworks as well as voluntary disclosure of corporate governance report</li> <li>Green Lease Partnership Programme has garnered the participation of <b>100% of hotel master lessees</b> and <b>21% of retail and office tenants</b> in FY2022</li> </ul>	<ul style="list-style-type: none"> <li>Analyst report coverage: <b>16</b></li> <li>Number of unitholders: <b>29,761</b></li> <li>Improved regulations and business conditions for Sunway REIT</li> <li>Community enhancement and well-being</li> </ul>	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.
<b>Performance Track Record</b>			
<b>Progressive Mindset &amp; Innovative Processes</b>	<ul style="list-style-type: none"> <li><b>1.39%</b> of electricity generated from renewable energy</li> <li><b>Four</b> properties certified as Green Buildings</li> <li>Diverted <b>4%</b> of landfill waste</li> </ul>	<ul style="list-style-type: none"> <li>Lowered carbon footprint and efficient resource management</li> <li>Progressively achieving the goal of <b>Net Zero Carbon Emissions by 2050</b></li> <li>Listed on FTSE4GOOD Bursa Malaysia Index</li> </ul>	Leveraging 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.




# Mitigating Our Risks

GRI 3-3, 201-2

**Managing risk is essential in 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. The framework enables the Board to continuously identify, assess, treat and manage risks that could affect Sunway REIT from achieving its objectives within the defined risk appetites. 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 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. Identified risks are systematically evaluated and proper mitigation action plans are developed. These plans are continuously monitored and revised from time to time to ensure the risks are managed to the acceptable levels.

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


## RISK FOCUS AREAS

Sunway REIT's risk focus areas listed the risks that were deemed important in achieving Sunway REIT's strategic objectives. During the financial year, the existing risk categories were revised to incorporate the material issues under ESG for monitoring.



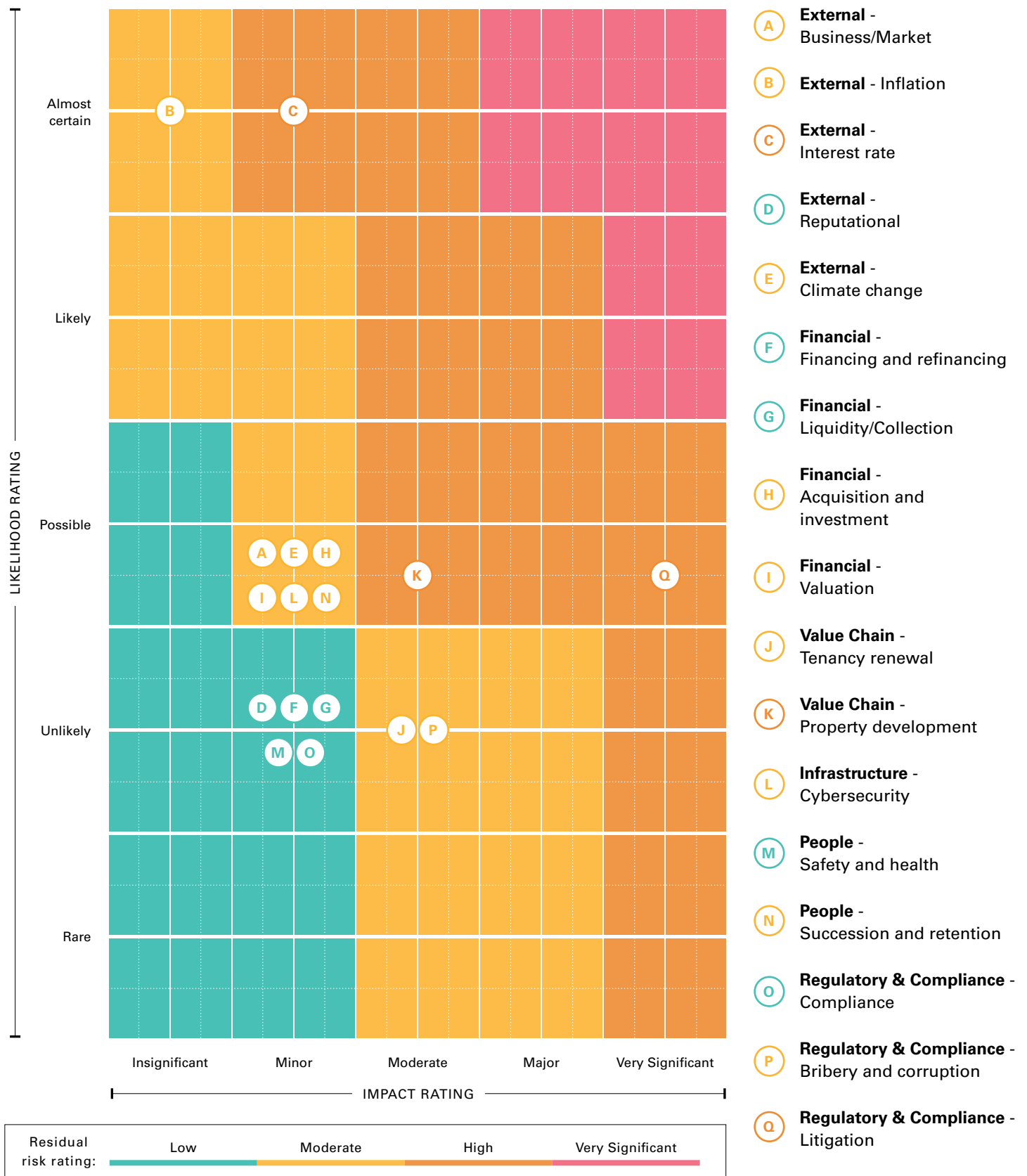
Two new key risks were included in the risk focus areas, being the Inflation Risk in view of the increased price pressure on materials and operation costs, and Succession and Retention Risk in ensuring smooth transition of new leadership of the Manager and retention of talents.

Out of the list of prioritised material issues, three material issues have been assessed with Moderate residual risk, namely Physical Impacts of Climate Change, Human Capital Development and Anti-Corruption.

 *For more information on identification and prioritisation of material issues, please refer to the Determining Materiality section.*



# RISK DASHBOARD





# Mitigating Our Risks

## TOP RISKS

The table below describes the top risks of Sunway REIT, ranging from High to Moderate, identified and monitored at the fund and operation levels and the mitigation action plans.

### Interest Rate Risk

HIGH

Risk Trend



<b>Description</b>	The risk of higher finance costs from adverse movements in interest rates.
<b>Risk Owner</b>	Chief Financial Officer
<b>Opportunities</b>	Proactive monitoring of major developments in global and domestic monetary policies to capitalise on and respond swiftly to the movement of interest rates.
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>The Federal Reserve kept the rates elevated to contain inflation amid at slower pace.</li> <li>The Monetary Policy Committee of Bank Negara Malaysia raised the overnight policy rate for the fourth consecutive time in 2022 by 25 basis points each to 2.75%, bringing it close to the pre-pandemic level.</li> <li>New and refinancing rates during the financial year gradually increased, with the average interest rate rose from 2.76% in FP2021 to 2.98% in FY2022.</li> </ul>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>Maintain fixed rate borrowings ratio at a manageable level to minimise the risk of interest rate movements.</li> <li>Monitor the interest rate environment and vary capital management strategies in line with the interest rate outlook to optimise the cost of debt.</li> <li>Continuously study and explore effective hedging instruments and opportunities to hedge.</li> <li>Diversify the sources of funding and the pool of financiers.</li> </ul> <p>➡ For more information on the capital management strategies of the Manager, please refer to the Capital Management section.</p>

### Property Development Risk

HIGH

Risk Trend




<b>Description</b>	The risk of higher completion costs and financial loss due to delay in completion.
<b>Risk Owner</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer/Deputy Chief Executive Officer</li> <li>Head of Contract &amp; Project Management</li> <li>Heads of Business Units</li> </ul>
<b>Opportunities</b>	Enhancing the properties through latest offerings and digital innovation to stay ahead of the competition.
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>New wing of Sunway Carnival Mall launched in June 2022.</li> <li>Sunway Resort Hotel reopened progressively since May 2022 with expected full completion of its refurbishment in the first quarter of 2023.</li> <li>Budgets approved for the refurbishment of existing wing of Sunway Carnival Mall and the reconfiguration of Sunway Pyramid Mall.</li> </ul> <p>➡ For more information on the planned asset enhancement initiatives, please refer to the Segmental Review section.</p>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>Qualified team of project managers, contractors and consultants to ensure project delivery in terms of time, cost and quality.</li> <li>Construction team work closely with operation teams, tenants and project teams to ensure handover as planned.</li> <li>Risk assessment on major projects before approval by the Board.</li> <li>Award of major projects based on tenders, where the processes are subject to the audit of Internal Audit Department based on its risk-based audit approach.</li> </ul>



## Litigation Risk

HIGH


Risk Trend 

<b>Description</b>	The risk of loss of assets and financial impacts due to litigation.
<b>Risk Owner</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer/Deputy Chief Executive Officer</li> <li>Compliance Officer</li> </ul>
<b>Opportunities</b>	Protecting the assets that belong rightfully and legally to Sunway REIT.
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>The trial for the assessment of damages was concluded on 13 January 2023. Upon conclusion of the trial, the High Court Judge directed both parties to appear before the High Court for oral submission on 9 May 2023.</li> </ul> <p> For more information on the material litigation, please refer to Note 35 of the Audited Financial Statements section.</p>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>Experienced team of litigation lawyers and independent experts.</li> <li>Appropriate strategy led by the Senior Management Team.</li> <li>Proper storage of documentation and evidence that supported the case in terms of quantity, identity and value of items claimed.</li> <li>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.</li> </ul>

## Business/Market Risk

MODERATE

Risk Trend 

<b>Description</b>	The risk of decline in performance and profit due to pandemic outbreaks, competition, geographical concentration and slower growth.
<b>Risk Owner</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer/Deputy Chief Executive Officer</li> <li>Heads of Business Units</li> </ul>
<b>Opportunities</b>	Embarking on a diversified portfolio of asset and asset enhancement initiatives to maintain the stability of the income base and to capture the emerging trends and sectors.
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>Improved performance following the transition to endemic phase from 1 April 2022. Retail sales returned to pre-pandemic levels and hotels underwent a recovery phase with a potential stronger demand momentum in the second half of 2023 from higher international arrivals.</li> <li>Increased supply of retail and office spaces.</li> </ul> <p> For more information on the market overview of the core segments of Sunway REIT, please refer to the Property Market Insights section.</p>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>Diversified property portfolio to mitigate the risks of weaker performance in certain property subsectors.</li> <li>Collaboration with the Sponsor to leverage and maximise the operational and business synergies with the surrounding developments within the townships that are master-planned and developed by the Sponsor.</li> <li>Continuous assessment of potential asset enhancement initiatives to refresh the properties and maintain their competitiveness.</li> <li>Ongoing assessment of investment opportunities in matured market overseas.</li> </ul>



# Mitigating Our Risks

## Inflation Risk

MODERATE

New Risk

<b>Description</b>	The risk of increase in the cost of doing business with the rising food, energy and commodity prices.
<b>Risk Owner</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer/Deputy Chief Executive Officer</li> <li>Heads of Business Units</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Providing alternative choices at a lower cost.</li> <li>Optimising the energy consumption and converting to solar energy where possible.</li> </ul>
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>Malaysia recorded consumer price index of 3.9% in the last quarter of 2022. Over the course of 2023, headline and core inflation is expected to moderate but remain at elevated levels amid lingering demand and cost pressures.</li> </ul> <p>➡ For more information on the economic outlook, please refer to Macroeconomic Highlights section.</p>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>Adopt different procurement methodologies based on price submission for cost savings.</li> <li>Study and use of alternatives materials and substitutes.</li> <li>Expand pool of suppliers to ensure cost competitiveness.</li> <li>Combined volume across all malls and offices for better cost efficiency via consolidation lock rate or contract consolidation.</li> <li>Adopt value engineering to optimise project costs.</li> </ul>

## Climate Change Risk

MODERATE

Risk Trend



<b>Description</b>	<ul style="list-style-type: none"> <li>Physical risk – The risk of material physical impacts on properties due to floods, water seepage, etc.</li> <li>Transition risk (regulatory risk) – The risk of penalties being imposed by the government on businesses for carbon emissions.</li> </ul>
<b>Risk Owner</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer/Deputy Chief Executive Officer</li> <li>Chief Financial Officer</li> <li>Heads of Business Units</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Reduction in operating costs by improving efficiency in energy, water, waste and materials management.</li> <li>Reduction in insurance premiums.</li> <li>Developing resilience and adaptive capacity to respond to climate change.</li> </ul>
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>Sunway REIT was the first M-REIT to introduce a green lease partnership programme for all its tenants and hotel lessees, being the latest initiative to reduce Scope 3 emissions (transition risk).</li> </ul> <p>➡ For more information on the targets and achievements of the green lease partnership programme, please refer to the Sustainability Scorecard – Goals and Targets section.</p>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>Continuously study and explore initiatives on environmental sustainability.</li> <li>Establishment of the 2030 goals and annual scorecard reporting against the goals, which include Goal 1: Transforming Our Portfolios to Low-Carbon Assets.</li> <li>Alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures.</li> </ul>



## Acquisition and Investment Risk

MODERATE

Risk Trend



<b>Description</b>	The risk of properties being not yield-accretive and distorting the existing portfolio yield.
<b>Risk Owner</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer/Deputy Chief Executive Officer</li> <li>Head of Business Development</li> </ul>
<b>Opportunities</b>	Embarking on a diversified portfolio of asset classes and asset enhancement initiatives to maintain the stability of the income base and to capture the emerging trends and sectors.
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>Sunway REIT acquired two properties, namely Sunway Pier and Sunway REIT Industrial – Petaling Jaya 1, in January 2022 and November 2022 respectively.               <ul style="list-style-type: none"> <li>Sunway Pier is designated for redevelopment into a seafront tourist destination with food and beverage, retail and leisure offerings.</li> <li>Sunway REIT Industrial – Petaling Jaya 1 is well-equipped with high grade facilities to house potential manufacturing activities for immediate operations.</li> </ul> </li> <li>Sunway REIT entered into a conditional sale and purchase agreement on 29 December 2022 to dispose of Sunway Medical Centre (Tower A &amp; B) for a cash consideration of RM430 million, 16% or RM60 million above its latest valuation.</li> </ul> <p>↪ For more information on the new properties, please refer to the Property Details section.</p> <p>↪ For more information on the proposed disposal of Sunway Medical Centre (Tower A &amp; B), please refer to the Investment Review section.</p>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>Evaluation of proposals against a set of approved investment criteria to ensure the acquisition or investment is both yield- and DPU-accretive.</li> <li>The Investment Appraisal Working Group to review the proposals prior to recommendation to the Board and the Trustee.</li> <li>Due diligence by business development team, advisers and/or consultants prior to acquisition or investment.</li> <li>Risk assessment on operations, leasing, funding, forex and compliance, where applicable, for major investment proposals.</li> </ul>

## Valuation Risk

MODERATE

Risk Trend



<b>Description</b>	The risk of decline in property value, thus affecting loan covenants and the ability to realise capital gains.
<b>Risk Owner</b>	<ul style="list-style-type: none"> <li>Head of Business Development</li> <li>Heads of Business Units</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Increase in property value enhances our ability to secure higher borrowings through a larger loan-to-value base.</li> <li>The 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.</li> </ul>
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>The year-end valuation for FY2022 reflected an overall net fair value loss of RM13 million.</li> </ul> <p>↪ For more information on the valuation, please refer to the Fair Value of Investment Properties section.</p>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>High occupancy levels underpinned by strong asset management team and various asset management strategies.</li> <li>Branding and competitiveness through market positioning, operational efficiency and transformation through innovation, as well as leveraging good relationships with business partners.</li> <li>Diversified portfolio across geographies, focusing on core markets and cities where the Sponsor has operational scale, and where underlying economic fundamentals are more robust.</li> </ul>



# Mitigating Our Risks

## Tenancy Renewal Risk

MODERATE

Risk Trend



<b>Description</b>	The risk of tenancies not being renewed or downsizing due to drop in tenant's business.
<b>Risk Owner</b>	<ul style="list-style-type: none"> <li>• Heads of Business Units</li> <li>• Heads of Leasing</li> </ul>
<b>Opportunities</b>	Enhancing the tenancy mix in line with market trends and latest retail developments.
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>• High renewal rates for retail and office tenancies of above 90%, contributing to high occupancy rates for the majority of the properties.</li> </ul> <p>↪ For more information on the rental renewals and lease expiry, please refer to the Segmental Review section.</p>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>• Experienced Business Unit Management Teams with periodic meetings to address issues highlighted at property level.</li> <li>• 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.</li> <li>• Early engagement with tenants and lessees on renewal of tenancies.</li> <li>• Leverage on the business synergies created by the integrated townships in Sunway City, Sunway Putra and Mainland Penang.</li> </ul>

## Cybersecurity Risk

MODERATE

Risk Trend



<b>Description</b>	The risk of operational disruptions and loss of confidential data due to cyberattacks on the IT system.
<b>Risk Owner</b>	Sunway Group Chief Information Security Officer
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Embracing innovation through new technologies.</li> <li>• Increased dependence on IT systems and information management is inevitable as data is collected to predict behaviours and trends.</li> </ul>
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>• IT practices were reviewed and audited by the external auditors, Internal Audit Department and SIRIM during the financial year.</li> </ul>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>• Maintained an IT security framework that addressed evolving IT security threats such as hackers, intelligent malware and advanced viruses.</li> <li>• 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.</li> <li>• Conducted training, including annual compliance and assessment exercises, to educate users and heighten their awareness to cyber threats.</li> <li>• Maintained a cyber threat incident response protocol and a disaster recovery plan with annual testing.</li> </ul> <p>↪ For more information on measures taken to reinforce cyber resilience, please refer to Cybersecurity and Data Governance in the Goal 4: Respecting Ethical Principles section.</p>



## Succession and Retention Risk

MODERATE

New Risk

<b>Description</b>	The risk of not being able to replace resigning employees in a timely manner, causing disruptions to operations.
<b>Risk Owner</b>	Sunway Group Head of Human Resources
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Enlargement of scope of existing employees for career development.</li> <li>New employees contributing to different perspectives for improvement.</li> </ul>
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>An employee engagement survey was conducted to gather feedback from the employees.</li> <li>Discussion was initiated with the Human Resources Department to decide on impactful action plans to be rolled out in the immediate, near and long term.</li> </ul>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>Leverage on the centralised functions of the Sponsor (such as IT and finance shared services, tax, treasury and business development).</li> <li>Conduct a bi-yearly employee engagement survey to understand and cater to the employees' diverse needs.</li> </ul> <p>➡ For more information on human capital development and talent management, please refer to the Goal 3: Investing in Community Inclusivity section.</p>

## Bribery and Corruption Risk

MODERATE

Risk Trend



<b>Description</b>	The risk of bribery and corruption by employees of the Manager, Business Unit Management Teams and business partners.
<b>Risk Owner</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer/Deputy Chief Executive Officer</li> <li>Anti-Bribery and Corruption Officer</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Reduces extravagant cost spending out of market norms.</li> <li>Transparent and fair business conduct.</li> </ul>
<b>Highlights in 2022</b>	<ul style="list-style-type: none"> <li>Yearly e-training and declaration for all employees completed on the SAP Success Factor platform.</li> <li>The anti-bribery and corruption (ABC) briefing and workshop for the Manager and retail properties were completed by the Anti-Bribery and Corruption Officer during the financial year.</li> <li>In 2022, there were zero reported cases of bribery and corruption.</li> </ul>
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>The Anti-Bribery and Corruption Policy was approved on 19 May 2020. The policy is applicable to all Sunway REIT's business associates and employees of the Manager, covering gifts, entertainment and hospitality benefits, donations, sponsorships, corporate responsibilities, facilitation payments, kickbacks and money laundering.</li> <li>Set the tone from the top – zero tolerance for bribery and corruption.</li> <li>All employees of the Manager are required to complete mandatory e-training programmes on the Anti-Bribery and Corruption Policy and the Code of Conduct and Business Ethics and declaration of conflict of interest.</li> <li>Annual anti-bribery and corruption review included in the audit plan of the Internal Audit Department to ensure compliance.</li> <li>Annual ABC compliance monitoring by Sunway Group Risk and Compliance Department, benchmarked against the Guidance on Good Practice and the Checklist for Adequate Procedure issued by Transparency International Malaysia.</li> <li>ABC declaration and questionnaire included as part of the due diligence review of business partners.</li> </ul>



# Stakeholder Engagement

GRI 2-29

## Employee

### Their Priorities and Interests



- ▶ Fair and non-discriminative work environment
- ▶ Human rights
- ▶ Social inclusion
- ▶ Remuneration
- ▶ Career development and progression
- ▶ Work-life balance
- ▶ Fair and safe workplace
- ▶ Compliance with laws and regulations
- ▶ Accelerates ESG practices

### Our Engagement Approach



- ▶ Employees engagement survey
- ▶ Townhall by C-suite executives
- ▶ Performance planning and review
- ▶ Career development plan
- ▶ Teambuilding

### Potential Risks



- ▶ Safety and health
- ▶ Reputational
- ▶ Succession and retention

### Opportunities and Our Responses



- ▶ Upholding zero tolerance for discrimination against race, religion, gender, disabilities and nationality.
- ▶ Implementing human rights and grievance mechanism.
- ▶ Implementing family friendly policies and providing better than industry average benefits.
- ▶ Promoting employee health and wellbeing.
- ▶ Providing annual performance review to all employees.
- ▶ Investing in the learning and development of employees to ensure delivery excellence to maintain high performing workforce.
- ▶ Implementing Occupational Health, Safety and Environmental (OHSE) Policy and establishing a five-year OHSE Strategy to provide safe and healthy work environment.

## Business Partners (Tenants and Lessees)

### Their Priorities and Interests



- ▶ Impact of global megatrend on their business and climate change
- ▶ Efficient resource management (energy, water, waste, emissions, materials)
- ▶ Health and safety
- ▶ Compliance with laws and regulations
- ▶ Corporate governance, anti-corruption, risk and crisis management and business ethnics
- ▶ Cybersecurity
- ▶ Accelerates ESG practices

### Our Engagement Approach



- ▶ Business partners meeting
- ▶ Regular business review meeting
- ▶ Business opportunity networking session
- ▶ Business partners survey and feedback mechanism

### Potential Risks



- ▶ Business/Market
- ▶ Inflation
- ▶ Reputational
- ▶ Safety and health
- ▶ Climate change
- ▶ Tenancy renewal
- ▶ Cyber
- ▶ Litigation
- ▶ Compliance and regulatory
- ▶ Bribery and corruption

### Opportunities and Our Responses



- ▶ Excellent tenancy management, marketing support and customer/facilities management services.
- ▶ Increasing digitalisation, automation and adoption of smart technologies
- ▶ Introducing Sunway Green Lease Partnership Programme to engage with tenants in emissions reduction efforts.
- ▶ To achieve net zero carbon emissions by 2050.
- ▶ Investing in renewable energy to reduce Sunway REIT's GHG emissions and carbon footprint
- ▶ Adopting energy and water saving practices to lower our environmental impacts.
- ▶ Employing a waste management hierarchy to prevent, reduce and minimise waste
- ▶ Implementing grievance mechanism.
- ▶ Implementing Occupational Health, Safety and Environmental (OHSE) Policy and establishing a five-year OHSE Strategy to provide safe work environment.
- ▶ Investing in reliable solutions to ensure our digital platforms are free from cybercrime.
- ▶ Implementing Anti-Bribery and Corruption Policy.



## Government, Local Authorities, Regulators and Industry Affiliations

### Their Priorities and Interests



- ▶ Impact of global megatrend on their business and climate change
- ▶ Compliance with laws and regulations
- ▶ Corporate governance, anti-corruption, risk and crisis management and business ethnics
- ▶ Accelerates ESG practices

### Our Engagement Approach



- ▶ Participates in consultation papers
- ▶ Representation in industry affiliations
- ▶ Engagement meetings via industry affiliations
- ▶ Building and maintaining rapport with local authorities

### Potential Risks



- ▶ Reputational
- ▶ Safety and health
- ▶ Climate change
- ▶ Litigation
- ▶ Compliance and regulatory
- ▶ Bribery and corruption

### Opportunities and Our Responses



- ▶ Maintain high level of integrity, corporate governance, transparency and best practices.
- ▶ Supporting the government's climate ambition to achieve net zero carbon emissions by 2050.
- ▶ Intensifying climate action to mitigate climate risks through Internal Carbon Pricing Framework.
- ▶ Implementing Anti-Bribery and Corruption Policy, board, corporate and sustainability policies.
- ▶ Risk and crisis management.



# Stakeholder Engagement

## Membership in Associations

GRI 2-28

Sunway REIT actively participates in various associations and holds several positions in various associations to contribute to the development of the industry.

### Sunway REIT's Membership

- Asia Pacific Real Assets (APREA)
- Climate Governance Malaysia

Business Segment	Organisation	Sunway's Representative
Retail	Malaysia Shopping Mall Association	Chan Hoi Choy, Honorary Advisor
		Phang Sau Lian, Vice President 1
		Michael Poh, Committee Member (Social)
Hotel	Malaysia Employee Federation (MEF)	Sunway Hotel Georgetown
		Sunway Hotel Seberang Jaya
		Sunway Resort Hotel
	Malaysia Association of Hotels (MAH)	Sunway Hotel Georgetown
		Sunway Hotel Seberang Jaya
		Sunway Putra Hotel
		Sunway Resort Hotel
		Sunway Lagoon Hotel
		Sunway Pyramid Hotel
	Association of Hotel Employers (AHE)	Sunway Resort Hotel
		Nurul Ain Binti Mohamed Tahir, EXCO - Committee
	Pacific Asia Travel Association (PATA) Malaysia Chapter	Sunway Hotel Georgetown
		Sunway Hotel Seberang Jaya
	Malaysian Dutch Business Council (MDBC)	Sunway Hotel Georgetown
		Sunway Hotel Seberang Jaya
	Malaysian Association of Hotel Owners (MAHO)	Adrian Cheah, Ordinary Member



## Customers

### Their Priorities and Interests



- ▶ Provision on excellent products and services
- ▶ Customer welfare
- ▶ Business ethics
- ▶ Health and safety
- ▶ Cybersecurity and customer data protection
- ▶ Accelerates ESG practices

### Our Engagement Approach



- ▶ Customers' feedback and surveys
- ▶ Customer service channels
- ▶ Social media
- ▶ Community development programme
- ▶ CSR programme

### Potential Risks



- ▶ Business/Market
- ▶ Reputational
- ▶ Safety and health
- ▶ Cyber
- ▶ Litigation

### Opportunities and Our Responses



- ▶ Providing excellent products and services
- ▶ Providing outstanding customer service
- ▶ Increasing digitalisation, automation and adoption of smart technologies
- ▶ Implementing Occupational Health, Safety and Environmental (OHSE) Policy and establishing a five-year OHSE Strategy to provide safe environment to customers.
- ▶ Collecting data and feedback via surveys and measurement tools to gather insights.
- ▶ Investing in reliable solutions to ensure our digital platforms are free from cybercrime.

## Vendors

### Their Priorities and Interests



- ▶ Transparent procurement processes and fair competition
- ▶ Health and safety
- ▶ Business ethics
- ▶ Corporate governance
- ▶ Risk and crisis management
- ▶ Accelerates ESG practices

### Our Engagement Approach



- ▶ Request for proposal
- ▶ Tender interview
- ▶ Regular meeting and workshop
- ▶ Suppliers briefing and training programme
- ▶ Supplier evaluation and audit

### Potential Risks



- ▶ Litigation
- ▶ Reputational
- ▶ Safety and health
- ▶ Climate change
- ▶ Compliance and regulatory
- ▶ Bribery and corruption

### Opportunities and Our Responses



- ▶ Implementing a transparent procurement and tender systems based on competitive pricing.
- ▶ Implementing a Sustainable Procurement Policy and Supplier Code of Conduct to guide suppliers and vendors in ESG practices.
- ▶ Enhancing supplier environmental and social risk assessment.
- ▶ Implementing Occupational Health, Safety and Environmental (OHSE) Policy and establishing a five-year OHSE Strategy to provide safe environment.
- ▶ Investing in reliable solutions to ensure our digital platforms are free from cybercrime.
- ▶ Implementing Anti-Bribery and Corruption Policy.
- ▶ Risk and crisis management.



# Stakeholder Engagement

## Media

### Their Priorities and Interests



- ▶ Timely and transparent dissemination of information in relation to Sunway REIT's financial and business performance, outlook, business strategies.
- ▶ Climate change
- ▶ Accelerates ESG practices
- ▶ Corporate governance
- ▶ Community enrichment

### Our Engagement Approach



- ▶ Media conference
- ▶ Media interview
- ▶ Media release
- ▶ Corporate website
- ▶ Social media

### Potential Risks



- ▶ Reputational

### Opportunities and Our Responses



- ▶ Intensify communication and engagement with media in their areas of interests, particularly, progress in ESG.
- ▶ Media monitoring across mainstream media and alternative mediums, as well as assessing the relevant actions to address the concerns, if required.

## Investment Community (Unitholders, Analysts, Fund Managers)

### Their Priorities and Interests



- ▶ Impact of global megatrend on their business and climate change
- ▶ Financial and business performance, outlook and strategies
- ▶ Strategic direction to drive long-term growth
- ▶ Efficient resource management (energy, water, waste, emissions, materials)
- ▶ Health and safety
- ▶ Compliance with laws and regulations
- ▶ Corporate governance, anti-corruption, risk and crisis management and business ethics
- ▶ Accelerates ESG practices

### Our Engagement Approach



- ▶ Statutory announcement
- ▶ Annual General Meeting
- ▶ Unitholders Meeting
- ▶ Investor and Analyst briefing
- ▶ Group and one-on-one meeting with management
- ▶ Retail investors meeting
- ▶ Integrated Annual Report
- ▶ Corporate website

### Potential Risks



- ▶ Business / Market
- ▶ Inflation
- ▶ Reputational
- ▶ Climate change
- ▶ Compliance and regulatory

### Opportunities and Our Responses



- ▶ Timely and transparent dissemination of Sunway REIT's financial and business performance as well as corporate development.
- ▶ Guidance on outlook and business strategies.
- ▶ Retail investors engagement sessions to grow retail investors base.
- ▶ Increases ESG engagement sessions with the investment community.



## INVESTOR RELATIONS ENGAGEMENT IN 2022

### New Investor Relations Initiative – Sustainability Day

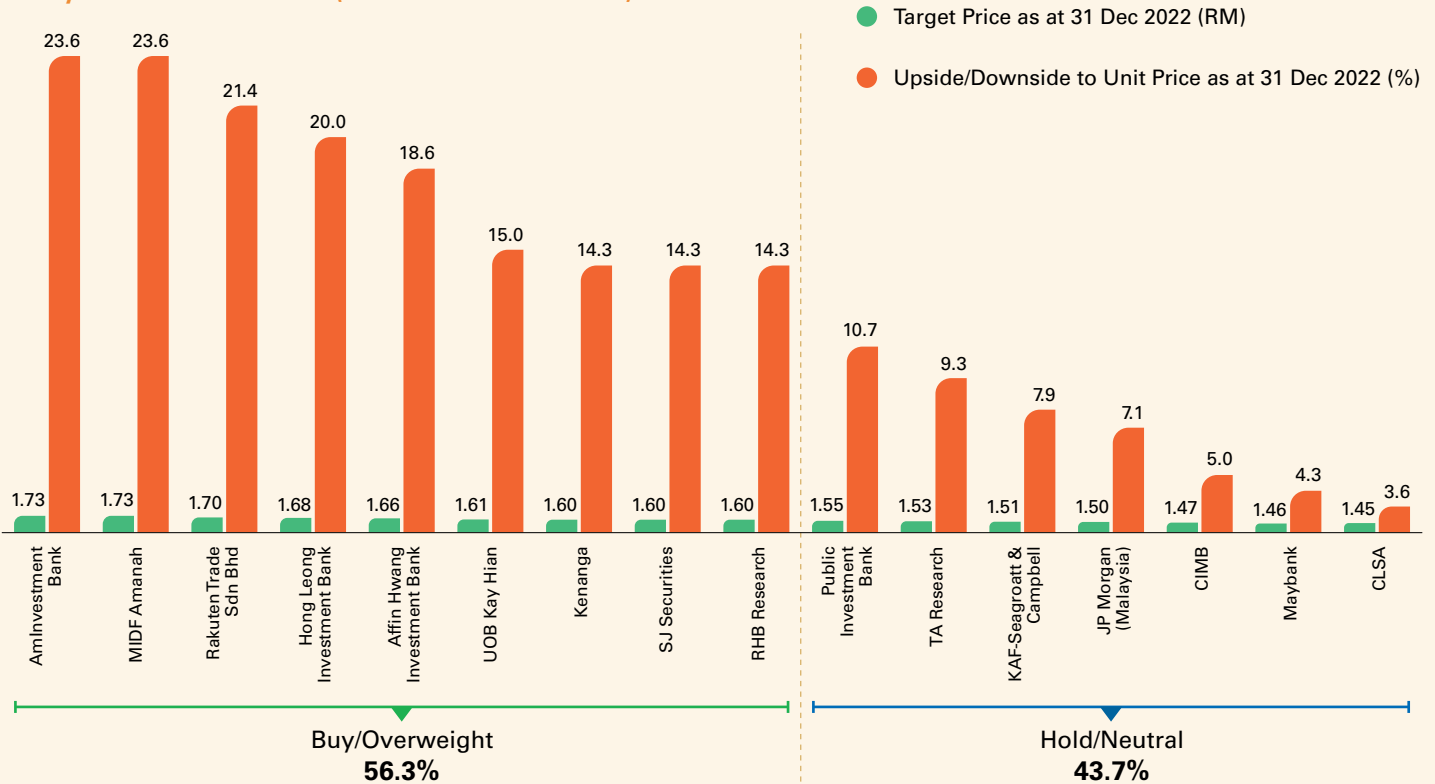
In our effort to promote our ESG progress and impacts to the investing community, we held a sustainability day themed ‘Sunway Corporate Day Series – In Focus: Sustainability’ on 15 November 2022. Attended by close to 50 fund managers and analysts from various financial institutions and investment firms, the programme showcased Sunway Group’s sustainability journey and its initiatives that have created positive impacts for the environment and the local communities.

Among the highlights of the half-day event included a food compost tour at Menara Sunway’s refuse chamber and a visit to Sunway Pyramid Mall urban farming project in collaboration with Sunway XFarms. Participants went on to the all-electric Bus Rapid Transit (BRT) tour around Sunway City Kuala Lumpur to experience the integrated nature of the city. The highlight of the day was a presentation on Sunway Group’s sustainability journey and goals towards achieving net zero carbon by 2050. Going forward, we will continue to actively engage with our key stakeholder groups to communicate our ESG progress and ambitions.

Number of Meetings: **24**

Number of Research Coverage: **16**

### Analysts Recommendation (as at 31 December 2022)





# Determining Materiality

GRI 3-1, 3-2, 3-3, 2-29

Determining materiality is a significant process in our sustainability journey, which allows us to identify and meet stakeholder needs, as well as mitigating risks and identifying opportunities. In addition, a materiality assessment enables us to align our sustainability issues and priorities with current trends, global developments and industry peers. Our materiality assessment is conducted annually while a materiality survey is conducted once every two years to gain a deeper understanding of our positions, as well as our impacts on our stakeholders.

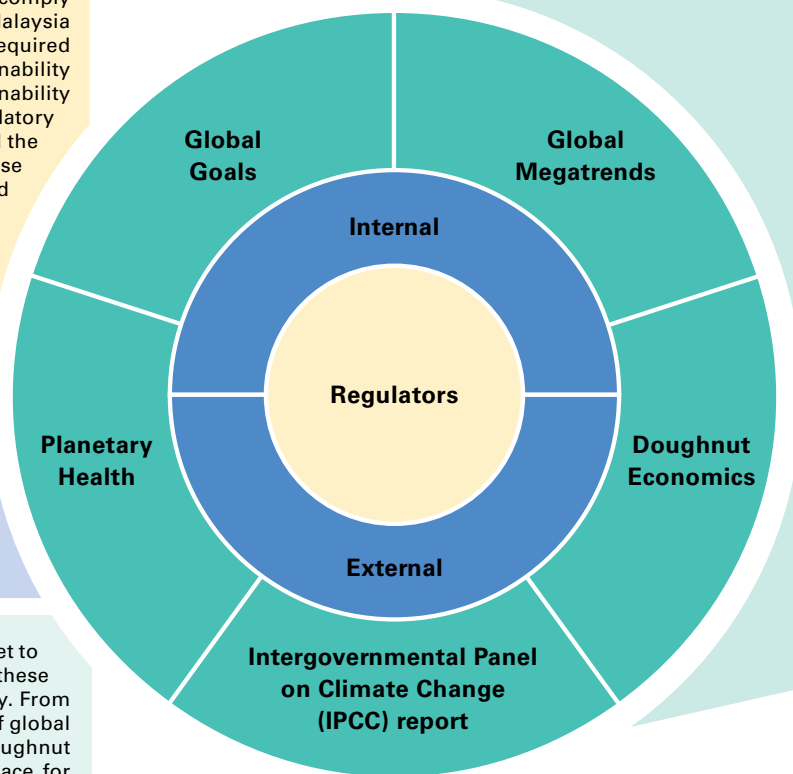
## A. IDENTIFICATION OF MATERIAL ISSUES

Our first step in deciding material issues is to ensure that we comply with the requirements of local regulators. Since 2015, Bursa Malaysia has, under the MMLR and Ace Market Listing Requirements, required all public listed companies in Malaysia to publish a sustainability statement. In 2015, Sunway REIT has included a Sustainability Statement in its Annual Integrated Report to meet the mandatory regulatory rule. In September 2022, Bursa Malaysia enhanced the sustainability reporting requirements in the MMLR to increase the level of sustainability practices and disclosures of listed issuers. The enhancement included a list of 11 common sustainability matters and a few sector-specific sustainability matters.

Secondly, we considered the risks to our Company, which consist of internal and external risks. ESG risks have been identified and incorporated into Sunway REIT's internal risk focus areas. The focus areas include external, financial, operations, suppliers, regulatory and legal.

Concurrently, we also refer to major sustainability indices, rating and ranking tools such as FTSE Russell, MSCI and S&P CSA amongst others to understand exposure to sector-specific risks that are common to our industry classification.

Thirdly, we observed global megatrends or issues that have yet to be considered and analyse the global risks associated with these issues that may have direct or indirect impact to our company. From here, we aligned our responses to support the achievement of global agenda such as 17 UN SDGs by considering application of Doughnut Economics Model Framework to provide a safe and just space for humanity without breaking the ecological ceiling.



Finally, we conducted an online survey with our stakeholders to gauge what are the material issues that should be prioritised based on the resources available to us.

## C. STAKEHOLDER ENGAGEMENT

In 2021, we conducted an in-depth online survey to gauge what are the material issues that should be prioritised based on the resources available to us. 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.

### STAKEHOLDER GROUPS

#### Internal



Senior Management of Business Segments



Employees

#### External



Business Partners (Tenants and Lessees)



Investment Community (Unitholders, Analysts, Fund Managers)



Government, Local Authorities, Regulators and Industry Affiliations



Media



Customers



Vendors



## B. LIST OF MATERIAL ISSUES

The following ESG issues were identified after streamlining the common issues across the different regulatory requirements, business risks and ESG indices.



### ENVIRONMENTAL

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



### SOCIAL

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



### GOVERNANCE

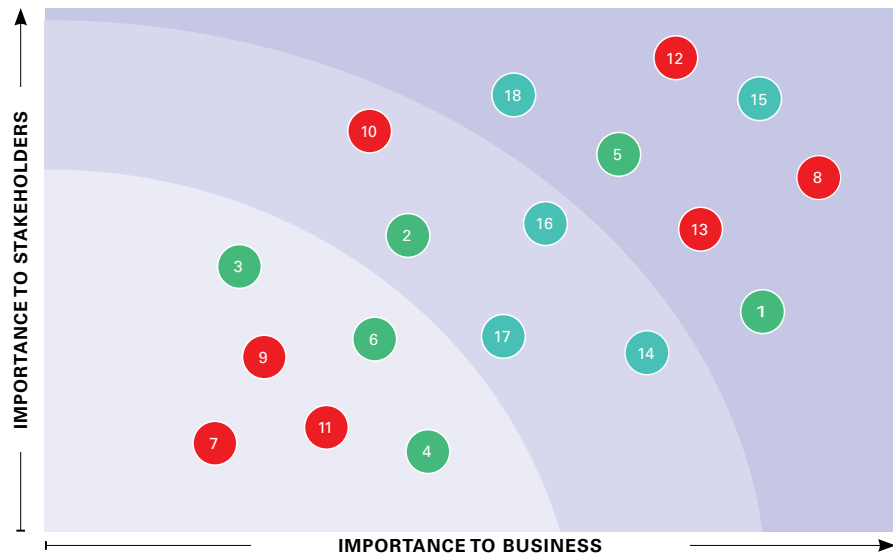
- |                         |                               |
|-------------------------|-------------------------------|
| 14 Corporate Governance | 16 Risk and Crisis Management |
| 15 Anti-Corruption      | 17 Tax Transparency           |
|                         | 18 Business Ethics            |

## D. ONLINE SURVEY

### Stakeholder Engagement Through an Online Survey

The process was followed with stakeholder engagement through an online survey, which required respondents to rate the importance of each material matter and gathered their opinions on the importance of sustainability to Sunway REIT and on Sunway REIT's efforts in embedding sustainability in its business operations. 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.

### OUR MATERIALITY MATRIX



## E. FOCUS GROUP DISCUSSION

Next, a focus group discussion was held with the C-suite of each business division to obtain insights and refine the material issues. The members of the C-suite agreed that Corporate Governance, Business Ethics and Anti-Corruption, Pollution (Waste/Effluents) and Human Capital Development should be added in the list of prioritised material matters. In conclusion, the members of the C-suite agreed 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.

## F. PRIORITISATION OF MATERIAL ISSUES

Following the reassessment exercise from previous year's assessment to reflect our management approach, there were 18 material matters, of which seven were prioritised.

Understanding stakeholder interest and needs enables our Company to better drive long-term stakeholder value. In order to achieve this, our Company assigns resources to achieve the desired outcomes, which provide valuable outputs to our stakeholders. This is represented by the value creation model, connecting the Company's growth strategy with inputs, outputs and overall impacts.

### PHYSICAL IMPACTS OF CLIMATE CHANGE:

Large storms, flooding (rising sea levels), droughts and heat waves will affect business operations and the physical and mental health of the communities.

### POLLUTION (WASTE/EFFLUENTS)

Application of waste management hierarchy in business operations. The hierarchy of management of waste, in order of preference, consists of prevention, minimisation, recycling and reuse, biological treatment, incineration and landfill disposal.

### HUMAN CAPITAL DEVELOPMENT:

The integrated use of training, organisation and career development efforts to attract, develop, motivate and retain productive and engaged employees.

### CUSTOMER WELFARE:

Individual benefits derived from the consumption of goods and services.

### HEALTH AND SAFETY:

Health, safety and welfare in the workplace, which includes developing a policy, analysing and controlling health and safety risks and providing training, as well as recording and investigating health and safety incidents.

### ANTI-CORRUPTION:

The misuse of entrusted power for private gain.

### BUSINESS ETHICS

The standards for morally right and wrong conduct in business.

## G. ENDORSEMENT





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



# Determining Materiality































## H. RESPONDING TO STAKEHOLDERS' PRIORITISES AND CONCERNS

We identified the impacts and opportunities of each material issue. These are presented as follow together with our responses:

Legend:  Senior Management of Business Segments  Employees  Business Partners  Investment Community

### ENVIRONMENTAL

Planetary Health recognises that human health and the health of our planet are inextricably linked, and that our civilisation depends on human health, flourishing natural systems and the wise stewardship of natural resources. With natural systems being degraded to an extent unprecedented in human history, both our health and that of our planet are in peril. Climate action failure and rapid negative environmental impacts from human activities will result in extreme weather conditions, biodiversity loss and natural resources crises.

Global Outlook	Material Issues	Risks, Stakeholder Priorities & Concerns
<b>Global Megatrend</b> <ul style="list-style-type: none"> <li>Rapid Urbanisation</li> </ul> <b>Global Issues</b> <ul style="list-style-type: none"> <li>Planetary health: The planet cannot wait</li> </ul> <b>UNSDGs</b>      	<b>Physical Impacts of Climate Change</b>	<b>Risks:</b> <ul style="list-style-type: none"> <li>Climate action failure</li> <li>Extreme weather</li> <li>Human environmental damage</li> <li>Natural resource crises</li> </ul> <b>Stakeholder Priorities &amp; Concerns:</b> <ul style="list-style-type: none"> <li>Timely and transparent dissemination of information about Sunway's business operations and their impacts on the environment</li> <li>Increasing focus on TODs and integrated developments for sustainable public transport access and providing safety, comfort and convenience for tenants, guests and customers to live, work, and play under one roof in smart, modern, and clean environments</li> <li>Planning ahead with risk mitigation and contingency measures and the ability to quickly adapt to fast-moving trends</li> </ul>        
	<b>Resource Management (Energy)</b>	<b>Risks:</b> <ul style="list-style-type: none"> <li>Climate action failure</li> <li>Extreme weather</li> <li>Biodiversity loss</li> <li>Natural resource crises</li> </ul> <b>Stakeholder Priorities &amp; Concerns:</b> <ul style="list-style-type: none"> <li>Growing concern to improve efficiency of energy and water consumption</li> <li>Investments in newer, cleaner and more efficient technologies</li> <li>Environmental pollution due to improper waste/effluents management planning which is hazardous to public health</li> </ul>        
	<b>Resource Management (Water)</b>	
	<b>Pollution (Waste/ Effluents)</b>	
	<b>Pollution (Emissions)</b>	
<b>Sunway REIT 2030 Goals</b> <ul style="list-style-type: none"> <li>Goal 1: Transforming Our Portfolios to Low Carbon Sustainable Assets</li> <li>Goal 2: Advocating A Responsible Value Chain</li> </ul>	<b>Resource Management (Materials)</b>	<b>Risks:</b> <ul style="list-style-type: none"> <li>Natural resource crises</li> </ul> <b>Stakeholder Priorities &amp; Concerns:</b> <ul style="list-style-type: none"> <li>Supply chain disruptions due to material scarcity</li> <li>Changes in consumer behaviour and preference</li> </ul>        





Government, Local Authorities,  
Regulators and Industry Affiliations



Media



Customers



Vendors

As a result, the physical effects of climate change, as well as the resulting ecological and biodiversity imbalance, will pose significant risks to our business and livelihood. Therefore, we are committed to better resource management in order to improve resource efficiency, reduce waste and reduce pollution through responsible business practices.





#### Opportunities and Our Responses addressed in the report

- Supporting the government's climate ambition to achieve net zero carbon emissions by 2050 (pages 137-146)
  - Intensifying climate action to mitigate climate risks through Internal Carbon Pricing Framework (pages 137-146)
  - Improving risk management via a Value at Risk (VaR) assessment on our properties' risk exposure to climate change (pages 137-146)
  - Implementing ESG due diligence on new land acquisition (page 148)
  - Investing in renewable energy to reduce Sunway REIT's GHG emissions and carbon footprint (page 150)
  - Providing transparent and full disclosures on environmental impacts in the Sustainability Report (pages 137-160)
- 
- Providing transparent and full disclosures on environmental impacts in the Sustainability Statement (pages 137-160)
  - Adopting energy and water saving practices to reduce our consumption and lower our environmental impacts (pages 147-155)
  - Investing in sustainable water systems, water treatment plant and rainwater harvesting systems to reduce reliance on municipal water supply (pages 153-155)
  - Employing a waste management hierarchy to prevent, reduce and minimize waste (page 156-160)
  - Introducing a Green Lease Partnership Programme to engage tenants in emissions reduction (page 163)
- 
- Putting in place a Sustainable Procurement Policy and Supplier Code of Conduct to guide suppliers and vendors in ESG practices) (pages 161-164)
  - Enhancing supplier environmental and social risk assessment (pages 161-164)
  - Identifying critical and non-critical suppliers (pages 161-164)
  - Identifying suppliers which fall under Tier 1, 2 and 3 (pages 161-164)





























# Determining Materiality

## H. RESPONDING TO STAKEHOLDERS' PRIORITIES AND CONCERNS

Legend:  Senior Management of Business Segments  Employees  Business Partners  Investment Community

### SOCIAL

After nearly three years of upheaval in labour markets caused by the COVID-19 pandemic, many advanced economies are recovering with plenty of job openings. However, workers have not yet fully returned. The introduction of a younger workforce as a result of an ageing population, combined with major human rights movements in recent years, is also influencing social change movements, characterised by the evolution of people's behaviour, cultural norms and attitudes towards the workplace environment. If the broader trend of plentiful jobs and insufficient workers continues, it can have major implications for growth, inequality and inflation.

Global Outlook	Material Issues	Risks, Stakeholder Priorities & Concerns
<b>Global Megatrend</b> <ul style="list-style-type: none"> <li>Demographic &amp; Social Change</li> </ul> <b>Global Issues</b> <ul style="list-style-type: none"> <li>Workforce trend</li> <li>Health and well-being</li> <li>Future of work</li> </ul> <b>UNSDGs</b>        	<b>Indirect Economic Impact</b>	<b>Risks:</b> <ul style="list-style-type: none"> <li>Livelihood crises</li> <li>Social cohesion erosion</li> </ul> <b>Stakeholder Priorities &amp; Concerns:</b> <ul style="list-style-type: none"> <li>Employment and wealth generation</li> </ul>       
	<b>Human Capital Development</b>	<b>Risks:</b> <ul style="list-style-type: none"> <li>Livelihood crises</li> <li>Mental Health Deterioration</li> </ul>
	<b>Diversity and Inclusion</b>	<b>Stakeholder Priorities &amp; Concerns:</b> <ul style="list-style-type: none"> <li>Fair and non-discriminative work environment</li> <li>Human rights</li> <li>Social inclusion</li> <li>Remuneration</li> <li>Career development and progression</li> <li>Work Life balance</li> <li>Fair and safe workplace</li> <li>Compliance with laws and regulations</li> </ul>      
	<b>Labour Standard and Practices</b>	
	<b>Health and Safety</b>	
<b>Sunway REIT 2030 Goals</b> <ul style="list-style-type: none"> <li>Goal 3: Investing in community inclusivity</li> </ul>	<b>Customer Welfare</b>	<b>Risks:</b> <ul style="list-style-type: none"> <li>Cybersecurity failure</li> </ul> <b>Stakeholder Priorities &amp; Concerns:</b> <ul style="list-style-type: none"> <li>Customer protection around data privacy issues</li> </ul>   
	<b>Community Enrichment</b>	<b>Risks:</b> <ul style="list-style-type: none"> <li>Social Cohesion Erosion</li> <li>Likelihood crisis</li> </ul> <b>Stakeholder Priorities &amp; Concerns:</b> <ul style="list-style-type: none"> <li>Corporate social responsibility activities</li> </ul>  





Government, Local Authorities,  
Regulators and Industry Affiliations



Media



Customers



Vendors

For this reason, we are committed to our employees' welfare, with an emphasis on a workspace that is safe, respectful, inclusive and diverse to ensure our talent pipeline is safeguarded. As workplaces evolve, we will be prepared for the future of work within our organisation. At the same time, we will continue to be involved in nation-building by supporting and contributing to our communities over time through various community enrichment projects, as well as relief efforts where livelihoods are affected by disasters.





#### Opportunities and Our Responses addressed in the report

- Rejuvenation of land will transform areas around our development into a vibrant area (page 148)
  - Local job opportunities created through redevelopment and rejuvenation of brownfield development (page 148)
- 
- Upholding zero tolerance for discrimination against race, religion, gender, age, disabilities and nationality (page 166)
  - Implementing human rights and grievance mechanism (pages 168-169)
  - Implementing family friendly policies and providing better than industry average benefits (pages 174-175)
  - Promoting employee health and wellbeing (page 173)
  - Providing annual performance review to 100% of employees across all employee categories (page 170)
  - Investing in the learning and development of employees to ensure delivery excellence to maintain high performing workforce (pages 170-171)
  - Having in place Occupational Health, Safety and Environment (OHSE) Policy and establishing a five-year OHSE Strategy to provide safe and healthy work environment (pages 176-181)
- 
- Providing outstanding customer service (pages 188-189)
  - Collecting data and feedback via surveys and measurement tools to gather insights (pages 192-193)
  - Investing in reliable solutions to ensure our digital platforms are free from cybercrime (pages 192-193)
  - Increasing digitization, automation and adoption of smart technologies in daily business operations, tapping into new online markets (pages 192-193)
- 
- Contributing to the underprivileged and B40 community through community enrichment initiatives (pages 182-187)
  - CSR initiatives to help the underprivileged and uplift local disadvantaged communities (pages 182-187)





















# Determining Materiality

## H. RESPONDING TO STAKEHOLDERS' PRIORITIES AND CONCERNS

Legend:  Senior Management of Business Segments  Employees  Business Partners  Investment Community

### GOVERNANCE

Corporate governance covers the areas of environmental awareness, ethical behaviour, corporate strategy, compensation, and risk management. Good corporate governance requires records and processes to be transparent and available to shareholders and stakeholders. It is vital to create transparent rules and controls, provide guidance to leadership, align the interests of shareholders, directors, management, and employees, as well as build trust with investors, the community, and public officials.

Global Outlook	Material Issues	Risks, Stakeholder Priorities & Concerns
<b>Global Megatrend</b> <ul style="list-style-type: none"> <li>Emerging Environmental, Social and Governance (ESG) mandate in corporate governance</li> <li>Technological Breakthroughs</li> </ul> <b>Global Issues</b> <ul style="list-style-type: none"> <li>Increase ESG regulations</li> <li>Cybersecurity Failure</li> <li>Digital inequality</li> </ul> <b>UNSDGs</b>   	<b>Corporate Governance</b>  <b>Anti-Corruption</b>  <b>Risk and Crisis Management</b>  <b>Business Ethics</b>	<b>Increased ESG regulations</b>  <b>Risks:</b> <ul style="list-style-type: none"> <li>Delisting</li> <li>Insolvency</li> <li>Bureaucratic obstacles</li> <li>Discourage private sector development</li> </ul> <b>Stakeholder Priorities &amp; Concerns</b> <ul style="list-style-type: none"> <li>Implementation of policies and requirements of relevant agencies or professional bodies</li> <li>Professional and transparent</li> </ul>      
		<b>Cybersecurity Failure</b>  <b>Risks:</b> <ul style="list-style-type: none"> <li>Theft of corporate information</li> <li>Theft of financial information</li> <li>Loss of business or contract</li> <li>Breach of customer privacy</li> </ul> <b>Stakeholder Priorities &amp; Concerns</b> <ul style="list-style-type: none"> <li>Implementation of policies and strengthening data protection system</li> </ul>      
	<b>Tax Transparency</b>	<ul style="list-style-type: none"> <li>Others material tax matters which is primarily important to Sunway REIT is the calculation of qualifying expenditure for the calculation of capital allowance as Sunway REIT embarks extensively on development expenditure and assets enhancement initiatives</li> </ul>   
<b>Sunway REIT 2030 Goals</b> <ul style="list-style-type: none"> <li>Goal 4: Respecting ethical principles</li> </ul>		





Government, Local Authorities,  
Regulators and Industry Affiliations



Media




Customers



Vendors

The 2022 Corruption Perceptions Index (CPI) (1) paints a bleak picture of stalled anti-corruption efforts worldwide. If corruption is rife in a business, the general business climate is affected, because the public trust has been jeopardised. In addition, there are numerous effects of corruption on businesses including the loss of business resources, weakened business development, increase in crime, discouraged existing shareholders and damage to the company's reputation.

 Please refer to 2022 Corruption Perceptions Index (CPI) - <https://www.transparency.org/en/cpi/2022>

#### Opportunities and Our Responses addressed in the report

- Incorporating climate change and ESG related KPIs into the remuneration of Senior Management, in line with the requirement of the Malaysian Code on Corporate Governance (page 133)
- Implementing Anti-Bribery and Corruption Policy and other board, corporate and sustainability policies (page 194)
- Risk and crisis management (pages 108-115)
- Complying with the Personal Data Protection Act 2010 (PDPA), which emphasises approach to data privacy and security (page 193)
- Implementing ePolicy to guide employees on cybersecurity (page 192)

- We seek guidance based on past experience and advise from our tax consultant and also Sunway Group Tax (pages 51-52)



# Sustainability Highlights

## Net Zero by 2050



Established internal carbon pricing framework at **RM15 per tonne** of CO<sub>2</sub>e emitted



Implemented **Green Lease Partnership Programme**



Disclosed climate report which is aligned with the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**



Expanded **Scope 3 GHG emissions**



Established **ESG due diligence** for new land acquisition



**3,008 MWh** of renewable energy generated



Appointed Jeffery Sachs Center on Sustainable Development (JSC) to quantify to climate **Value at Risk (VaR)**



Implemented **Green Building Policy**



**43%** of our Board of Directors in 2022 were women, which is higher than the 30% recommendation by the Malaysian Code on Corporate Governance (MCCG)



Established **Universal Accessibility Policy**



Maintained **Zero fatalities**



Secured a total commitment for sustainable finance of **more than RM2.0 billion** since 2021



# Advancing Sustainability in Sunway REIT

GRI 2-22

Sunway REIT remains committed to advancing the sustainability agenda and continues to push for a sustainable future for all. In striving to deliver Sunway REIT's sustainability vision, we are guided by Sunway REIT's overarching Net Zero Carbon Emissions by 2050 Roadmap to transition towards a low-carbon economy. We go beyond meeting minimum regulatory compliance to create value through our sustainability efforts, which are led by four sustainability goals across the pillars of environmental, social and governance (ESG). In 2022, we made significant progress in our sustainability journey and enhanced various positive ESG impacts.



## STRONGER GOVERNANCE

Since 2021, Sunway REIT has integrated sustainability at the highest governance level, enabling strategic oversight of ESG issues for longer-term value creation. Sustainability at Sunway REIT is led by the Sustainability Committee, which includes ESG considerations in the process of determining the strategic direction and policies. Sunway REIT was also one of the first few publicly listed companies in Malaysia that incorporated sustainability into Senior Management's performance evaluation and KPIs which are linked to remuneration.

In 2022, Sunway REIT's Sustainability Committee reviewed and approved various robust sustainability initiatives, including revising the 2030 goals and targets. The Donations, Sponsorships and Corporate Responsibility Policy was also enhanced while a new Universal Accessibility Policy was rolled out to underpin the commitment to embracing inclusivity.



Please refer to Goal 4: Respecting Ethical Principles section



## BETTER CLIMATE ACTION

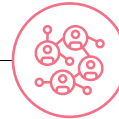
In 2022, Sunway REIT further deepened its commitment to accelerating its climate action, which is driven by its Net Zero Carbon Emissions by 2050 Roadmap. Apart from strengthening its efforts internally through policies, Sunway REIT introduced the Sunway Green Lease Partnership Programme to work closely with its tenants to reduce their Scope 1 and Scope 2 greenhouse gas (GHG) emissions.

Sunway REIT also submitted its first climate change and water security report to Carbon Disclosure Project (CDP).

We continue to support the recommendations of Task Force on Climate-Related Financial Disclosures (TCFD) and have prepared a climate report in-line with TCFD recommendations.



Please refer to Goal 1: Transforming Our Portfolios to Low-Carbon Assets and Goal 2: Advocating A Responsible Value section



## BIGGER SOCIAL IMPACT

Sunway REIT rolled out Universal Accessibility Policy in 2022 as part of our commitment to be inclusive and improve accessibility in our properties.

Meanwhile, Sunway REIT's commitment to diversity and women in leadership is reflected in 43% female representation on the Board of Directors, which is higher than the 30% recommendation by the Malaysian Code on Corporate Governance (MCCG).

Sunway REIT continued to invest in its employees capacity development by providing a safe workplace for them. Various community enrichment projects were also undertaken by the business segments.



Please refer to Goal 3: Investing in Community Inclusivity section

## Highlights in 2022

► Remained a constituent of FTSE4Good Bursa Malaysia Index for 7<sup>th</sup> consecutive year

► Implemented Sunway Green Lease Partnership Programme for Retail, Hotel and Office segments

► Revised 2030 targets

► Established Universal Accessibility Policy



# UN SDGs Scorecard

GRI 2-22

The United Nations Sustainable Development Goals (UN SDGs) represent a shared blueprint developed to achieve peace and prosperity for people and the planet, now and into the future. The blueprint was agreed on and adopted by all UN Members States in 2015 and acts as an urgent call by the countries to work towards an equitable future through 17 interlinked goals to ensure no one is left behind. These goals cover all the key areas required for sustainable development, from eradicating poverty and reducing inequality to improving health and education and boosting economic growth, while addressing climate change and preserving the environment.

In 2022, Sunway REIT continued to contribute to a range of key areas and selected SDGs. For more information on our initiatives and how we contributed to the SDGs, please click on the icons below, which will take you to the respective section.



## Zero Hunger

Distributed **1,000** packets of *bubur lambuk* to the B40 community during Deepavali 2022



## Good Health and Well-being

**646** donors participated in blood donation campaigns across our properties



## Gender Equality

**43%** of our Board of Directors in 2022 were women  
**71%** of our employees in 2022 were female



## Clean Water and Sanitation

Water crisis SOPs implemented in **all REIT-managed properties** to ensure water security



## Affordable and Clean Energy

We generated a total of **3,008 MWh** of solar energy in 2022 and installed new solar panels at Sunway Resort Hotel, Menara Sunway and Sunway Carnival Mall



## Industry, Innovation and Infrastructure

Since the implementation of the Sunway Smart Parking System in 2021, we have eliminated a total of **10.32 million** parking tickets



## Sustainable Cities and Communities

**4** of our buildings have been green-certified



## Responsible Consumption and Production

We diverted **4%** of our waste from landfills in 2022



## Climate Action

**2,154** tonnes of CO<sub>2</sub>e emissions avoided in 2022



## Peace, Justice and Strong Institutions

**Zero reported cases** of bribery and corruption



## Partnership for the Goals

**Collaborated with Jeffrey Sachs Center** on Sustainable Development (JSC) to derive Value at Risk for properties exposed to the risks of climate change



# Sustainability Scorecard – Goals and Targets

GRI 2-20

Our sustainability scorecard helps us to track our performance against our goals and targets. In 2022, we integrated sustainability into Senior Management performance evaluations and KPIs, which are linked to remuneration. This includes linking the remuneration for senior executives to ESG performance, such as their management of Sunway's climate change performance and material sustainability risks and opportunities.

## 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

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



2030 TARGETS	2022 PERFORMANCE	DESCRIPTION
<ul style="list-style-type: none"> <li>Building energy intensity (BEI) should <b>stay below the annual target set</b> for the respective business divisions starting from 2022. (The business segments should continue to stay below the BEI targets that will be lowered by <b>4% on a y-o-y</b> basis up till 2030 to align with the IPCC's target of 45% reduction in carbon emissions by 2030.)</li> </ul> <p>Green Building Index's BEI baseline minimum (kWh/m<sup>2</sup>/year) Office: <b>150</b> Retail: <b>350</b> Hotel: <b>290</b></p>	<p>●●● kWh/m<sup>2</sup>/year Office: <b>113</b> Retail: <b>264</b><sup>1</sup> Retail: <b>265</b><sup>2</sup> Hotel: <b>204</b></p> <p>Notes: <sup>1</sup> Consisted of Sunway Pyramid Mall, Sunway Carnival Mall, Sunway Putra Mall and Sunway Clio Retail (Properties). <sup>2</sup> Consisted of Sunway Pyramid Mall, Sunway Carnival Mall and Sunway Putra Mall.</p>	<p>The BEI increased from 2021 to 2022 amongst all business segments as customers return after MCO ended.</p>
<ul style="list-style-type: none"> <li>At least of <b>40%</b> of electricity from renewable energy sources by 2030 (<b>5%</b> locally generated, <b>35%</b> purchased from green sources/solar farms)</li> </ul>	<p>●●● <b>3,008 MWh (1.39%)</b> of solar energy is locally generated on solar PV panels on our properties</p>	<p>There is an increment from 2,240 MWh in 2021 to 3,008 MWh due to the installation of new solar PV panels in Menara Sunway, Sunway Carnival Mall and Sunway Resort Hotel.</p>
<ul style="list-style-type: none"> <li><b>40%</b> waste diverted from landfills by 2030</li> </ul>	<p>●●● <b>4%</b> of waste diverted from landfills</p>	<p>In 2022, we diverted 4% of waste from landfills, which was 1% lower than 2021. Based on our environmental performance, the disposed waste increased as business operations resumed to normal, post-MCO. Going forward, we will continue to employ the waste management hierarchy to divert more waste from landfills.</p>

Please refer to Goal 1: Transforming our Portfolios to Low-Carbon Assets section.



# Sustainability Scorecard – Goals and Targets

## GOAL 2: ADVOCATING A RESPONSIBLE VALUE CHAIN



2030 TARGETS	2022 PERFORMANCE	DESCRIPTION
<ul style="list-style-type: none"> <li>Achieve and maintain <b>100%</b> tenant participation in Sunway Green Lease Partnership Programme</li> </ul>	<ul style="list-style-type: none"> <li>●●● <b>Achieved 21% retail and office</b> tenant participation in Sunway Green Lease Partnership Programme</li> <li>●●● <b>Achieved 100% from hotel master lessees</b> participation in Sunway Green Lease Partnership Programme</li> </ul>	Sunway REIT implemented the Sunway Green Lease Partnership Programme in 2022.

↪ Please refer to Goal 2: Advocating A Responsible Value Chain section.

## SOCIAL

## GOAL 3: INVESTING IN COMMUNITY INCLUSIVITY



2030 TARGETS	2022 PERFORMANCE	DESCRIPTION
<ul style="list-style-type: none"> <li>To reach out and support <b>1 million</b> beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>●●● 2022: <b>322,696</b> beneficiaries (Cumulative from 2021 - 2022)</li> </ul>	-

↪ Please refer to Goal 2: Advocating A Responsible Value Chain section.

## GOVERNANCE

## GOAL 4: RESPECTING ETHICAL PRINCIPLES



2030 TARGETS	2022 PERFORMANCE	DESCRIPTION
<ul style="list-style-type: none"> <li>To achieve and/or maintain MSCI ESG Rating of <b>A and above</b> by 2030</li> </ul>	<ul style="list-style-type: none"> <li>●●● Achieved MSCI ESG Rating of <b>BB</b></li> </ul>	-
<ul style="list-style-type: none"> <li>To achieve and maintain FTSE4GOOD Bursa Malaysia ESG <b>rating higher than country average (Malaysia)</b> by 2030</li> </ul>	<ul style="list-style-type: none"> <li>●●● In the <b>top 25%</b> by ESG Ratings among PLCs in FBM EMAS that were assessed by FTSE Russell</li> </ul>	In 2021 and 2022, Sunway REIT was in the top 25% by ESG Ratings among PLCs in the FBM EMAS that were assessed by FTSE Russell.



↪ Please refer to Goal 4: Respecting Ethical Principles section.







# Sustainable Finance

In 2021, Sunway REIT became the first M-REIT to incorporate sustainable finance considerations into its capital management strategy via the issuance of its inaugural Sustainability-Linked Bond (SLB). Issued under SUNREIT Unrated Bond Berhad (SUB), the SLB was part of SUB's RM10 billion existing unrated medium-term notes (MTNs) programme. OCBC Bank (Malaysia) Berhad (OCBC) was the appointed sustainability structuring coordinator of the SLB. In December 2021, SUB issued the first tranche of the SLB in December 2021, which featured a pricing adjustment mechanism benchmarked against the achievement of predetermined Sustainability Performance Targets (SPTs).

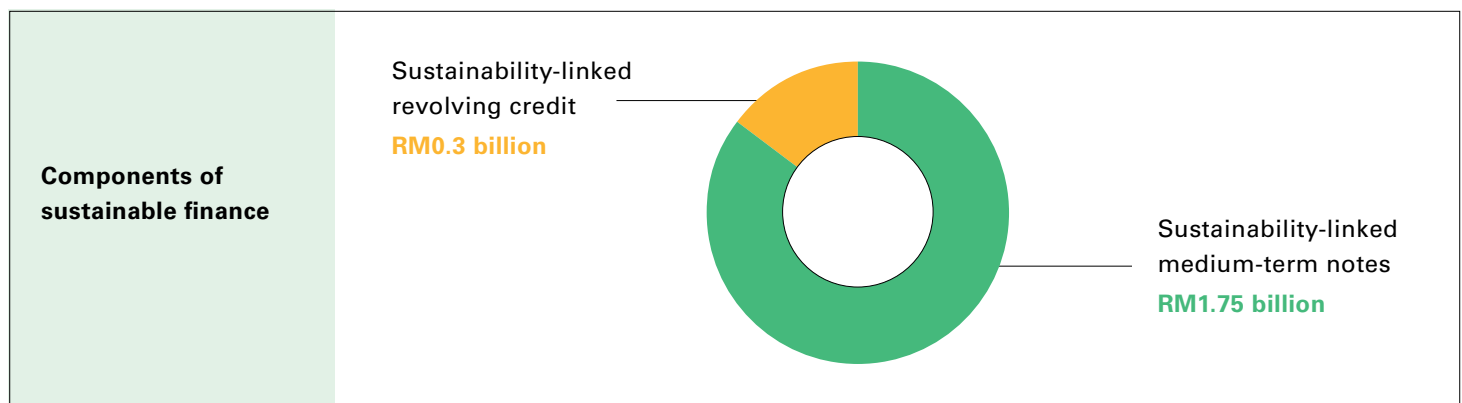
The SPTs are measured against the following two selected KPIs, which are core, relevant and material to the business of Sunway REIT.

 <p><b>KPI 1</b></p> <p><b>RENEWABLE ENERGY</b>  <b>Annual Renewable Energy Generation (MWh)</b>          KPI 1 is measured based on renewable energy generated by Sunway REIT's properties.</p>	 <p><b>KPI 2</b></p> <p><b>ENERGY EFFICIENCY</b>  <b>Building Energy Intensity (kWh/m<sup>2</sup>/year)</b>          KPI 2 is measured based on the weighted average building energy intensity of Sunway Pyramid Mall, Sunway Carnival Mall and Sunway Putra Mall.</p>
---	--

The SLB's framework, which governs the terms of the SLB, was accorded a Silver Impact Bond Assessment by Malaysian Rating Corporation Berhad (MARC). MARC was of the opinion that the framework was aligned with the core components of the:

 <p><b>Green Bond Principles and Social Bond Principles of the International Capital Markets Association (ICMA)</b></p>	 <p><b>ASEAN Green Bond Standards and ASEAN Social Bond Standards of the ASEAN Capital Markets Forum</b></p>	 <p><b>Green Loan Principles and Social Loan Principles of the Loan Market Association</b></p>	 <p><b>Securities Commission Malaysia's Sustainable and Responsible Investment (SRI) Sukuk Framework</b></p>
--	---	---	---

Sunway REIT has successfully secured a total commitment for sustainable finance of more than RM2.0 billion since 2021.





# GOAL 1

## TRANSFORMING OUR PORTFOLIOS TO LOW-CARBON ASSETS



At Sunway REIT, we work closely with internal and external stakeholders to decarbonise our portfolios. In 2021, we aligned with Sunway Group to establish the Net Zero Carbon Emissions by 2050 Roadmap through implementing an internal carbon pricing mechanism and engaging with our stakeholders to reduce Scope 3 GHG emissions.

We published our first climate report, which was aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in 2021. This year, we have disclosed a more comprehensive climate report in the Integrated Annual Report on pages 137 to 146.

The year under review saw Sunway REIT eliminating the use of single-use plastics by phases in our hotels.

### ► CAPITAL



Natural



Manufactured



Social and Relationship

### ► MATERIAL ISSUES

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

### ► ACTIVITIES

- Energy-saving Initiatives
- Water-efficient Fittings
- Rainwater Harvesting
- Waste Reduction
- Renewable Energy
- Waste Diversion from Landfills

### ► VALUE CREATED

- Responsible Supply Chain
- Collaboration with Tenants
- Minimal Negative Environmental and Social Impacts



# CLIMATE REPORT: NET ZERO BY 2050

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

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate change impacts have worsened in recent years and affected lives around the world. In the last two years, Malaysia has been hit by major flash floods, which displaced thousands from their homes. Fifty-five people were killed from December 2021 to January 2022 across the nation when it was hit by a 'once in 100 years' flood, based on police statistics.<sup>1</sup> In November 2022, 500 people were relocated to 11 temporary relief shelters due to heavy and continuous rain in Selangor.<sup>2</sup>

In line with global goals, the Paris Agreement and the national agenda, we are taking urgent climate action and have been stepping up measures to mitigate climate change risks. We remain committed to combatting climate change and limiting global temperature rise to 1.5° Celsius. We are on track to achieving our Net Zero Carbon Emissions by 2050 ambition through strategic and robust climate action.



**In 2021, we publicly expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) and published our first climate report that was aligned with the four pillars of the TCFD to identify climate-related risks and opportunities. The report, which addressed the Governance, Risk Management, Strategy and Metrics & Targets of our climate risk management, underpins our official support for the TCFD.**

- Governance
- Risk Management
- Strategy
- Metrics & Targets


The Jeffrey Sachs Center on Sustainable Development (JSC) was appointed to quantify our climate Value at Risk (VaR) based on the worst-case scenario as described in the Intergovernmental Panel of Climate Change (IPCC) Assessment Report 6 published in August 2021. The VaR analysis assessed our assets' potential financial losses and recommended steps to mitigate the worst material physical risks in Malaysia such as increased rainfall intensity and landslides.

The IPCC Assessment Report 6 states that global annual carbon emissions are expected to rise above 120 gigatonnes per year by 2100 in the worst-case scenario while the median global temperature is expected to increase by 4.4° Celsius over

pre-industrial levels, higher than the 2° Celsius scenario. In 2022, we updated the VaR to include transitional financial risks and opportunities.

We have also introduced an internal carbon pricing framework to better prepare the organisation for potential transitional risks from climate-related issues. In addition, we are committed to setting Science-based Targets and have submitted a climate report and water security report to CDP in 2022. Based on observation and study over the years, we recognised the impact of our business activities across our value chain and collaborated with our tenants to minimise the environmental and social impacts of our operations.

**In 2022, we established the Sunway Green Lease Partnership Programme in our operations by committing to reducing environmental impacts in a joint agreement with our tenants. This included improving energy efficiency and reducing waste to landfill by implementing better waste management practices. The Sunway Green Lease Partnership Programme has been approved by the Board of Directors for adoption in our business operations as part of our transition to a low-carbon economy.**

 Please refer to Goal 2 Advocating A Responsible Value Chain section

<sup>1</sup> Please refer to Floods: 55 fatalities from December 2021 to January 2022 - <https://www.thestar.com.my/news/nation/2022/03/08/floods-55-fatalities-from-december-2021-to-january-2022>

<sup>2</sup> Please refer to Floods: Almost 500 people evacuated in Selangor on Nov 17 - <https://www.thestar.com.my/news/nation/2022/11/17/floods-almost-500-people-evacuated-in-selangor-on-nov-17>



# Goal 1: Transforming Our Portfolios to Low-Carbon Assets

## CLIMATE REPORT: NET ZERO BY 2050

### GOVERNANCE

Sunway REIT's sustainability governance is led by Sunway REIT's Sustainability Committee, which comprises members from the Board. Led by Yeo Kar Peng, the Sustainability Committee advises the Board, which has oversight of climate-related risks and opportunities. The Sustainability Committee also advises the Board on sustainability strategy and climate mitigation measures such as the implementation of the Internal Carbon Pricing framework and conducting a VaR study on Sunway REIT's assets.

➡ Please refer to Goal 4: Respecting Ethical Principles section.

We continue to embed sustainability practices and principles in our management and operations and are pleased to report our disclosures in accordance with the latest sustainability requirements of the MMLR and the Malaysian Code on Corporate Governance (MCCG). This section discloses Sunway REIT's efforts in addressing sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.



#### CHAIRPERSON



Yeo Kar Peng

#### COMMITTEE MEMBERS



Dato' Jeffrey  
Ng Tiong Lip



Sarena  
Cheah Yean Tih



#### Practice 4.1

Sunway REIT's Board and its Management are responsible for the governance of sustainability, including the Trust's sustainability strategies, priorities and targets. In 2021, Sunway REIT set up a Sustainability Committee, which is tasked with reviewing, supervising and recommending to the Board sustainability strategy and issues, key ESG goals, targets and performance, as well as ESG progress and scorecard. The Sustainability Committee met four times during the financial year under review to fulfil its responsibilities.

The Sustainability Committee is supported by a Sustainability Working Group (SWG), which was established in 2015, and led by Sunway REIT CEO, Dato' Jeffrey Ng. Comprising representatives from Sunway Berhad, Managed Asset's Senior Management, Business Segment Heads and the Sustainability Officer, the SWG meets on a monthly basis to help the Sustainability Committee make informed decisions in embedding sustainability strategies in the Trust business operations and in implementing sustainability initiatives. The SWG also updates the Sustainability Committee on the progress of sustainability initiatives, ensures regulatory and reporting framework compliance, communicates the Board's direction on ESG and sustainability matters to all business segments and receives progress reports from all business segments.



**Practice 4.2**

Sunway REIT's sustainability strategies, priorities, targets and performance against the targets are communicated to its internal and external stakeholders regularly via various channels of engagement. These include the Integrated Annual Report, Annual Sustainability Statement, corporate publications and analysts' and investors' presentation updates, apart from media releases and interviews, corporate website, social media and sustainability and ESG-related events such as conferences and forums. As for employees, we engage with them through employee engagement training and programmes, learning and development via the Learning Management System and town halls by Senior Management.

**Practice 4.3**

Sunway REIT's Sustainability Officer is in charge of keeping the Board, Senior Management and the relevant employees updated with the sustainability issues relevant to the Trust and its business, including climate-related risks and opportunities. The Sustainability Officer shares sustainability and ESG-related information with the Company Secretary, who will disseminate the information to the relevant individuals. The information consists mostly of updates on regulatory requirements and sustainability-related training, webinars, conferences and developments from Corporate Governance Malaysia, Bursa Sustain and the Securities Commission Malaysia, among others.

**Practice 4.4**

In 2022, Sunway REIT incorporated sustainability into the performance evaluations and KPIs of its Senior Management. This included linking the remuneration of senior executives to ESG performance, including climate change matters. The KPIs are aligned with Sunway's Sustainability 2030 Goals and Targets and have been made part of the performance review of Sunway REIT's CEO, Dato Jeffrey Ng Tiong Lip, Deputy CEO, Clement Chen Kok Peng and CFO, Ng Bee Lien. The KPIs will be cascaded to employees within the organisation, tracked and reported annually.

**Practice 4.5**

Sunway REIT's Sustainability Officer, Ng Poh Li, was appointed in 2021 to provide a dedicated focus on sustainability matters. She has oversight in the management of sustainability matters, which resides with the Board, including the integration of sustainability considerations into Sunway REIT's business operations.

The Sustainability Officer reports to the CFO and is responsible for ensuring that the Trust's sustainability direction and initiatives are communicated by the Board to all business segments. The Sustainability Officer also monitors Sunway REIT's sustainability performance to ensure that the sustainability KPIs of the CEO, Deputy CEO, CFO and all business segments are achieved. Other responsibilities include keeping the Sustainability Committee and Sustainability Working Group updated with relevant and current ESG developments, apart from exploring opportunities to adopt relevant and current ESG developments.

 Please refer to Sunway REIT's Corporate Governance Report.

## RISK MANAGEMENT

### Value at Risk (VaR) Assessment

The VaR, which was conducted by the JSC in 2021 and updated in 2022, identified and evaluated the physical risks and transition risks and opportunities of all our 19 properties<sup>1</sup>, including leased properties, across our business segments.

The VaR assessment was conducted based on the worst-case scenario described by the IPCC Assessment Report 6 published in August 2021. In the worst-case scenario, it was estimated that the sea-level rise in Southeast Asia would increase between 0.4 m and 1.1 m in the long term (2081 - 2100) from a 1995 - 2014 base, and that maximum one-day precipitation would increase between 6.7% and 46.6% within the same period. The median temperature is expected to increase by 4.4°C over pre-industrial levels (higher than the 2°C scenario) and the mitigation efforts to combat climate change will be unsuccessful, as the economy will continue to depend on fossil fuels.

<sup>1</sup> The number of properties assessed has been restated to 19 to include Sunway Pier, which was acquired in 2022. It was reported 18 properties in SunREIT's 2021 Sustainability Statement although Sunway Pier was part of the study, as the acquisition of the property was still under consideration during the assessment.



# Goal 1: Transforming Our Portfolios to Low-Carbon Assets

## CLIMATE REPORT: NET ZERO BY 2050

Intergovernmental Panel on Climate Change Assessment Report 6 (IPCC AR6) Working Group I describes five scenarios, of which the worst-case scenario, SSP5 - 8.5, was used in this climate VaR assessment.

Each scenario is labelled to identify both the emissions level and the so-called Shared Socioeconomic Pathway (SSP). The SSPs are based on five narratives describing broad socioeconomic trends that could shape future society.

### SSP1

**Sustainability - Taking the Green Road**  
(Low challenges to mitigation and adaptation)

### SSP2

**Middle of the Road**  
(Medium challenges to mitigation and adaptation)

### SSP3

**Regional Rivalry - A Rocky Road**  
(High challenges to mitigation and adaptation)

### SSP4

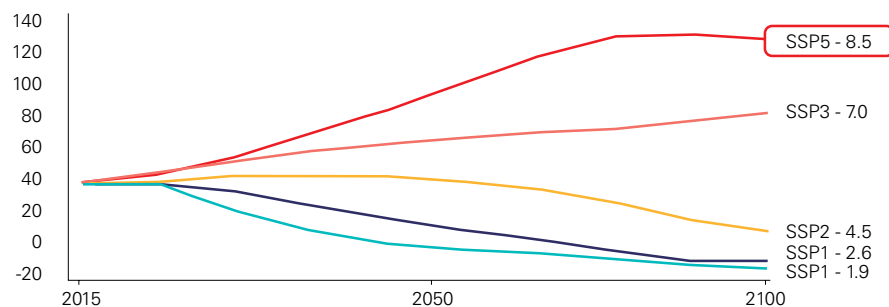
**Inequality - A Road Divided**  
(Low challenges to mitigation, high challenges to adaptation)

### SSP5

**Fossil-fuelled Development - Taking the Highway**  
(High challenges to mitigation, low challenges to adaptation)

### 8.5 Worst-case scenario relative to other scenarios

Carbon dioxide GtCO<sub>2</sub>/yr



Source: IPCC AR6 Working Group I, Assessment Report 6 Interactive Index, 2021.

Scenario	Near term (2021-2040)		Mid-term (2041-2060)		Long term (2081-2100)	
	Best estimate (°C)	Very likely range (°C)	Best estimate (°C)	Very likely range (°C)	Best estimate (°C)	Very likely range (°C)
SSP1-1.9	1.5	1.2 to 1.7	1.6	1.2 to 2.0	1.4	1.0 to 1.8
SSP1-2.6	1.5	1.2 to 1.8	1.7	1.3 to 2.2	1.8	1.3 to 2.4
SSP2-4.5	1.5	1.2 to 1.8	2.0	1.6 to 2.5	2.7	2.1 to 3.5
SSP3-7.0	1.5	1.2 to 1.8	2.1	1.7 to 2.6	3.6	2.8 to 4.6
SSP5-8.5	1.6	1.3 to 1.9	2.4	1.9 to 3.0	4.4	3.3 to 5.7

### SLR forecasted range for the SSP5-8.5 worst-case scenario for 2018 to 2100 in the Southeast Asian region

Period	Scenario	Median (metres)	P25 P75	P10 P90	P5 P95
Near term (2021-2040)	SSP5-8.5	0.1	0.1 0.1	0.0 0.2	0.0 0.2
Mid-term (2041-2060)	SSP5-8.5	0.3	0.2 0.3	0.1 0.4	0.1 0.4
Long term (2081-2100)	SSP5-8.5	0.7	0.5 0.9	0.4 1.0	0.4 1.1

### Range of maximum one-day precipitation for 2081 to 2100 for the Southeast Asian region

Period	Scenario	Median (%)	P25 P75	P10 P90	P5 P95
Near term (2021-2040)	SSP5 - 8.5	4.2	2.1 7.1	1.2 8.0	0.1 8.9
Mid-term (2041-2060)	SSP5 - 8.5	9.0	4.5 13.9	2.6 17.5	1.8 20.3
Long term (2081-2100)	SSP5 - 8.5	22.3	9.7 35.5	7.2 45.2	6.7 46.6

➡ Please refer to: IPCC AR6 Working Group I Interactive Index using Coupled Model Intercomparison Project Phase 6 (CMIP 6), 2021 - [https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC\\_AR6\\_WGI\\_SPM\\_final.pdf](https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM_final.pdf)



### PHYSICAL RISKS

The VaR study states that Malaysia is not expected to experience wind speed change that could damage buildings, as it is not located within a hurricane/typhoon zone. Existing chillers in buildings do not need to be enhanced, as chillers can operate in desert conditions. As such, the 19 properties of Sunway REIT were assessed against the following two types of physical risks, which could have material adverse impacts on buildings in Malaysia:

### Sea Level Rise (SLR)

This will lead to more coastal and riverine floods

### Increased rainfall intensity

This will lead to more flash floods and water seepage into buildings

Site inspections were also conducted at some properties to determine the risk level of the buildings and the mitigation measures taken. To systematically assess the material physical risks for each property, the JSC utilised the following analytical procedure:

1

The buildings were categorised according to Low, Medium and High VaR. While high-risk properties have higher physical risks and financial risks such as building repair costs due to floods, low-risk buildings have lower exposure to the risks. The VaR is categorised according to Low, Medium and High, as illustrated below:

#### High VaR

Vulnerable to physical risks due to sea level rise (SLR) or higher rain intensity **AND** Vulnerable to material physical risks (i.e. Max. historical annual damages cost ratio >>5%)

#### Medium VaR

Vulnerable to physical risks due to SLR or higher rain intensity **AND NOT** Vulnerable to large potential damages physical risks (i.e. Max. historical annual damages cost ratio >>5%)

#### Low VaR

**Low** vulnerability to physical risks due to SLR or higher rain intensity

2

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

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 seepage as suggested by historical incidences at the local level.

#### Potential Financial Risks and Potential Financial Opportunities of Climate-related Physical Risks

Types of Physical Risks	Potential Financial Risks	Potential Financial Opportunities
<b>Acute</b> Short term (1-5 years) to Long term (≥11 years)*	<p>Increasing frequency of extreme weather events (floods, heavy rain, landslides)</p> <ul style="list-style-type: none"> <li>Disruption of the provision of services dependent on the property asset thus loss of revenue</li> <li>Higher cost of repairs</li> <li>Higher insurance premiums</li> </ul>	Acquire or lease properties that have low physical risks or have adequately mitigated physical risks
<b>Chronic</b> Long term (≥11 years)	<ul style="list-style-type: none"> <li>Higher operating cost of running chillers for longer hours</li> <li>Increasing frequency of flooding damage if building is not designed to cope with sea level rise (buffer above king tide)</li> </ul>	Acquire or lease properties that have low physical risks or have adequately mitigated physical risks

\* Material floods have historically been observed to affect Sunway REIT's portfolio of property assets; however, they are not frequent. Moving forward, climate change will cause the frequency of these extreme acute weather events to increase.



# Goal 1: Transforming Our Portfolios to Low-Carbon Assets

## CLIMATE REPORT: NET ZERO BY 2050

### TRANSITION RISKS

Transition risks are changes that a firm is expected to navigate as society transitions to a low-carbon economy. The impact of the transition risks is expected to be more material in the 2°C or less warming scenario. Under the TCFD framework, there are four types of transition risks, namely policy and legal risk, technology risk, market risk and reputation risk. The table below presents the potential financial risks and potential financial opportunities for Sunway REIT that could result from these transition risks.

The VaR reported four types of transition risks, namely policy and legal risk, technology risk, market risk and reputation risk, in alignment with the TCFD framework. The risks are presented alongside potential financial risks and potential financial opportunities.

### Potential Financial Risks and Potential Financial Opportunities of Climate-related Transition Risks

Types of Transition Risks	Potential Financial Risks	Potential Financial Opportunities
<b>Policy and Legal</b> Medium term (6-10 years) to Long term (≥11 years) <sup>1</sup>	<ul style="list-style-type: none"> <li>Carbon tax increases operating costs of high-carbon emission assets</li> <li>Exposure to litigation</li> </ul>	Cost savings from operating efficient green buildings (reduced electricity usage, reduced water usage)
<b>Technology</b> Short term (1-5 years) to Long term (≥11 years) <sup>2</sup>	Not material	<ul style="list-style-type: none"> <li>Technology to retrofit more efficient systems (reduced electricity usage, reduced water usage)</li> <li>Recycling technologies (rainwater harvesting, recycling waste material)</li> </ul>
<b>Market</b> Short term (1-5 years) to Long term (≥11 years) <sup>3</sup>	<ul style="list-style-type: none"> <li>Increasing consumer preferences to patronise a green property asset</li> <li>Increasing cost to own or lease green property assets</li> </ul>	Be a market leader in providing experiences in a green property asset (green lease with tenants)
<b>Reputation</b> Short term (1-5 years) to Long term (≥11 years) <sup>3</sup>	<ul style="list-style-type: none"> <li>Increasing consumer preferences for companies that have green reputation</li> <li>Increasing stakeholder concern about climate change (difficulty to secure government approvals, difficulty to access financing, increasing shareholder activism for climate action)</li> </ul>	Be a brand leader in providing experiences in a green property asset

#### Notes:

<sup>1</sup> In Malaysia, mandatory regulations on green buildings are not likely in the short-term (1-5 years).

<sup>2</sup> Climate transition technology applicable to the property owned and operated sector is currently commercially available (e.g. LED lights, solar panels, energy-efficient cooling systems).

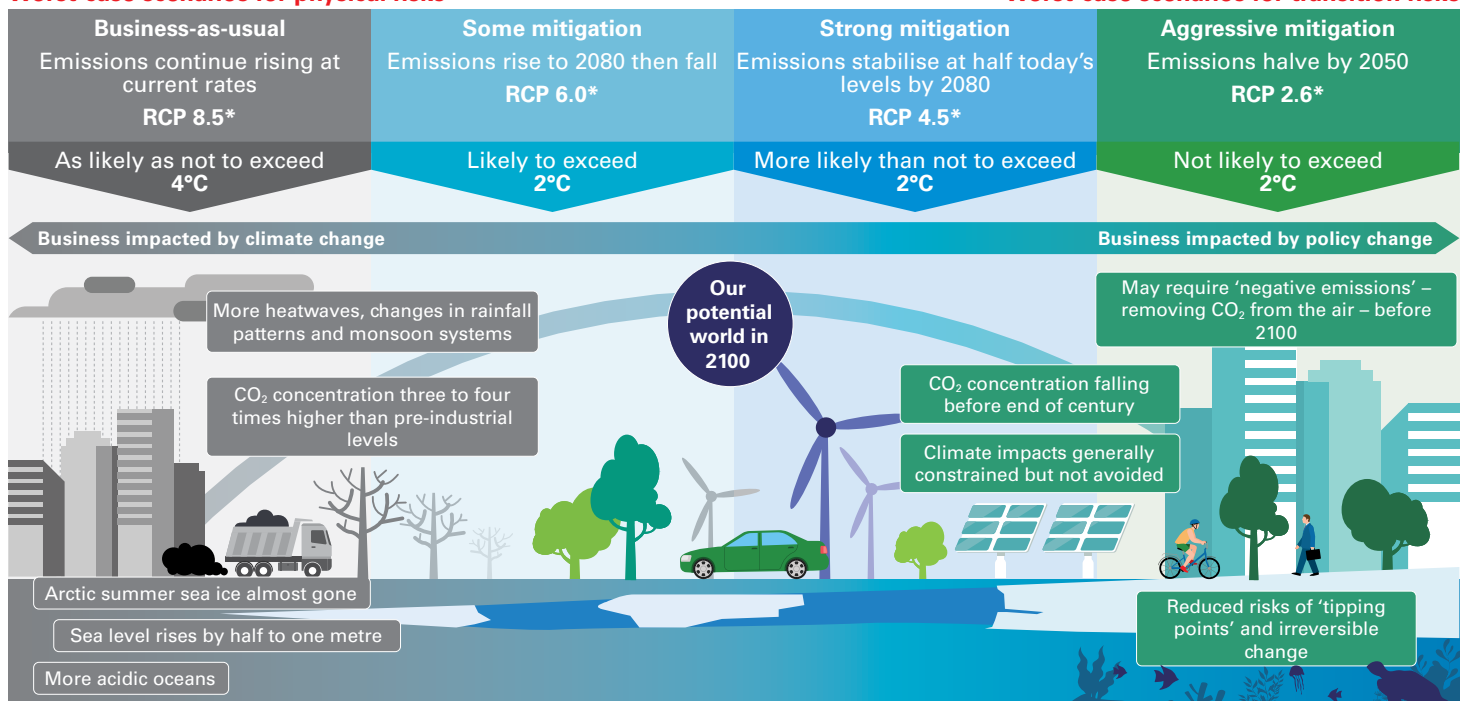
<sup>3</sup> We take the view that in Malaysia, consumers and stakeholders in society (e.g. the government, investors, NGOs) already have preferences for green products and services; however, they are still at a nascent stage and not yet comprehensively embraced.



The following infographic explains how the worst-case scenario for physical risks and transition risks impacts a business organisation in four different scenarios. Under the Business-as-usual scenario (4°C), the organisation will be severely affected by physical risks. Physical risks are most material in a 4°C warming scenario when global efforts fail to limit the emissions of carbon. In the Aggressive mitigation (2°C or less) scenario, the organisation will be highly impacted by transition risks. Transition risks are most material in the 2°C or less warming scenario due to stakeholder demands for businesses to speed up the transition to low-carbon production processes.

#### Worst-case scenarios for physical risks

#### Worst-case scenarios for transition risks

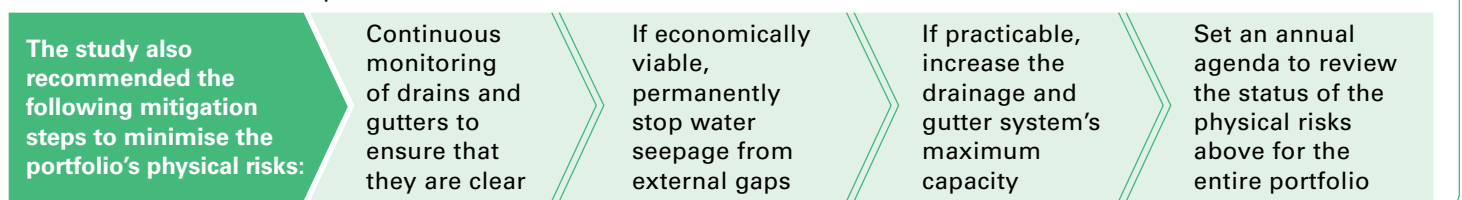


Source: Please refer to: IPCC (2013) Climate Change Action, Trends and Implications for Business, IPCC 5<sup>th</sup> Assessment Report - [https://www.ipcc.ch/site/assets/uploads/2018/03/WG1AR5\\_SummaryVolume\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2018/03/WG1AR5_SummaryVolume_FINAL.pdf)

\* The four RCP (Representative Concentration Pathway) scenarios each predict carbon emissions and resultant warming.

#### Conclusion

Based on the climate VaR study, Sunway REIT's property portfolio has low VaR overall although it is exposed to risks of flash floods and water seepage during heavy rain. Ten of the properties have low VaR while eight have medium VaR. One property, Sunway Pier, is classified as high VaR because of its close proximity to the coastline. However, extensive mitigation measures have been taken by Sunway REIT to enable the property to cope with the SLR and floods estimated in the IPCC Assessment Report 6's worst-case scenario.



Setting out the potential implications of climate-related physical risks and transition risks for Sunway REIT in the short, medium and long term based on the TCFD framework did not only identify potential financial risks but also potential financial opportunities. To this end, we are committed to continuing to improve our understanding of the climate-related potential risks and opportunities and investing in strategies and actions that will effectively mitigate material risks. This will be in addition to enhancing Sunway REIT's business position as a provider of high-quality, green and sustainable properties.



# Goal 1: Transforming Our Portfolios to Low-Carbon Assets

## CLIMATE REPORT: NET ZERO BY 2050

### STRATEGY

#### SUNWAY NET ZERO CARBON EMISSIONS BY 2050

##### ROADMAP

In 2021, Sunway rolled out its Net Zero Carbon Emissions by 2050 Roadmap, which underlines its commitment to achieving net zero carbon emissions. Based on the roadmap, Sunway will reduce its residual emissions by 45% by 2030 and reach net zero carbon status by 2050 through a three-pronged strategic framework.

To reach the goal by 2050, Sunway will implement internal carbon pricing, the framework for which was established in 2021, to prepare for potential transitional risks from climate-related issues. The initiative will focus on emissions avoidance and energy substitution. Sunway will also intensify its efforts in engaging with upstream and downstream stakeholders to reduce Scope 3 emissions.

As part of an engagement initiative with upstream stakeholders, we have incorporated environmental and social criteria into supplier risk assessment since 2021.<sup>1</sup> For downstream stakeholders, we launched a Green Lease Partnership Programme for our tenants<sup>2</sup> in 2022, which calls for a joint effort to cut carbon emissions.

### STRATEGY

#### Sunway's Net Zero Carbon Emissions By 2050 Roadmap

##### ON TRACK TOWARDS ACHIEVING 2030 TARGETS

We have set future value goals and 2030 targets to transform our portfolios to low-carbon sustainable cities.

##### Strategic Framework:



Decarbonisation



Resource management



Pollution management

##### ACCELERATING DECARBONISATION

From now until 2030, Sunway's focus is on reducing residual emissions by improving efficiency and using energy substitution. In 2021, we established an Internal Carbon Pricing framework to start preparing for the potential transition risks from climate-related issues at RM15 per tonne of CO<sub>2</sub>e emitted above a threshold level. This is a decision-making tool that can help our business segments to understand their exposure to external carbon pricing schemes, guide their decisions and investments and put a value on their greenhouse gas (GHG) emissions in a way that drives positive change in their business.

We target for our managed properties to reduce their emissions by 4% per year, respectively, by 2030 using 2022 as a base year.

##### Implementation:



##### Internal Carbon Pricing

- Emissions avoidance (Energy efficiency improvement)
- Energy substitution (Renewable energy)



##### Engaging with stakeholders to reduce Scope 3 emissions

- Upstream - Suppliers (Sustainable procurement & supply chain practices)
- Downstream - Tenants (Sunway Green Lease Partnership Programme)

##### GETTING TO NET ZERO

To get to net zero carbon emissions by 2050, we plan to focus on carbon offset technology.



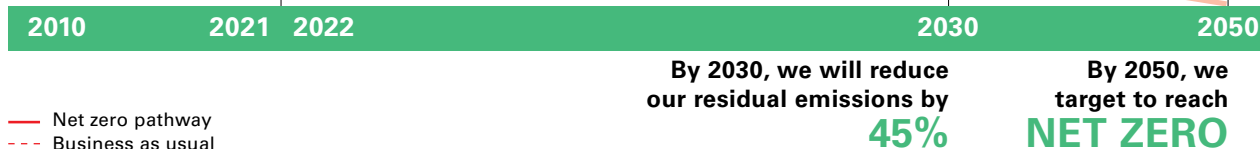
##### Carbon storage and capture



##### Investment in large-scale renewable energy

Global temperature is estimated to reach between 4.0°C and 5.0°C without any mitigation efforts.

Global warming is limited to 1.5°C with mitigation efforts, in line with the Paris Agreement goal.



<sup>1</sup> Please refer to Goal 2: Advocating A Responsible Value Chain section.

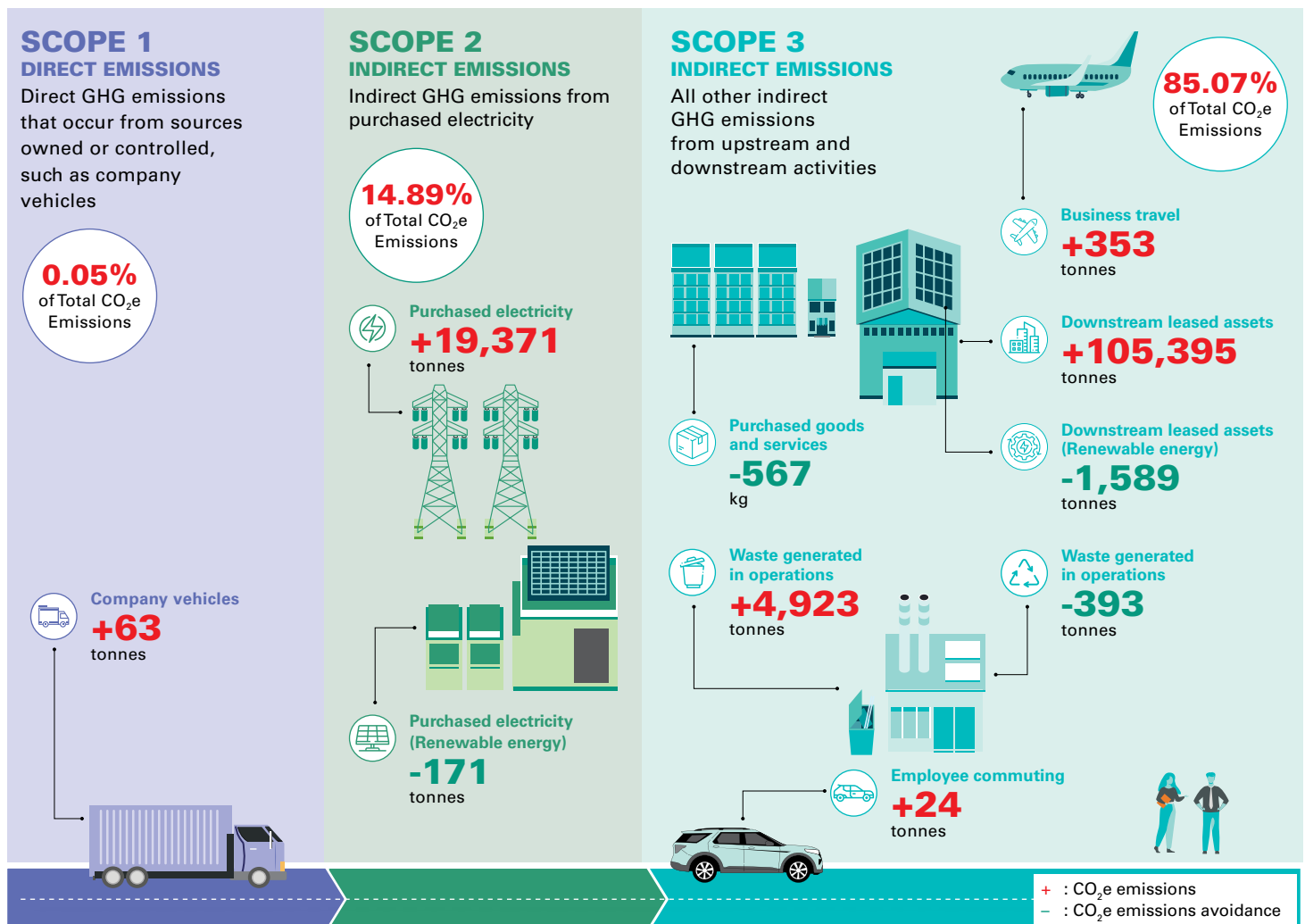


## METRICS AND TARGETS

Monitoring and reporting on our greenhouse gas (GHG) emissions allow us to track our carbon footprint and step up our climate action to mitigate climate-related risks. We have been reporting on our Scope 1, 2 and 3 GHG emissions since 2016 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 deemed best practice for corporate or organisational emissions reporting.

As part of our sustainability strategy, the Sustainability Committee endorsed four sustainability goals and seven targets in 2021. To ensure Sunway REIT is on track to meet the goals and targets, progress against the targets is tracked and reported in the annual Sustainability Statement.

## TOTAL CO<sub>2</sub>e EMISSIONS AND CO<sub>2</sub>e EMISSIONS AVOIDANCE IN 2022 (SCOPE 1, 2 AND 3)



Note:

1. Figures stated may not add up due to rounding of decimals.

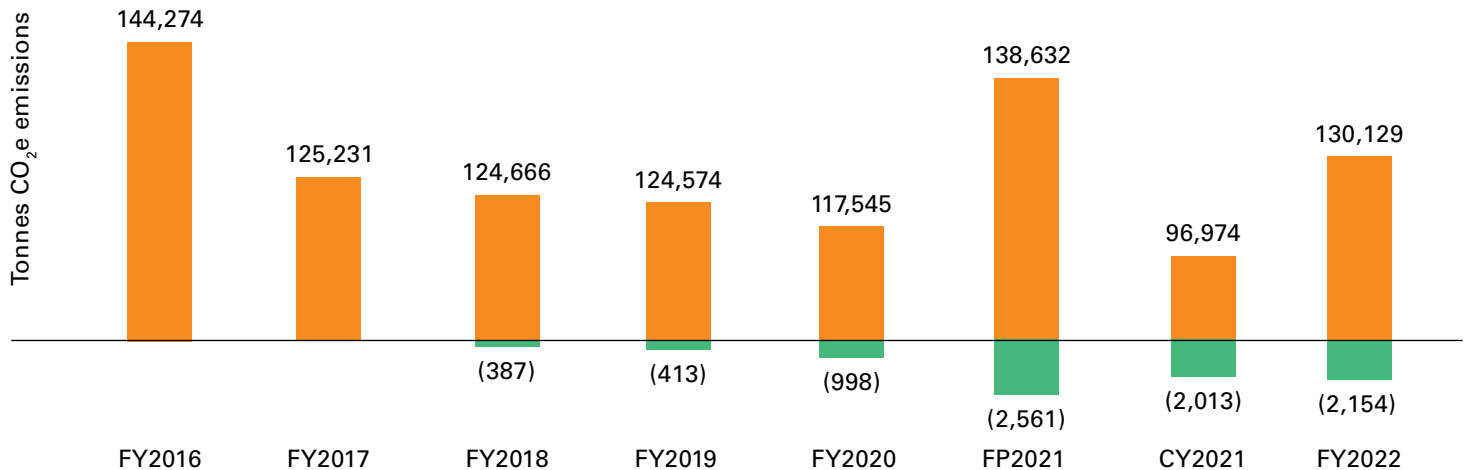


# Goal 1: Transforming Our Portfolios to Low-Carbon Assets

## CLIMATE REPORT: NET ZERO BY 2050

### TOTAL CO<sub>2</sub>e EMISSIONS AND CO<sub>2</sub>e EMISSIONS AVOIDANCE

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

■ CO<sub>2</sub>e emissions ■ CO<sub>2</sub>e emissions avoidance



#### Notes:

- CO<sub>2</sub>e emissions represent the carbon dioxide equivalent emissions.
- CO<sub>2</sub>e emissions refer to total CO<sub>2</sub>e emissions from Scope 1, 2 and 3.
- CO<sub>2</sub>e emissions avoidance refers to total CO<sub>2</sub>e emissions avoided through solar energy projects, waste diversion and sustainable purchased goods.
- The scope 3 data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.

### ENERGY INTENSITY TARGETS IN 2022

Building energy intensity (BEI) should stay below the annual targets set for the respective business divisions, starting from 2022. The business segments should continue to stay below the BEI targets that will be lowered by 4% on a y-o-y basis up till 2030 to align with the IPCC target of 45% reduction in carbon emissions by 2030.


The Green Building Index (GBI) has derived BEI values for different types of buildings based on industry data and in close consultation with industry players. To be considered an efficient building, the building must achieve a BEI that is lower than the baseline minimum that has been derived for the respective types of buildings.

 Please refer to Green Building Index's building energy intensity framework - <https://www.greenbuildingindex.org/>

Business Division	Unit	2022 Performance	2022 Targets	2023 Targets	2030 Targets
<b>BUILDING ENERGY INTENSITY (BEI)</b>					
<b>Office</b>	kWh/m <sup>2</sup> /year	113	150	144	108
<b>Retail</b>	kWh/m <sup>2</sup> /year	264 <sup>1</sup>	350	336	252
		265 <sup>2</sup>			
<b>Hotel</b>	kWh/m <sup>2</sup> /year	204	290	278	209

#### Notes:

- Consisted of Sunway Pyramid Mall, Sunway Carnival Mall, Sunway Putra Mall and Sunway Clio Retail (Properties).
- Consisted of Sunway Pyramid Mall, Sunway Carnival Mall and Sunway Putra Mall.

 Please refer to Sustainability Scorecard - Goals and Targets section.



# BUILDING FOR A SUSTAINABLE FUTURE

GRI 3-3, 203-1, 203-2, 302-4, 305-5

## GREEN BUILDING POLICY

The WEF Green Building Principles: The Action Plan for Net-Zero Carbon Buildings Report states that the rise of global temperature is ‘a direct result of emissions generated by human’.<sup>1</sup> This includes 38% emissions from buildings, whereby 28% is from operational emissions and 10% is from materials and construction. We understand that green building is the practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building’s lifecycle, from siting, design, construction and operation to maintenance, renovation and deconstruction. The concept of green building emphasises the output of environmental and energy efficiency and can contribute to reducing carbon emissions.

In alignment with Sunway Berhad’s Green Building Policy, Sunway REIT is committed to developing all new buildings acquired from 2025 onwards to be green building-certified to reduce the overall impact of the built environment on its surroundings.



## Sunway REIT’s Certified Green Buildings

We strive to increase the number of our properties that achieve green building status each year. Four of our buildings has obtained green building accreditation over the years.

Property	Green Certification
<b>Sunway Carnival Mall (Expansion)</b>	GreenMark - Gold Plus (Provisional Cert)
	GreenRE - Gold (Provisional Cert) - New
<b>Sunway Pinnacle</b>	GBI - Certified (Renewal Verification Assessment Cert)
	GreenMark - Gold
<b>Sunway Resort Hotel (Renovation)</b>	GreenRE - Gold (Provisional Cert) - New
<b>Sunway Lagoon Hotel (previously known as Sunway Clio Hotel)</b>	GBI - Certified (Design Assessment Cert)
	GreenMark - Gold (Provisional)

<sup>1</sup> Please refer to Green Building Principles: The Action Plan for Net-Zero Carbon Buildings - <https://www.weforum.org/reports/green-building-principles-the-action-plan-for-net-zero-carbon-buildings>



# Goal 1: Transforming Our Portfolios to Low-Carbon Assets

## AN URBAN BROWNFIELD FIELD DEVELOPMENT AT SUNWAY PIER

Brownfield investment happens when a company purchases an existing facility. Sunway Pier is an example of Sunway REIT's brownfield investment, as the building was previously abandoned.

Sunway REIT acquired the land in 2022 and it is slated for redevelopment into a retail-focused property targeting mainly domestic and foreign tourists.

By investing in and redeveloping this property, local jobs will be created, simultaneously attracting new private investment that would not have existed.



➡ Please refer to Goal 1: Transforming Our Portfolios to Low-carbon Assets section.

➡ Please refer to Smart Growth, Brownfields, and Infill Development - <https://www.epa.gov/smartgrowth/smart-growth-brownfields-and-infill-development>

## BIODIVERSITY POLICY

Sunway REIT has adopted the Sunway Berhad's Biodiversity Policy to guide our business segments in minimising their ecological footprint and negative impacts on biodiversity.

➡ Please refer to Biodiversity Policy - <https://www.sunway.com.my/wp-content/uploads/2023/01/Sunway-Berhad-Biodiversity-Policy-4Jan2023.pdf>

## ESG DUE DILIGENCE FOR NEW ACQUISITIONS

Sunway REIT has been embedding sustainability practices in its business activities and one of them is to include ESG due diligence for land acquisition. In 2022, Sunway REIT performed asset-level environmental and/or social risk assessments as a standard part of its due diligence process for new acquisitions that included the following:



**Biodiversity and habitat**



**Building safety**



**Climate change adaptation**



**Compliance with regulatory requirements**



**Energy efficiency**



**Energy supply**



**Flooding**



**GHG emissions**



**Health and well-being**



**Indoor environmental quality**



**Socioeconomic**



**Transportation**



**Waste management**



**Water efficiency**



**Water supply**



# ENERGY MANAGEMENT

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

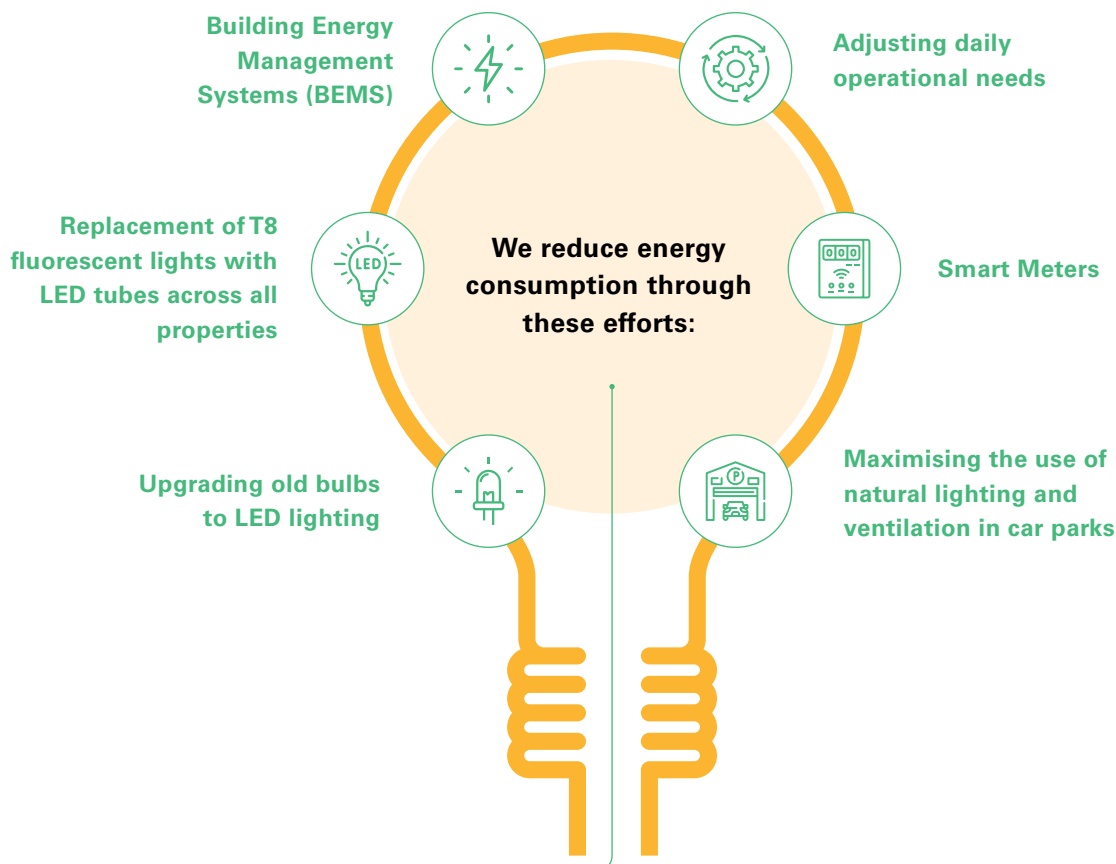
## ENERGY MANAGEMENT INITIATIVES

Electricity constitutes a significant proportion of Sunway REIT's managed properties' operational expenditure. It impacts the total amount of Scope 2 emissions released through our business activities. Sunway REIT places great emphasis on energy efficiency by improving energy performance to reduce carbon emissions and energy intensities.

We have set the building energy intensity targets for our managed properties, while continually improving their energy performance through the energy initiatives. Throughout the year, Sunway REIT has been proactive in minimising our carbon footprint by engaging with stakeholders to increase awareness on using renewable energy and ensuring energy efficiency across our operations.

We have a group of engineers who diligently monitor our energy consumption and research innovative ways to ensure efficient energy management in our organisation. In 2022, we continued to improve our energy consumption by installing solar photovoltaic (PV) panels and smart meters in our existing buildings and changing old bulbs to LED lighting. We were able to generate 3,008 MWh of solar energy, which was equivalent to avoiding 1,760 tCO<sub>2</sub>e or carbon sequestered by 83,810 trees\* in a year.

\* 1 tree absorbs approximately 21 kg of carbon dioxide.





# Goal 1: Transforming Our Portfolios to Low-Carbon Assets

## RENEWABLE ENERGY

In addition to improving our building energy efficiency, we also reduce our dependence on non-renewable energy sources by maximising the use of solar energy on the rooftops of our existing buildings. Our engineers will continue to study and propose suitable locations for Sunway REIT's managed properties to install renewable energy. In 2022, we installed new solar PV panels in Menara Sunway, Sunway Carnival Mall and Sunway Resort Hotel. We produced 1.39% of electricity from all our rooftop solar panels in 2022.



Sunway Resort Hotel rooftop

### RENEWABLE ENERGY ROADMAP (INSTALLED CAPACITY)

Sunway University

**631 kWp**

**2019**

Sunway Pyramid Mall

**1,001 kWp**

**2020**

Sunway Medical Centre

**430 kWp**

**2021**

- ▶ Menara Sunway
- ▶ Sunway Resort Hotel
- ▶ Sunway Carnival Mall

**983 kWp**

**2022**



### IMPACT STORY

#### Kumpool Ride

As part of Sunway's efforts to reduce its carbon footprint, Sunway Pyramid Mall collaborated with Kumpool Ride to provide e-hailing bus booking services for Sunway Pyramid Mall visitors and community in Sunway City Kuala Lumpur. Kumpool Ride gathers passengers' bookings in real-time before starting its journey based on the passengers' pick-up and drop-off stops. The initiative also aims to ease the traffic in Sunway City Kuala Lumpur and encourage commuters to use public transport, ultimately reducing fossil fuel energy consumption and carbon emissions.

In 2022, Kumpool Ride provided e-hailing services to more than

**14,000**

**passengers** to and from Sunway Pyramid Mall.



## IMPACT STORY

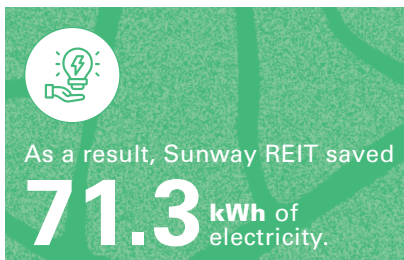
### Stakeholder Engagement Awareness: Earth Hour 2022



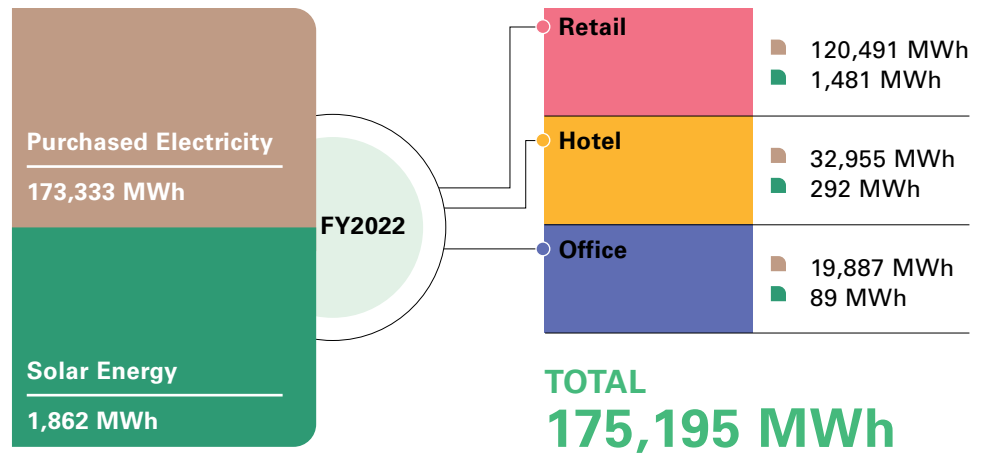
Sunway REIT supports Earth Hour annually.

On 26 March 2022, Sunway REIT switched off the facade lights and non-essential lighting of its properties from 8.30pm to 9.30pm to mark its commitment to combatting climate change.

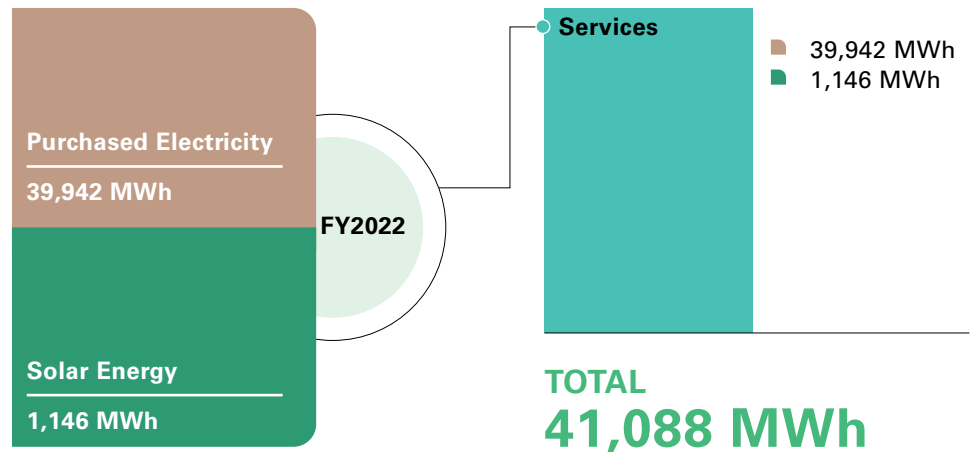
This year, Sunway REIT reached out to its stakeholders to raise awareness on climate change in conjunction with Earth Hour observation. An Earth Hour Fun Quiz about climate change was organised and shared among Sunway REIT's office tenants and other stakeholders. The quiz, which featured questions on climate change, global warming and greenhouse gases, attracted 98 entries, of which 80 were from various office tenants.



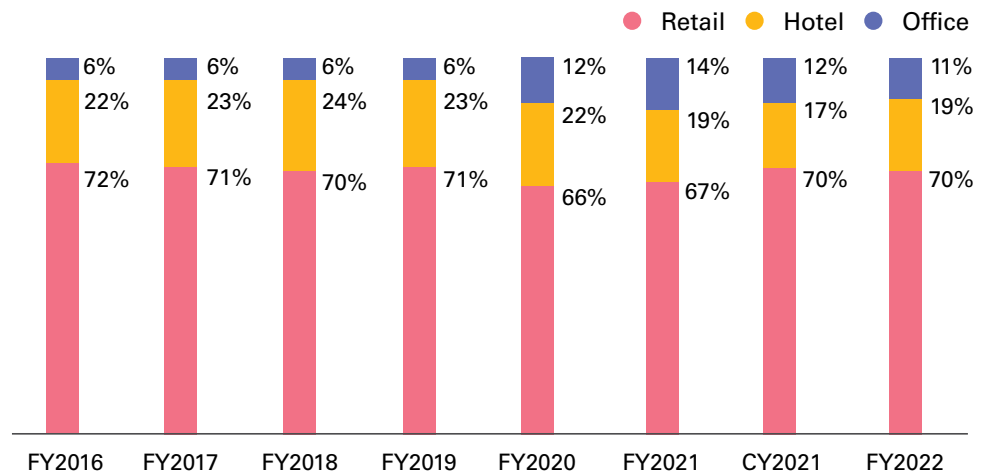
### Managed Assets: Total Energy Consumption (MWh) by Business Segments in 2022



### Leased Assets: Total Energy Consumption (MWh) by Business Segments in 2022



### Managed Assets: Total Energy Consumption (%) by Business Segments



#### Notes:

- FY in FY2016 to FY2020 refers to the respective financial year from July to June.
- FY2021 refers to the financial period from July 2020 to Dec 2021.
- CY2021 refers to the calendar year from Jan 2021 to Dec 2021.
- FY2022 refers to the financial year from Jan 2022 to Dec 2022.



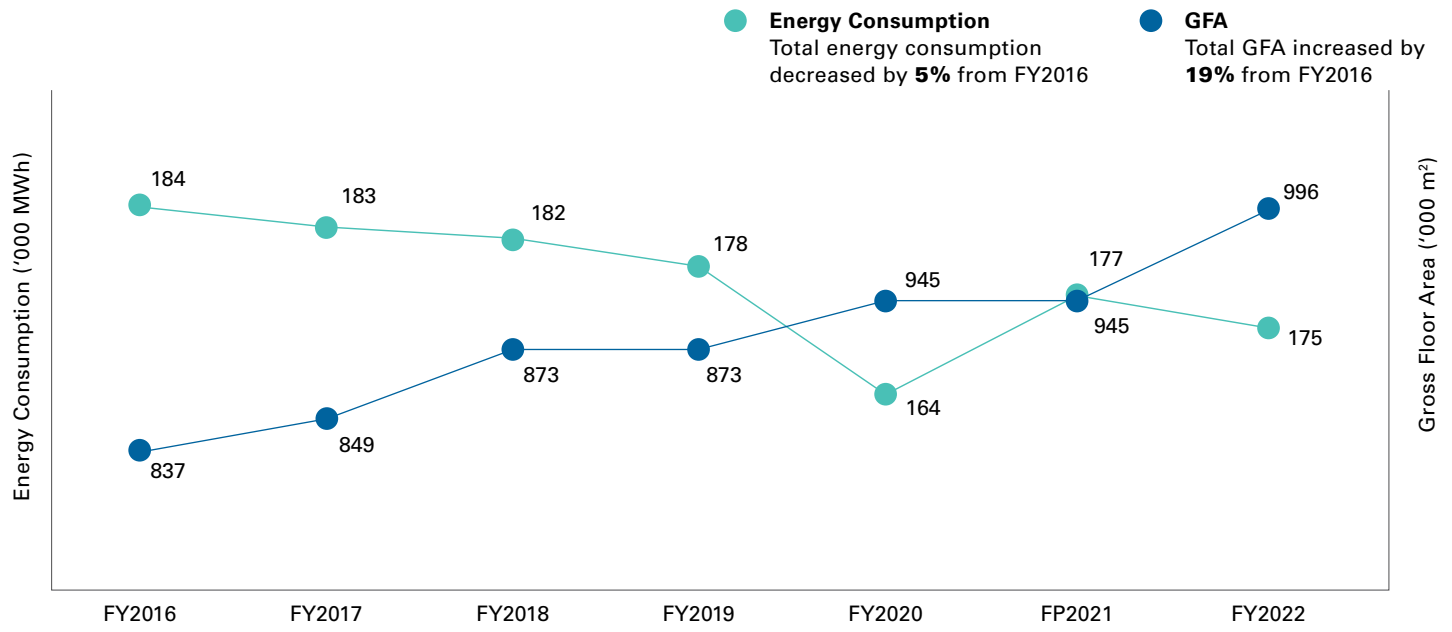
# Goal 1: Transforming Our Portfolios to Low-Carbon Assets

## Managed Assets: Total Energy Consumption ('000 MWh) and Total Gross Floor Area ('000 m<sup>2</sup>)

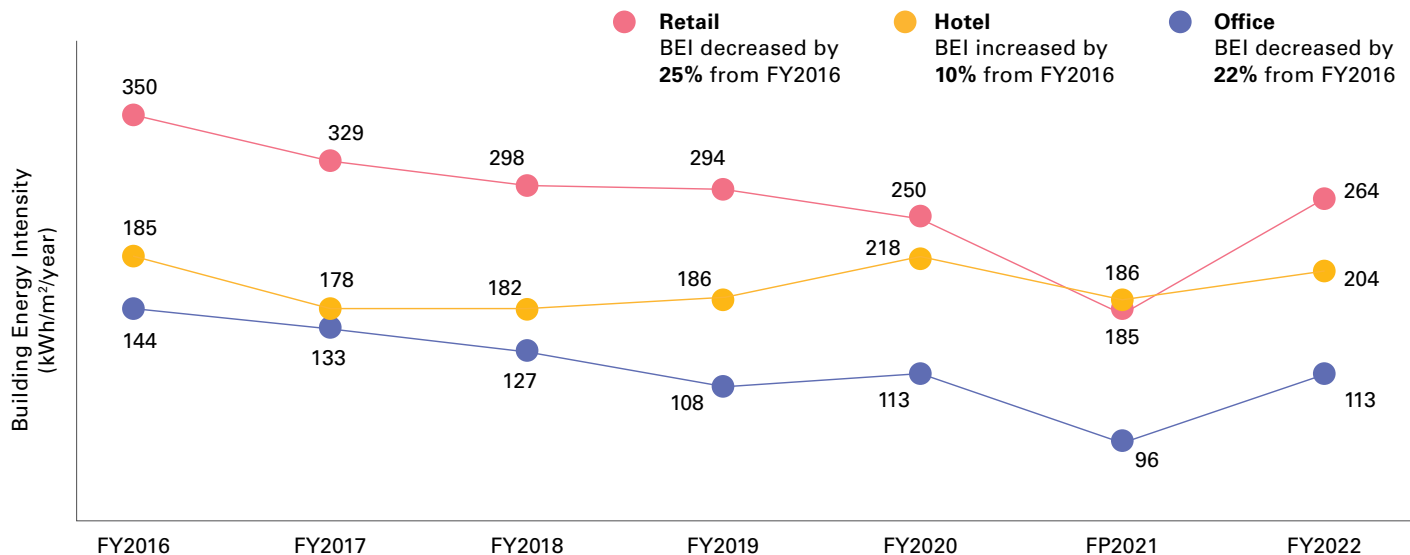
Albeit the increase in GFA from FY2016 to FY2022, the overall energy consumption did not increase as much.

From FY2016 to FY2022, the BEI for Retail and Office decreased due to improvement in energy efficiency. Meanwhile, the BEI for Hotel has increased during the similar period due to the increase in energy-intensive F&B operations in Sunway Resort Hotel.

The noticeable drop in FP2021 across all three segments can be attributed to below-normal capacity operations in our buildings during Movement Control Orders (MCOs).



## Managed Assets: Building Energy Intensity (kWh/m<sup>2</sup>/year)



### Notes:

1. Managed Assets included properties from the Office, Retail and Hotel segments.
2. The Services segment included Sunway university & college campus and Sunway Medical Centre (Tower A & B).
3. Figures stated may not add up due to rounding of decimals.



# WATER MANAGEMENT

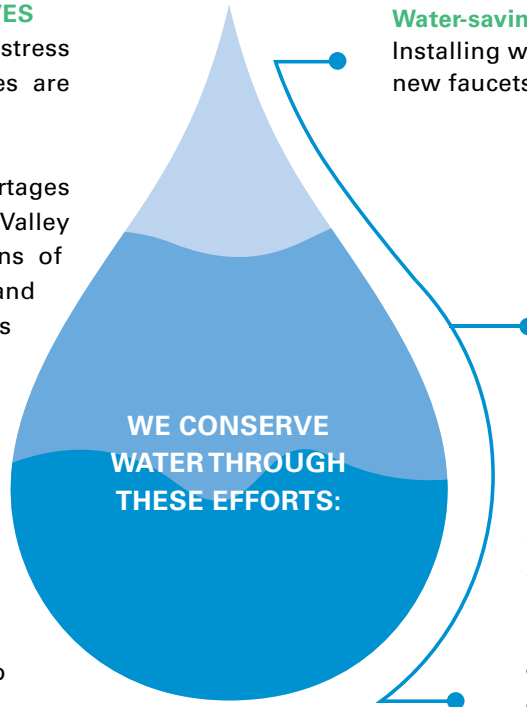
GRI 3-3, 303-1, 303-2, 303-3, 303-4, 303-5

## WATER MANAGEMENT INITIATIVES

Our operations are not in water stress areas, as most of our properties are located in urban areas.

Between 2019 to 2021, water shortages and disruptions in the Klang Valley minimally affected the operations of several Sunway REIT's owned and managed properties. This was due to water security measure that had been put in place to ensure business continuity with minimum disruption.

Our buildings in Sunway City Kuala Lumpur (SCKL) withdraw water from the treatment plant, which recycles water from the nearby lakes to produce potable drinking water.



### Water-saving Initiatives

Installing water-efficient fittings such as sensor taps, new faucets and water-efficient taps.

### Water Crisis SOPs

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.

### Alternative Water Sources

Apart from municipal potable water, we consume water from alternative water sources including:

- Lake water
- Rainwater


## Water Management Policy

We adopted Sunway Berhad's Water Management Policy to embed best water management practices in all our business segments. The policy ensures that Sunway REIT is committed to:

- Reviewing and addressing water-related risks and opportunities regularly
- Ensuring regulatory compliance across all buildings
- Ensuring effluents discharged at buildings are within permissible limits
- Ensuring every standard operating procedure is implemented to address water crises in all business segments
- Ensuring water-efficient fittings at all buildings to optimise water consumption

## Water Treatment Plant

In 2019, Sunway Berhad invested RM18 million in a water treatment plant in Sunway South Quay to ensure sustainable water supply in Sunway City Kuala Lumpur. The treatment plant is capable of supplying up to 8.5 million litres of water to 51,500 people per day by recycling water from the city's lakes to produce potable drinking water. The treatment plant releases water back into the lakes when the water reaches a certain level in the treatment plant to prevent flooding in the surrounding areas. The lakes serve as a source of water supply for our business segments in the city during water shortage crises. In 2022, the treatment plant supplied 1,227,384 m<sup>3</sup> of water to our buildings, which was 54% of our total needs.

 Please refer to Water Management Policy - <https://www.sunway.com.my/wp-content/uploads/2021/12/Sunway-Berhad-Water-Management-Policy-211015.pdf>



# Goal 1: Transforming Our Portfolios to Low-Carbon Assets

## WATER SECURITY

In recent years, Sunway REIT's managed properties in Malaysia have experienced frequent unscheduled water disruptions from municipal supply. However, through preventive and sustainable measures, we were able to ensure that our taps continued to have water supply to keep our business operations running. These are some of the measures to secure our water resources:

**Implementing water-efficient fittings within our buildings**, such as self-closing taps and waterless urinals, to minimise water wastage.

**Reducing the number of operating toilets and turning off the pressure pumps to reduce flushing volume during water disruptions.** In our malls, air-conditioning usage was reduced while the temperature was increased to reduce the water consumption of the cooling towers. Additionally, activities that required a substantial amount of water, such as for cleaning loading bays and air-conditioning equipment servicing, were rescheduled.

To strengthen our water security strategy, all our managed properties were required to produce a Water Crisis SOP in 2021. The SOP specifies the emergency response process flow when a water disruption occurs, as well as important information such as the capacity of tanks and how long the water supply would last during a disruption. This enabled us to craft a more detailed action plan to ensure greater water security among Sunway REIT's managed properties:

### Sunway City Kuala Lumpur (SCKL)

- All Sunway REIT's managed properties in SCKL are already connected to the water treatment plant and will be minimally impacted by any water supply disruptions during a municipal water crisis event.
- However, if the water treatment plant breaks down during the municipal water crisis event, six managed properties in SCKL (Sunway Pyramid Mall, Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Lagoon Hotel, Menara Sunway and Sunway Pinnacle) will be able to continue operating without disruptions to their water supply for at least a few days. This is due to their water tanks, which exceed the requirement of 24 hours' minimum capacity, mandated by the local authority.

Duration each property can last during water crisis	< 1 day	1-2 days	> 2 days
No. of Properties	2	4	0

### Non - Sunway City Kuala Lumpur

#### KL/Selangor

- Despite not being connected to any water treatment plant, all Sunway REIT's managed properties in the Klang Valley are assured of water security, as we have a water tanker on standby to be deployed to these assets during a municipal water crisis event.
- We have also determined the priority of deploying supply from the water tanker based on the water capacity of the five non-SCKL managed properties – Sunway Putra Mall, Sunway Putra Hotel, Sunway Tower, Sunway Putra Tower and Wisma Sunway. This guides us in deploying the water tanker accordingly based on the level of priority during water disruptions.

Duration each property can last during water crisis	< 1 day	1-2 days	> 2 days
No. of Properties	2	1	2

#### Outside KL/Selangor

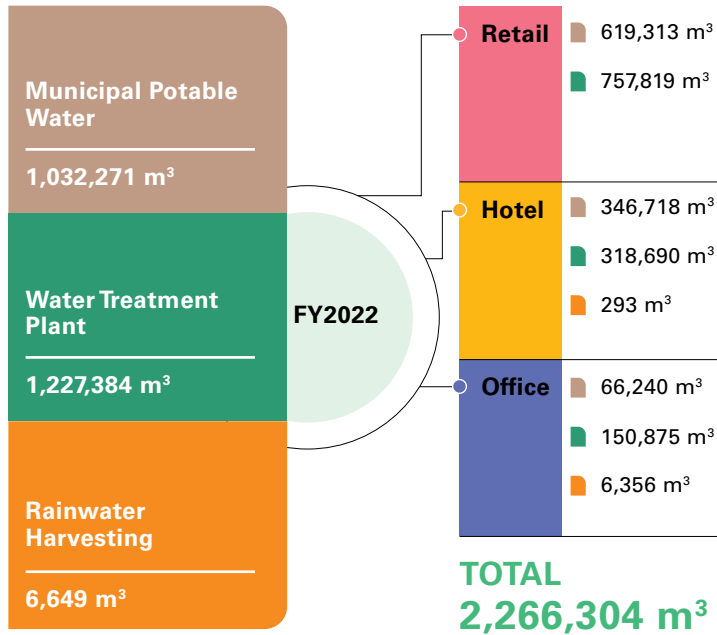
##### Sunway Hotel Georgetown, Sunway Hotel Seberang Jaya and Sunway Carnival Mall

- For the three managed properties located outside the Klang Valley, we have determined the duration the assets can last based on their water storage tank capacity.

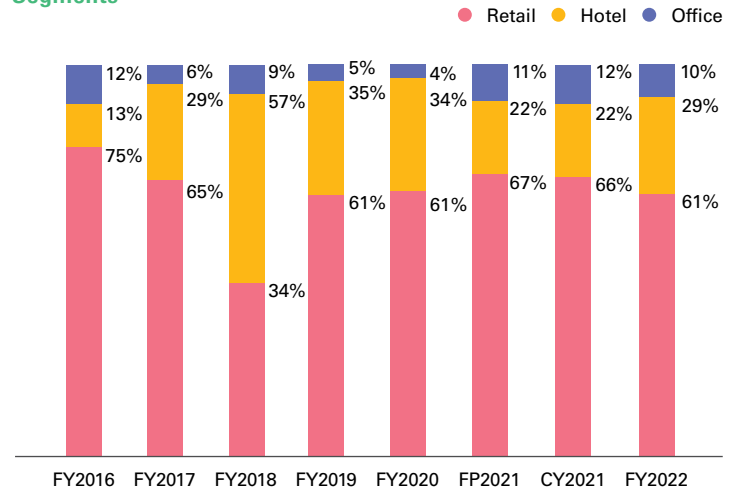
Duration each property can last during water crisis	< 1 day	1-2 days	> 2 days
No. of Properties	1	2	0



### Managed Assets: Total Water Consumption (m<sup>3</sup>) by Business Segments in 2022



### Managed Assets: Total Water Consumption (%) by Business Segments



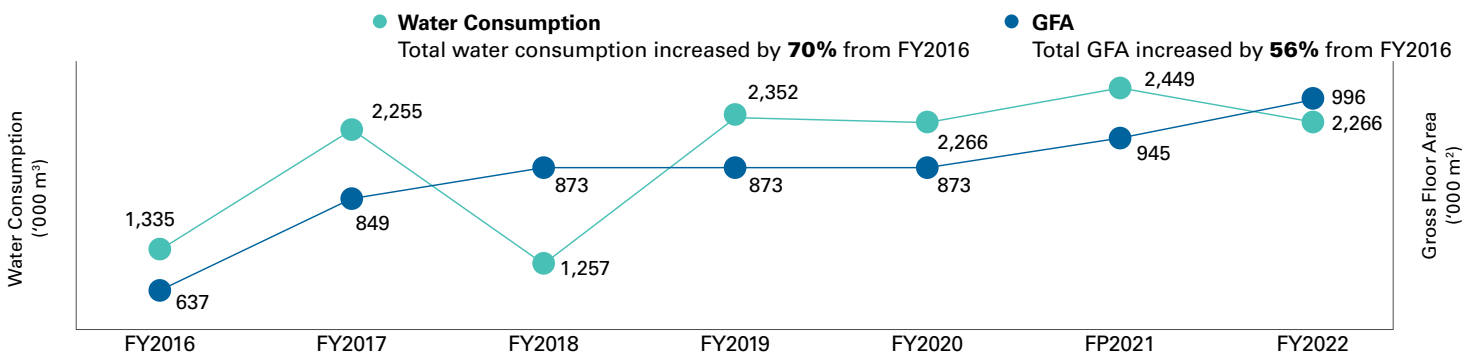
#### Notes:

- FY in FY2016 to FY2020 refers to the respective financial year from July to June.
- FP2021 refers to the financial period from July 2020 to Dec 2021.
- CY2021 refers to the calendar year from Jan 2021 to Dec 2021.
- FY2022 refers to the financial year from Jan 2022 to Dec 2022.

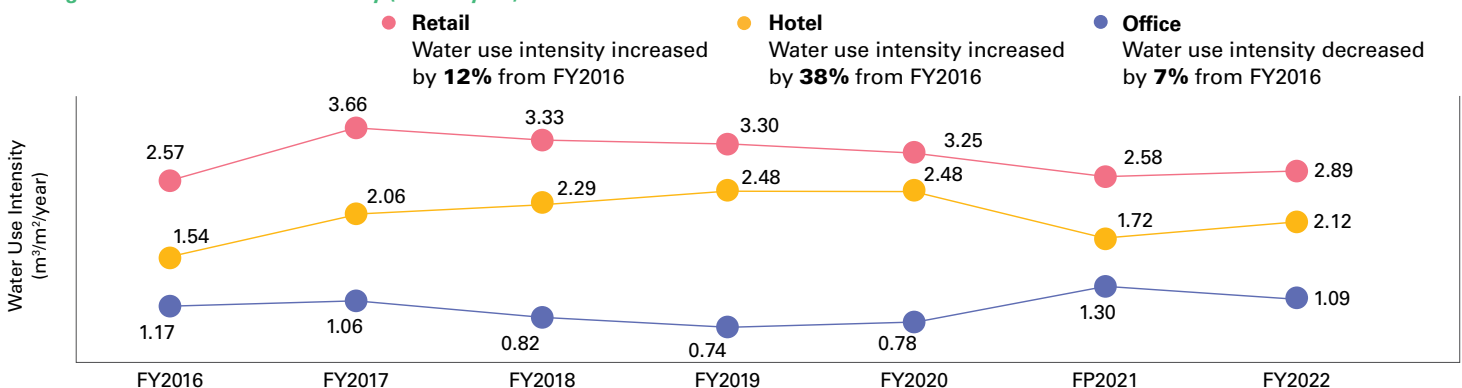
### Managed Assets: Total Water Consumption ('000 m<sup>3</sup>) and Total Gross Floor Area ('000 m<sup>2</sup>)

The total water consumption from FY2016 to FY2022 has increased along with the total GFA. From FY2016 to FY2022, the water use intensity for Retail and Hotel increased due to the water usage in F&B operations. On the other hand, the water use intensity for Office has decreased due to water efficiency measures.

Going forward, we will continue with our water conservation initiatives to reduce water consumption and minimise our environmental impact.



### Managed Assets: Water Use Intensity (m<sup>3</sup>/m<sup>2</sup>/year)



#### Notes:

1. Managed assets included properties from the 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

## POLLUTION MANAGEMENT

GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5, 307-1

### WASTE

In Malaysia, the population is increasing rapidly, reaching 32.8 million in 2021, and generating a tremendous amount of solid waste, which was estimated to be 38,427 metric tonnes per day in 2021 (1.17 kg/capita/day). Of this, 82.5% is disposed of in landfills. By 2022, the amount of the world's municipal solid waste collected would be 14 million metric tonnes per annum, enough to fill the Petronas Twin Towers every seven days.<sup>1</sup>

In 2019, it was reported that the national waste contributed to more than 20 million tonnes of CO<sub>2</sub>e emissions<sup>2</sup>.

### Six-Level Waste Management Hierarchy

In Sunway REIT, we have adopted a six-level waste management hierarchy to manage our waste effectively, which has proven to be successful over the years.

Our business segments will continue to employ the hierarchy system, which prioritises prevention before resorting to reduction, reuse, recycling and recovery. Disposal, which is at the bottom of the hierarchy, is the least preferred method of waste management at Sunway REIT.



### PREVENTION

- **Removal of single-use plastics**

Sunway REIT's hotels aim to eliminate the use of plastic and single-use amenities in phases by providing reusable and refillable amenities. In 2022, the hotels successfully eliminated 680,000 pieces of single-use plastic.

- Sunway Resort Hotel implemented various new plastic-free initiatives such as replacing plastic bottles in guestrooms with glass bottles and disposable plastic laundry bags with rattan baskets
- Sunway Pyramid Hotel & Sunway Lagoon Hotel replacing single-use bath amenities such as shampoo, shower gel and conditioner with refillable amenities.

- **Elimination of parking tickets in SCKL**

Sunway REIT properties in SCKL avoided producing 6.8 million pieces of parking tickets through the Sunway Smart Parking System in 2022, which recognises car registration numbers.

- **Elimination of disposable paper hand towels**


Sunway Tower and Sunway Putra Tower stopped providing disposable hand towels in April 2022 and were installed with hand dryers. The initiative saved 567 kg in Sunway Tower and 736 kg in Sunway Putra Tower.




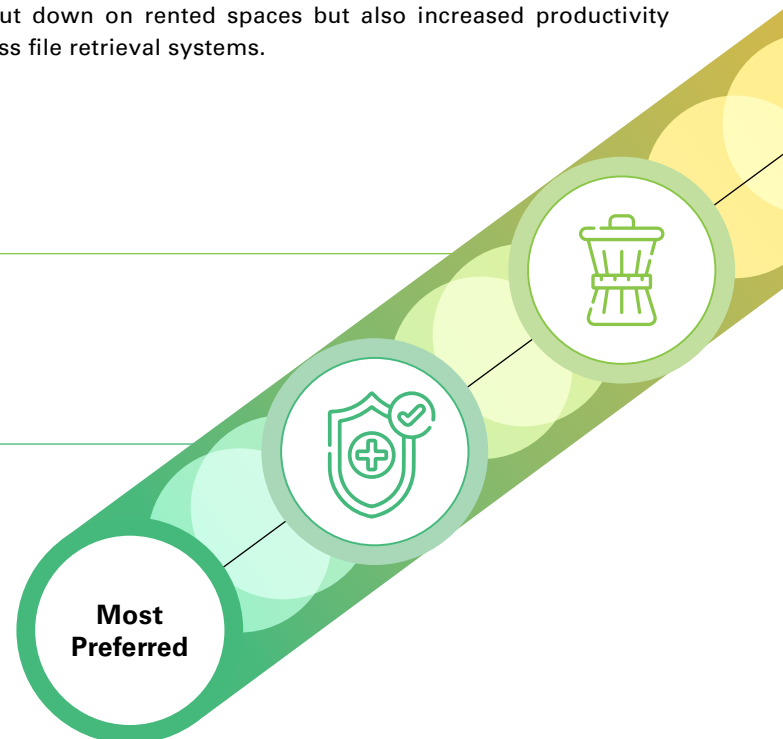
### REDUCTION

- **Digitalisation**

We reduced our usage of paper by moving our conventional filing system from storerooms to online platforms such as deployment of E-applications. This not only cut down on rented spaces but also increased productivity through seamless file retrieval systems.

 <sup>1</sup> Please refer to Waste to Energy for a Sustainable Future - <https://www.mida.gov.my/waste-to-energy-for-a-sustainable-future/#:~:text=By%202022%2C%20the%20amount%20of,Twin%20Towers%20every%20seven%20days.>

 <sup>2</sup> Please refer to Our World in Data - <https://ourworldindata.org/>





## RECYCLING

- **Global Awareness Day with employees**  
Sunway Hotel Georgetown Penang and Sunway Hotel Seberang Jaya organised Global Recycling Day Awareness Campaign to raise awareness on recycling among its employees. The initiative collected 17 kg of recyclable items from the hotels' employees in 2022.
- **Recycling campaign with tenants**  
Recycling is part of the business segments' initiatives, where recyclable items such as papers, cardboard, bottles are collected by recycling vendors. As part of the initiatives, Sunway Office has collected 646 kg of paper in a recycling campaign 2022.
- **Involving the community with donation of old fabrics**  
Throughout the year, the managed properties collecting old fabric or contribute to NGO Kloth Cares, which donates and resells garments that are in good condition. Sunway Hotel Seberang Jaya has donated 471 kg of used clothes to Penang Cheshire Home to be made into handicrafts to increase the home's income.

Least  
Preferred

## DISPOSAL

- All waste that is not recyclable or recoverable is disposed off in accordance with local environmental regulations and rules.

## REUSE

- **Reuse festive decorations and furnitures**  
All business segments and managed properties reuse their festive decorations and furniture where possible.
- **Hari Raya Office Deco Competition**  
Sunway Putra Hotel organised a Hari Raya Office Deco Competition in April 2022, which encouraged employees to decorate their offices or areas based on the theme *Jom Beraya Bersama Keluarga Sunway Putra 2022* using recyclable items.

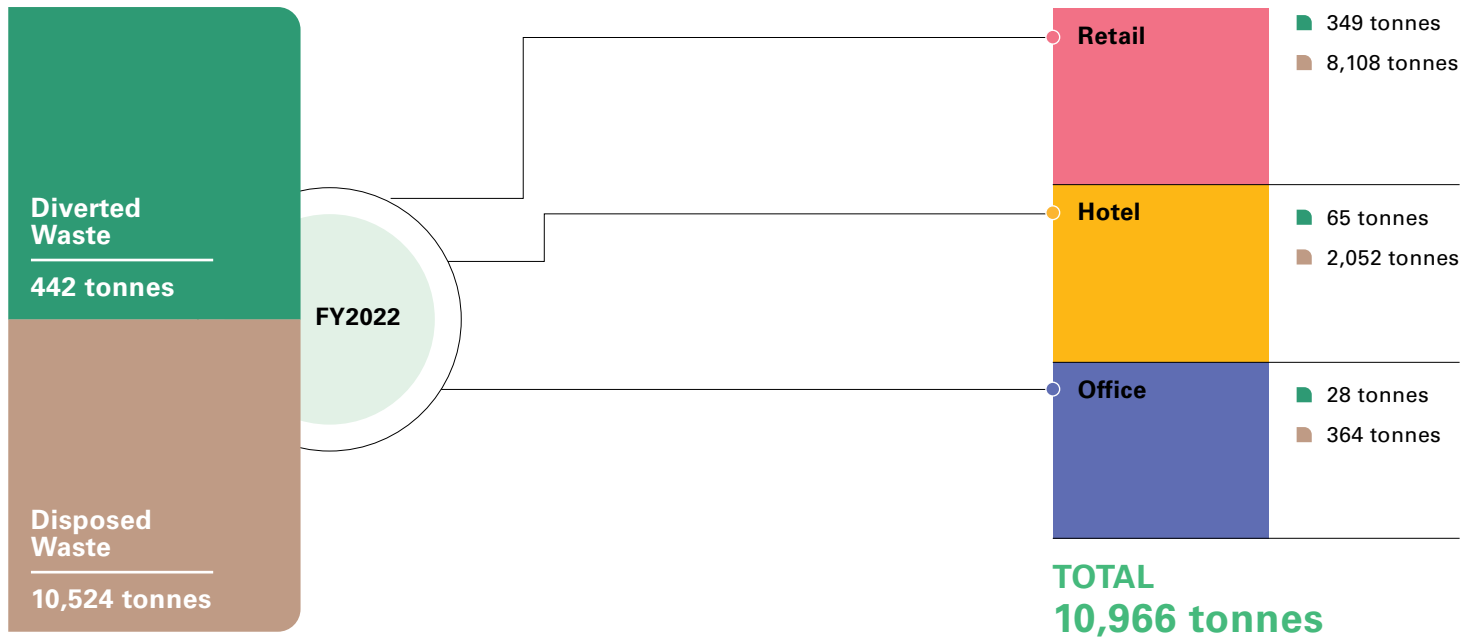
## RECOVERY

- **Waste-to-energy**  
The Sunway #ZEROFOODWASTAGE initiative focuses on SDG 2: Zero Hunger, which aims to end hunger, achieve food security and improved nutrition and promote sustainable agriculture. Through the initiative, Sunway City Kuala Lumpur hotels have been collaborating with the Kechara Soup Kitchen Society since 2017 to donate surplus food from buffets to the society to feed the homeless and urban poor in Malaysia. The hotels also partnered with non-governmental organisation, What-A-Waste to distribute surplus food to the communities nearby. In 2022, a total of 2,138 kg of food waste, equivalent to 8,550 meals, was avoided.
- **Food waste composting**  
Food waste is composted at site at Sunway Resort Hotel and Sunway Pyramid Mall.
- **Donation of used cooking oil**  
To create awareness on recycling used cooking oil (UCO), Sunway City Kuala Lumpur Hotels, Menara Sunway and Sunway Pinnacle led a monthly UCO campaign to allow Sunwayians and residents within the city to donate their UCO to FatHopes Energy in exchange for cash through points collected by Sunway Pals. In 2022, eight collections were organised with a total of 277 kg of UCO donated.



# Goal 1: Transforming Our Portfolios to Low-Carbon Assets

## Managed Assets: Total Waste Generated (Tonnes) by Business Segments in 2022



Note:

1. Figures stated may not add up due to rounding of decimals.

## Breakdown of Waste Generated in 2022



Note:

1. Figures stated may not add up due to rounding of decimals.

Data collection and reporting process for waste is constantly being improved and independently reviewed internally to ensure data accuracy and completeness.





## IMPACT STORY

### Engagement with Tenants to Tackle E-Waste



#### E-Waste Collection Campaign with Tenants

Old electronic devices and electrical appliances are among the largest amounts of waste that are not recycled. The International Waste Electrical and Electronic Equipment (WEEE) forum estimated that 5.3 billion mobile phones would be thrown away in 2022, and by 2030, electrical and electronic waste will grow to 74 million tonnes a year.<sup>1</sup> These old phones and devices have precious minerals such as copper or cobalt in rechargeable batteries.

With e-waste becoming a growing concern as toxic waste gets discharged into the environment, Sunway REIT offices took a proactive approach and collaborated with e-waste collectors to collect old devices for recycling. In July 2022, Menara Sunway and Sunway Pinnacle organised an e-waste collection campaign with Roche Malaysia, a tenant in Sunway Pinnacle, to raise awareness on environmental impacts as individuals, and as Roche and Sunway employees. The campaign also aimed to:

- Educate on and promote the importance of environmental sustainability
- Create a better world for future generations
- Support and contribute to SDGs 12, 14 and 17
- Embed sustainability in Sunway's business strategy and entrench it in the daily duties of Roche's and Sunway's employees.

In April 2022, Wisma Sunway organised a virtual talk on the awareness of segregation of domestic waste and e-waste by KDEB Waste Management and the Selangor Department of Environment (DOE). The talk aimed to educate Wisma Sunway occupants and increase awareness on waste segregation, recycling, recovery and upcycling to reduce negative environmental impacts.



<sup>1</sup> Please refer to E-waste: Five billion phones to be thrown away in 2022 - <https://www.bbc.com/news/science-environment-63245150>



# Goal 1: Transforming Our Portfolios to Low-Carbon Assets



## IMPACT STORY

### Combatting Plastic Pollution

- Our shopping malls reduce plastic usage through various initiatives, including eliminating single-use plastics in packaging from 2022 onwards and ensuring that their suppliers and vendors adopt the plastic-free practice. For instance, there was no plastic packaging in our festive gift redemption of 30,000 Chinese New Year *ang pao* packets and 10,700 Hari Raya *duit raya* packets. This initiative removed 40,700 of plastic packaging that could otherwise pollute our rivers and oceans, which are vital sources of water and food for us.
- All the malls achieved Sunway Mall's target of ensuring 30% of their festive decorations were sourced from recyclable or reusable materials. In some malls, recyclable materials and plastic items were used by local artists to create installation art and murals to raise awareness on sustainability in art, allowing the malls to save about RM30,000 on art materials. The art display included:
  - **Sunway Carnival Mall, June 2022**
    - > 'Love' – Approximately 2,000 plastic bottle caps were used to form the word 'Love'. The bottle caps made up 90% of the art on a hoarding.
    - > 'Gadis Tropika' – 100% of recycled materials consisting of wood, air pumps and aluminium hoses were used to complete a brightly coloured mural of a woman's portrait on a hoarding.
  - **Sunway Pyramid Mall, October 2022**
    - > 'Gadis Metropolitan' – About 1,000 plastic bottles were used to make up 80% of a mural of a girl on a hoarding.





## GOAL 2

# ADVOCATING A RESPONSIBLE VALUE CHAIN



Sunway REIT is committed to being a responsible global corporate citizen that goes beyond taking responsibility for its development by striving to positively impact its people, the environment and society in general. Sunway REIT is the first REIT in Malaysia integrated a Green Lease Partnership Programme into its operations, Sunway REIT and its tenants will jointly commit to improving their environmental performance through increased efficiency in energy consumption and waste management.

### ► CAPITAL



Natural



Social and Relationship

### ► MATERIAL ISSUES

- Indirect Economic Impact
- Resource Management (Material)
- Pollution (Emissions)

### ► ACTIVITIES

- Supplier Code of Conduct
- Sustainable Procurement Policy
- Supplier Environmental and Social Risk Assessment
- Supplier Risk Management
- Sunway Green Lease Partnership Programme

### ► VALUE CREATED

- Responsible Supply Chain
- Collaboration with Tenants
- Minimal Negative Environmental and Social Impacts



## Goal 2: Advocating A Responsible Value Chain

# MAKING OUR VALUE CHAIN SUSTAINABLE

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

### EMBEDDING SUSTAINABILITY IN THE SUPPLY CHAIN PROCESS

We recognise the impact of our business activities throughout our value chain and work with our stakeholders to reduce the environmental and social impacts due to our operations. As part of our Net Zero Emissions by 2050 goal, we will be working with our tenants to reduce our Scope 3 emissions. Sunway REIT has implemented a Green Lease Partnership Programme with our tenants to commit to a set of common targets to be jointly achieved. We are also increasing awareness among our suppliers by indicating our preference to work with suppliers who adopt the best practices that are outlined in our supplier policies.

In 2022,



**100%**

of our procurement budget was spent on local suppliers within our significant locations of operation, which included operations in Malaysia



**80%**

of new suppliers completed the supplier environmental and social risk assessment



**100%**

of the newly assessed suppliers, to our knowledge, were not identified as having committed any non-compliances in the areas assessed including freedom of association, collective bargaining, child labour and forced or compulsory labour



**Zero** suppliers were known to have any significant actual and potential negative environmental and social impacts

#### Supplier Code of Conduct

Sunway is committed to conducting its business in an ethical, legal and socially responsible manner. We are guided by Sunway Berhad's Supplier Code of Conduct, which outlines the minimum requirements for suppliers to conduct business with Sunway. This includes complying with all applicable laws, codes or regulations of the countries, states and localities in which the suppliers operate, including laws and regulations relating to environmental, occupational health and safety and labour practices. This also protects Sunway against breaches involving child labour, discrimination, health and safety, working conditions, working hours, compensation, right to association and fair employment.

#### Sustainable Procurement Policy

Since 2020, Sunway REIT has adopted Sunway Berhad's Sustainable Procurement Policy, which guides us in benchmarking our suppliers' ESG practices against industry best practices. Applicable to both internal and external stakeholders but not limited to Sunway Group's suppliers, the Policy outlines the environmental and social criteria that suppliers are required to fulfil.



Please refer to Sustainable Procurement Policy -

<https://www.sunway.com.my/wp-content/uploads/2021/11/Sunway-Sustainable-Procurement-Policy.pdf>

#### SUPPLIER RISK MANAGEMENT

As part of our best practice approach to sustainable procurement, we require all newly registered suppliers to declare their ESG practices via Supplier Environmental and Social Risk Assessment forms.

In 2022, critical and non-critical suppliers have been identified. Critical suppliers refer to suppliers who are of high significance due to their vital role in function and business operations and are contracted in high volume while non-critical suppliers' role is non-vital and they are contracted in low volume and can be substituted.

In 2023, we will enhance Supplier Risk Management by updating the supplier risk management assessment and automating the assessment via online forms.

To the Manager's knowledge, none of Sunway REIT's suppliers have been identified as committing any non-compliances in the areas assessed such as freedom of association and collective bargaining, as well as child labour, or forced or compulsory labour.

Moving forward, we will continue working closely with our suppliers to manage supplier risk management, particularly with critical suppliers, in order to mitigate risk.



## SUPPLIER ENGAGEMENT

In 2022, the business segments of Sunway REIT integrated ESG-specific activities into its procurement processes. Moving forward, Sunway REIT will improve on supplier engagement to make sure suppliers are aligned with Sunway REIT's agenda. In addition the business segments also engage with the suppliers and tenants by conducting an annual programme review and evaluation, as well as feedback sessions with stakeholders.

### SUNWAY GREEN LEASE PARTNERSHIP PROGRAMME

**Sunway REIT remains committed to its Net Zero Carbon Emissions by 2050 Roadmap and will continue to explore further methods of cutting emissions from its properties. Operationally, our focus has been on reducing Scope 1 and 2 emissions. However, in the context of our business, it is Scope 3, in particular our tenants, that contributes the highest emissions.**



For instance, a simple comparison of electricity usage in Sunway Pyramid Mall demonstrates that the common areas managed by landlord and tenanted areas are almost equally split. This indicates the strong potential for emissions reduction that can be obtained by engaging with and guiding our tenants in best energy practices. Other benefits for Sunway include a reduction in the building's overall management cost, added value as a green building and increased appeal for ESG-oriented investors.

Thus, it is crucial to the success of our net zero journey that we recruit and partner with our tenants to collaborate and finds ways to reduce our environmental footprint and promote responsible resource management. To do this, we rolled out a Green Lease Partnership Programme in July 2022 and became the first REIT in Malaysia to implement a green lease programme. The programme aims to encourage best international practices in sustainability and drive sustainable solutions through behavioural change, while boosting Malaysia's commitment to net zero carbon emissions by 2050.

As of 31 December 2022, the Green Lease Partnership Programme has garnered the participation of 100% of hotel master lessees and 21% of retail and office tenants. The tenants have signed a memorandum of understanding (MoU) and are committed to working closely with us to improve building energy efficiency, water-saving measures and diversion of waste from landfills towards a circular economy. Among the prominent tenants were The Body Shop, Muji, L'OCCITANE, Starbucks Coffee, Roche (Malaysia), Accenture Technology Solutions and Sunway Hotels. These global brands have long embraced and cultivated sustainable practices within their respective organisations as well as their product and service offerings.



The Green Lease Partnership Programme has garnered the participation of

**21%**  
Office and Retail Tenants

**100%**  
Hotel Master Lessees



We target to have  
**100% tenant participation**  
with more than 1,300 tenants  
on board the Green Lease  
Partnership Programme by 2030



## Goal 2: Advocating A Responsible Value Chain

### > IMPACT STORY Sunway Malls: Together for Good

Advocating sustainability is at the heart of Sunway Malls, as it strives to support Sunway Group's contribution to the UN Sustainable Development Goals (SDGs). In 2022, it launched a SDG campaign themed 'Together for Good' to educate tenants and shoppers about sustainability and create awareness on the 17 global goals. The campaign, which was held from 10 September to 2 October 2022, successfully reached out to more than eight million shoppers and tenants, impacting their understanding and knowledge on sustainability and the SDGs.

Sunway Malls identified eight SDGs relevant to its goals:



The campaign featured various hands-on activities that were anchored on six pillars:



**SUNWAY GREEN LEASE  
PARTNERSHIP PROGRAMME**  
Achieving Goals Together with Retailers



**SUSTAINABLE OPERATIONS**  
Conserving, Renewing & Regenerating



**COMMUNITY BUILDING**  
Supporting Communities



**URBAN FARMING**  
Promoting Sustainable Living



**GREEN PROCUREMENT**  
Sourcing & Producing Responsibly



**WASTE MANAGEMENT**  
Preventing & Managing Waste

During the campaign, shoppers took part in various SDG-related activities by registering via the Sunway Pyramid mobile app. The activities organised included a sustainability-related quiz, an upcycling contest and the collection of recyclable items. Shoppers also participated in workshops on weekends, which taught the participants about making aromatherapy bath salts, upcycling crushed glass and building eco-farms and ecobricks using recyclable items.

In addition, Sunway Malls collaborated with various non-governmental organisations to promote sustainability, and this included collaborations with:

Buku Jalanan  
Chow Kit to  
**collect books,  
stationery and  
educational  
materials** for  
underprivileged  
students

Kloth Cares  
to **educate  
shoppers  
about recycling  
old/unwanted  
fabric**

Forest  
Stewardship  
Council  
(FSC) to  
**reduce paper  
wastage**



# GOAL 3

## INVESTING IN COMMUNITY INCLUSIVITY



### ▶ CAPITAL



Human



Social and Relationship

### ▶ MATERIAL ISSUES

- Indirect Economic Impact
- Human Capital Development
- Diversity and Inclusion
- Labour Standards and Practices
- Health and Safety
- Community Enrichment
- Customer Welfare

### ▶ ACTIVITIES

- Employee Engagement
- Employee Learning and Development
- Health and Safety Training
- Community Investment

### ▶ VALUE CREATED

- Upskilled workforce
- High-performing Workforce
- Safe and Healthy Communities

In Sunway REIT, we seek to continuously create value and contribute to a sustainable future for all. We invest in our people (the Manager) by providing a safe and conducive work environment without discrimination and upskilling our employees through quality training and leadership programmes. Further to that, we empower the vulnerable and the underserved through various impactful programmes and initiatives in our journey towards achieving our mission.

The Manager plays a key role in enabling Sunway REIT to achieve sustainable long-term growth. Thus, we invest significantly in impactful programmes and initiatives to keep our people safe at work and help them grow professionally. We are proud to note that our commitment to workplace health and safety was recognised by the leading global human resources consultancy firm, Randstad Malaysia, in 2021. Sunway Berhad were named as the only local private sector conglomerate among the top 10 most attractive employers to work for in Malaysia.



## Goal 3: Investing in Community Inclusivity

# EMPLOYEE ENGAGEMENT

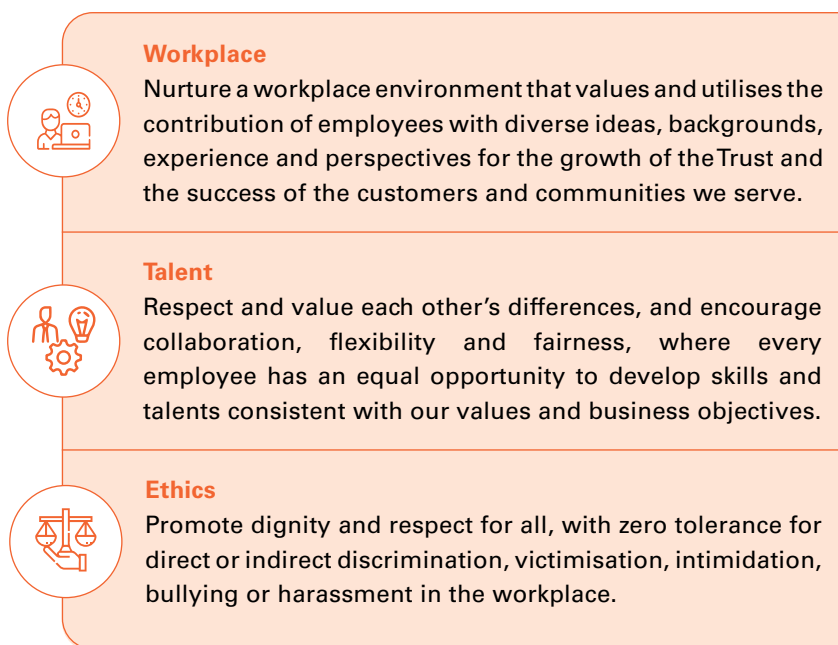
GRI 2-7, 3-3, 202-1, 202-2, 401-1, 401-2, 401-3, 402-1, 404-1, 404-2, 404-3, 405-1, 406-1, 410-1, 411-1

**Employee engagement plays a key role in allowing the Manager to identify and meet the needs of employees to ensure job satisfaction and retain our best talent. We continuously strive to engage with our employees through various platforms and ways such as birthday and festive celebrations, fruit day and team-building events. The Manager also communicates any changes to employment terms and conditions by issuing notifications, which are done at its discretion and on an individual case basis.**

In 2022, we conducted an Employee Engagement Survey, which found that our employees needed more flexibility at work, a better work-life balance, a better compensation package, more opportunities for promotion and accelerated career growth. In response, we introduced various initiatives to improve work-life balance such as 'Staggered Work Hours', 'Work from Anywhere' and 'No Meetings after 6pm'. We also provided better laptops and extra monitors to ease their daily tasks, benchmarked our salary scale against industry peers and held briefings on opportunities for career and learning development and staff benefits.

### DIVERSITY AND INCLUSION

At Sunway REIT, we prioritise diversity and inclusion to provide a fair and non-discriminatory work environment. Having a diverse workforce with employees from wide-ranging backgrounds and unique qualities will enhance innovation for business growth. Our employment practices strictly adhere to local labour laws as well as Sunway Berhad's Diversity and Inclusion Policy. This Policy applies to all employees and Directors of Sunway REIT. We uphold zero tolerance for all forms of discrimination, as we strive to provide equal opportunities to all employees regardless of gender, age, ethnicity, disability, religion or any other status. To develop a thriving work environment, we are guided by the following three pillars:



The Manager aims to create a culture that:

Respects and values each other's differences	Promotes equality and diversity	Encourages individuals to grow and develop in order to realise their full potential
--	---------------------------------	---

➔ Please refer to Diversity and Inclusion Policy - <https://www.sunwayreit.com/wp-content/uploads/2022/06/Sunway-Diversity-and-Inclusion-Policy-2021.pdf>

### SUPPORTING WOMEN IN LEADERSHIP

Our support for women in leadership is reflected in the diversity of our Board, whereby 43% of the Board is female. This is more than the 30% requirement by the Malaysian Code on Corporate Governance. Furthermore, Sunway Berhad's Chairman, Tan Sri Dr Jeffrey Cheah, is the Founding Chair of Malaysia's 30% Club, which comprises chairpersons and business leaders who are committed to promoting women directors on corporate boards.



**TOTAL NUMBER OF BOARD MEMBERS: 7****GENDER**

Male



Female

**AGE GROUP**40 - 50  
years old>50  
years old**ETHNICITY**

Malay



Chinese



Others

**TOTAL NUMBER OF EMPLOYEES: 21****Executives****Non-Executives**

Male



Male

Female

**Gender**

Female

Malay



Chinese

Chinese

**Ethnicity**

Indian

Indian

<30  
years old<30  
years old30 - 40  
years old**Age  
Group**30 - 40  
years old40 - 50  
years old40 - 50  
years old>50  
years old>50  
years old**TOTAL NUMBER OF NEW HIRES: 6**

Male

**Gender**

Female

Malay

**Ethnicity**

Chinese



Indian

<30  
years old**Age  
Group**30 - 40  
years old40 - 50  
years old>50  
years old>50  
years old**EMPLOYEE TURNOVER RATE: 18%****GENDER**

Male



Female

**AGE GROUP**<30  
years old30 - 40  
years old40 - 50  
years old>50  
years old**ETHNICITY**

Malay



Chinese



Indian



## Goal 3: Investing in Community Inclusivity

### HUMAN RIGHTS

#### Our Commitment and Values

As an ESG proponent, we uphold human rights by respecting and supporting the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. This is underpinned by our commitment to safeguarding the human rights of all employees, as well as our business associates.

We remain guided by Sunway Berhad's Human Rights Policy, which is premised on the UN Guiding Principles on Business and Human Rights. Beyond that, we recognise the International Labour Organization's (ILO) eight fundamental conventions, which highlight:



**Freedom of association and the right to collective bargaining**



**The elimination of forced labour, child labour and discrimination in the workplace**

As such, we maintain a zero-tolerance approach towards child labour and forced labour across all our operations. Moreover, the REIT Manager adheres to the Group's Code of Conduct and Business Ethics Policy. It is a requirement for the Manager to acknowledge that it has read and understood the policy and affirm that it will comply with the policy in the Annual Staff Declaration Form.

### HUMAN RIGHTS POLICY

The Human Rights Policy, which was established in 2021, applies to all Directors, employees of Sunway REIT and our business associates such as partners, agents, vendors, suppliers, contractors, consultants and any other third-party service providers or persons who perform services for or on behalf of the REIT. We continue to guide our business partners, vendors and suppliers in adopting similar human rights commitments within their own business practices by providing training and awareness programmes.

As part of human rights awareness, we have made it mandatory for all newly registered suppliers to undergo Supplier Environmental & Social Risk Assessment in our procurement process since July 2021. The assessment enables us to identify suppliers who need guidance to improve their environmental and social performance. Internally, we have embedded human rights principles and practices in our daily operations and activities through various awareness programmes. This includes making the Human Rights Policy a part of our mandatory e-learning for all employees in 2022.

Further to that, we ensure that we comply with the Employment Act 1995 and other labour laws of Malaysia by implementing fair working hours, fair payment of wages and fair treatment of all regardless of age, race, gender and religion. We have also put in place robust whistleblowing procedures for employees and external parties. Whistleblowers will be accorded confidentiality of identity and protected against any adverse and detrimental actions for disclosing any improper conduct committed. In 2022, there were no incidences and grievances of discrimination, child labour and forced labour reported as well as no violation of rights of indigenous peoples in Sunway REIT.

**We respect the rights of our employees, stakeholders and communities through our commitments that include, but are not limited to:**



**Providing Equal Opportunities**



**Respecting Freedom of Association**



**Eradicating Any Form of Harassment or Abuse**



**Enhancing Safety and Health**



**Eliminating Forced/Compulsory Labour**



**Protecting the Rights of Children**

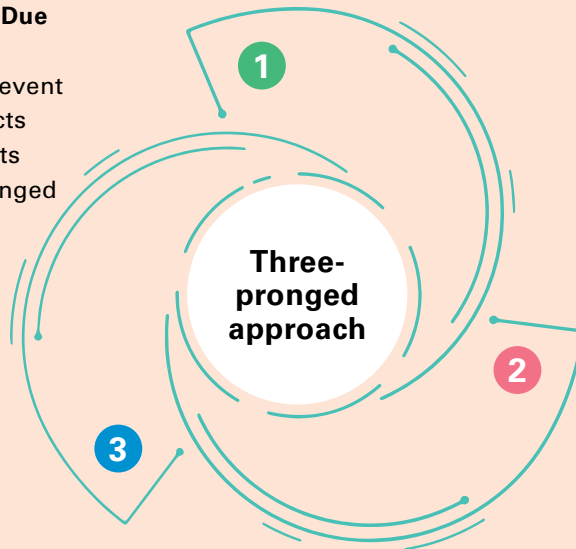


Please refer to Human Rights Policy - <https://www.sunwayreit.com/wp-content/uploads/2022/06/Sunway-Human-Rights-Policy-2021.pdf>



### Human Rights Due Diligence

We strive to prevent negative impacts on human rights via a three-pronged approach:



1

A public commitment to respecting human rights

2

An ongoing process of human rights due diligence

3

A process for providing access to remedy to anyone who is harmed where the harm is caused or contributed directly or indirectly by our business activities

In Sunway, there are firmly established grievance procedures and whistleblowing channels that are accessible to all our employees and external parties. An employee who whistleblows will be assured of identity and confidentiality protection, as well as protection against any adverse and detrimental actions for disclosing any improper conduct committed.

### Labour Due Diligence

Our Human Rights Policy ensures that Sunway and its suppliers, as well as subcontractors, shall not knowingly use or promote the use of forced or bonded labour. They are expected to take appropriate measures to prevent the use of such labour in any business dealings or activities related to Sunway.

### Policy against Human Trafficking

All Sunway employees, including the Manager, are expected to comply with all federal and state laws, regulations and ordinances that are applicable to work and responsibilities. Any violation of any applicable federal and state laws may lead to disciplinary action, including termination of employment.

### GRIEVANCE MECHANISM

We strive to provide a safe and equal workplace by ensuring our Whistleblowing Policy protects employees and allows them to report any cases of discrimination without fear of reprisal. As such, we have in place a Whistleblowing hotline (+603 5639 8025) and email (whistleblowing@sunway.com.my) that serve as a grievance mechanism. In 2022, there were zero reported cases of discrimination received via the hotline and the email.

➔ Please refer to Whistleblowing Policy - <https://www.sunwayreit.com/wp-content/uploads/2022/07/SUNREIT-Whistleblowing-Policy-v5.pdf>

### FREEDOM OF ASSOCIATION

We comply with the Employment Act 1955 and all other relevant labour laws of Malaysia and respect freedom of association, whereby our employees are free to join a trade union. To this end, employer representatives of the various business segments meet with the respective unions of their workers every three years to review and update their collective agreements. The notice period and provision for consultation and negotiation is three months. For operational changes that affect employees, decisions are made on a case-by-case basis.

In 2022, there were two hotels whose workers were covered by collective bargaining agreements.

#### Hotel

##### Sunway Hotel Georgetown

**84%**  
of employees covered

##### Sunway Hotel Seberang Jaya

**81%**  
of employees covered

#### Name of Union

National Union of Hotels, Bar & Restaurant Workers Peninsular Malaysia



## Goal 3: Investing in Community Inclusivity

### HUMAN CAPITAL DEVELOPMENT

**The Manager is always investing in its people to empower them to grow professionally and contribute to the sustainable growth of the Trust. Our structured training and development programmes are designed to shape a progressive and agile workforce.**

In our 2021 materiality assessment study, 'Human Capital Development' was one of the prioritised ESG issues. This reflected our stakeholders' concern for the employees of Sunway REIT to be provided with opportunities to upskill and upgrade their knowledge. This will help ensure a pipeline of future-proof talents who are competitive, dynamic and progressive which is critical to the growth of the business.

#### Training & Development

For Sunway REIT, aligning our aspirations with Sunway Group and driving teamwork and development across leadership and training programmes are key priorities. Our leadership and training programmes are delivered via four key learning platforms, namely online learning, physical classroom learning, conferences and seminars. These platforms include a diverse range of topics to equip our employees with the necessary industry skills and knowledge. With the workforce returning to office after the COVID-19 pandemic, we have customised the learning programmes to include physical and online classes to meet different learning needs. Among the programmes offered are professional certification, career workshop, leadership and soft skills training.

In 2022, **100%** of Sunway REIT employees received performance and career development reviews conducted by their managers.

In 2022, we achieved:

**625** total learning hours  
**30** average training hours per employee per year

Average training hours by gender:

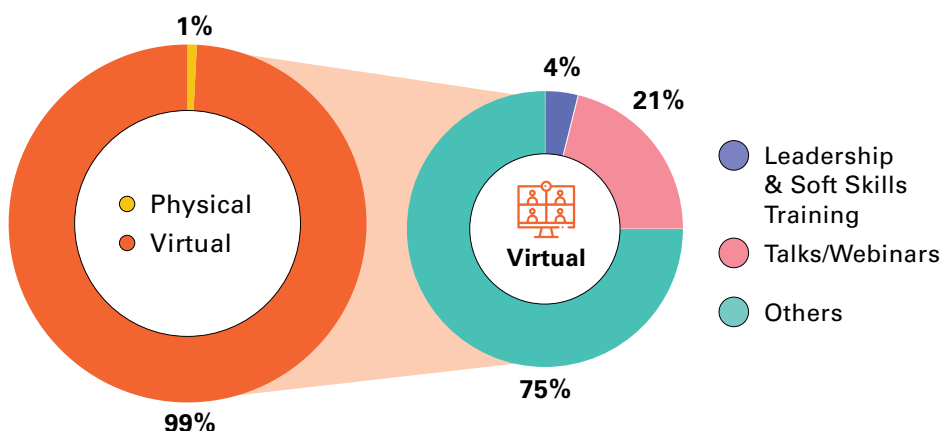


We invested **more than RM15,000** in the training and development of employees

Average training hours by employee category:



#### Breakdown of Sunway REIT's Learning and Development Programmes in 2022



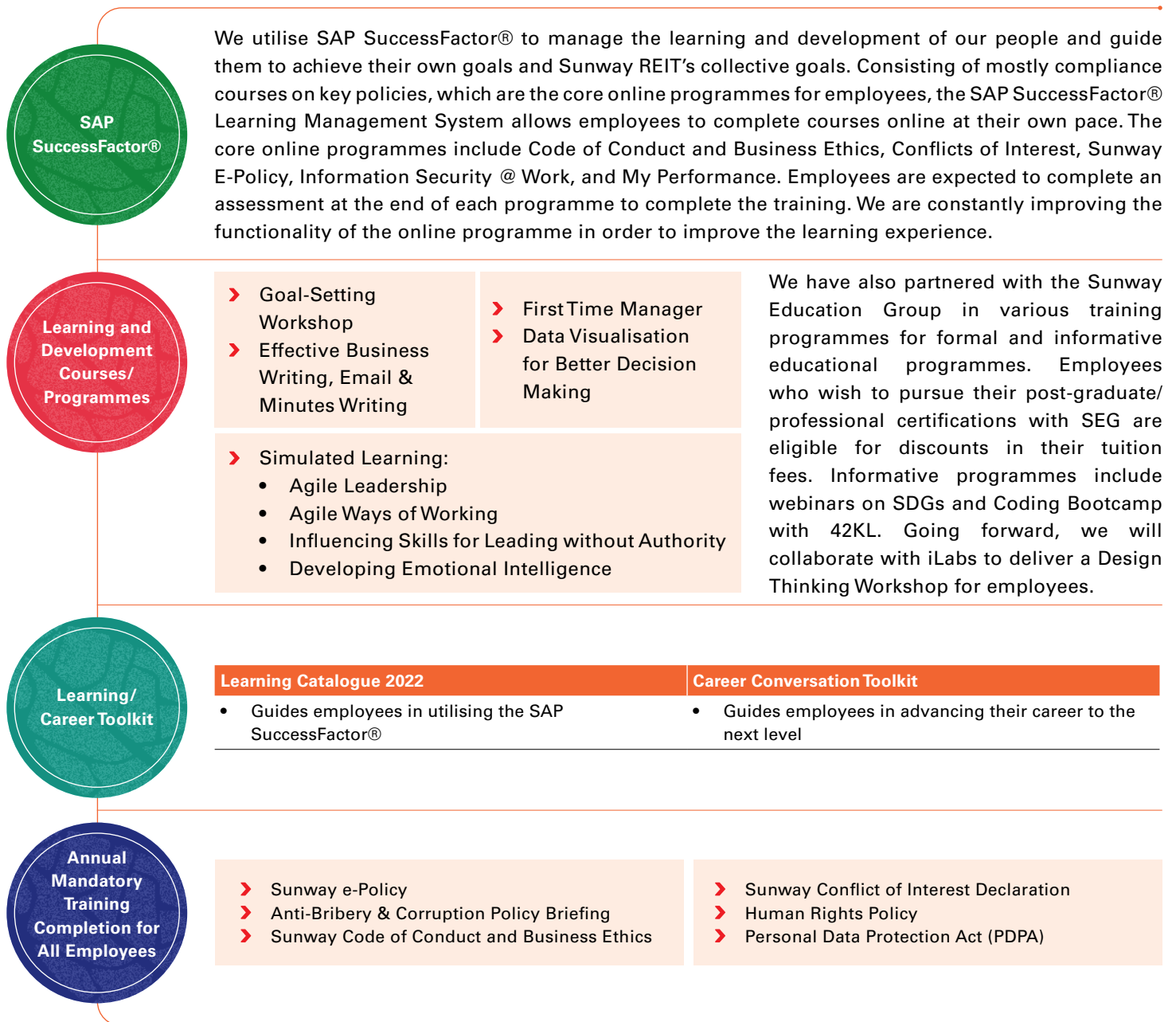


### Leadership Programme

We believe in nurturing and shaping young leaders to build a quality leadership pipeline and retain the best talent. Our leadership programme is anchored on Sunway Group's Excellence in My Career and Leadership (ExCeL@Sunway) programme. ExCeL@Sunway, which was established in 2018 to support employees in their leadership and career development, is applicable to all Sunway employees.

The platform identifies 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. Employees' growth areas are identified through the Leadership Development Centre with joint efforts from leaders in Sunway Group to maintain the consistency of standards and expectations. Sunway's other leadership competencies training programmes include First-Time Manager, Situational Leadership® II and 7 Habits of Highly Effective People.

### LEARNING AND DEVELOPMENT PROGRAMMES





## Goal 3: Investing in Community Inclusivity

### TALENT MANAGEMENT

**At Sunway REIT, we strive to build the long-term capacity of our employees through significant efforts in talent management. We make every effort to attract the best industry talents, including collaborating with Sunway Group in various talent acquisition initiatives such as university outreaches, campus and Management Associate Programme (MAP).**

As a responsible employer, we believe continuous learning is key to maintaining a skilled, productive and engaged workforce, as each employee is empowered to maximise their potential through leadership and training, networking opportunities and professional certifications. Sunway REIT continues to benefit from Sunway Group's commitment to learning and development. Our learning platforms encompass a broad range of topics to equip employees with the relevant capabilities to excel in their individual roles. These include professional certifications, leadership and on-the-job training, soft skills training and specific training sessions such as KnolScape simulated learning programmes, as well as ESG awareness workshops and talks on enhancing well-being.



Additionally, we consistently conduct talent reviews annually to keep track of our talents' growth and progression, which also enables us to curate development plans accordingly to accelerate the development of our employees' leadership and technical skills. Our employee performance is measured through Sunway's My Performance Focus Areas, which include conversational sessions between managers and employees, enabling employees to give and receive real-time and collaborative feedback at any point. As such, it also allows us to understand our people's ambitions and enable employees to perform regular self-evaluations before they are evaluated by their supervisors.

Apart from that, Sunway REIT provides career advancement by leveraging Sunway Berhad. In 2022, we successfully mobilised successors within the Sunway Berhad ecosystem, leading up to the appointments of our Deputy Chief Executive Officer and Chief Financial Officers. This is testament to our commitment to developing our talents internally as well as providing career advancement opportunities for employees.

We review our salary structure annually, in line with general industry practice. Our total remuneration also remains competitive and is benchmarked against market performance from time to time. As for our performance management strategy, we ensure that there is a balance between performance-linked bonuses and increments and competitive benefits.



In FY2022,  
**100% of employees**

received performance and career development reviews conducted by their managers and supported by our HR Department. Incentives such as increments, promotions and bonuses are given out based on employees' performance and merit, subject to the Trust's FY performance.



## EMPLOYEE WELL-BEING

We take care of our employees' well-being to boost their morale and foster a conducive work environment. To improve employees' work experience, we introduced the Idea Box initiative in 2022, which allows an exchange of ideas on how we can cultivate a workplace that is inspiring and motivating. The Idea Box was set up for two weeks for employees to share employee engagement ideas, which were later forwarded to the Management to be reviewed and implemented through action plans.

The ideas included birthday celebrations and fruit days on a monthly or bi-weekly basis. Employees also proposed the provision of better tools to perform their jobs, such as laptops with higher specifications and extra monitors to facilitate their day-to-day operations. To this end, we have responded by implementing the appropriate measures such as providing more flexible working hours, upgrading digital devices and reinstating fruit days.



### IMPACT STORY

#### Promoting a Low-Carbon Diet

As one of the largest diversified REITs in Malaysia, we are highly conscious of our civic duty to help build a sustainable community. In 2022, we promoted a low-carbon diet among our employees, in line with SDG 3: Good Health and Well-being, by introducing a 'foodprint' calculator. The initiative aimed to emphasise the critical state of our environment due to the impact of food production, especially meat, which accounts for almost 44% of global GHG emissions.<sup>1</sup>

A vegetarian meal initiative was launched across all divisions to create awareness on the importance of reducing emissions from reducing the consumption of food such as beef which has a higher carbon footprint.



**More than  
10,000**








of vegetarian meals  
were provided to the  
employees in 2022







## Goal 3: Investing in Community Inclusivity

### Employee Benefits

We strive to be a preferred employer by going beyond our regulatory obligations and providing attractive benefits. To remain competitive, we review our salary structure each year against industry peers and best practices. In 2022, we enhanced our employee benefits to comply with the amended Employment Act (Amendment 2022), which started taking effect from 1 January 2023. The amendments included increasing maternity leave from 60 to 98 days, reducing weekly working hours from 48 to 45 hours and allowing employees a flexible working arrangement. Employees can access the enhanced benefit policies via the Human Resource Portal.

Programmes	Description
<b>Family-friendly Policies</b>	
 <b>Supporting Working Mothers</b>	<ul style="list-style-type: none"> <li>Our premises offer designated car parks and escort assistance by security officers.</li> <li>Mother's rooms provide convenience to working mothers.</li> <li>Mother's rooms are present in our malls, education buildings, office (Menara Sunway) and hospital (Sunway Medical Centre).</li> </ul>
 <b>Childcare Subsidy</b>	<ul style="list-style-type: none"> <li>Sunway partially subsidises the tuition fees for R.E.A.L. Kids Sunway and The Parenthood as well as Sunway Little Sunshine, a childcare centre catering to babies from two to three months old, if parents are employees.</li> <li>This subsidy is available for up to two children per family for a maximum of RM200 per month per child.</li> <li>Childcare subsidies of up to RM2,400 are tax-exempted.</li> </ul>
 <b>Leave</b>	<ul style="list-style-type: none"> <li>Extended maternity leave</li> <li>Maternity leave</li> <li>Medical/Hospitalisation leave</li> <li>Parental/Childcare leave</li> <li>Paternity leave</li> <li>Special leave (e.g. compassionate leave, marriage leave)</li> <li>Examination/Study leave</li> </ul>
<b>Work + Life Integration</b>	
 <b>Kelab Sosial Sunway</b>	<p>A social club for Sunway employees that organises various activities such as:</p> <ul style="list-style-type: none"> <li>Blood donation drives</li> <li>CSR activities</li> <li>Donation drives</li> <li>Health talks</li> <li>Sports and recreational activities</li> </ul>
 <b>Staff Discounts</b>	<ul style="list-style-type: none"> <li>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:</li> <li>Live: Discounts on property purchases.</li> <li>Learn: Discounts on selected educational programmes in all our learning institutions.</li> <li>Play: Discounts on theme park tickets, hotel room rates and food &amp; beverage.</li> <li>Health: Discounts on healthcare services.</li> </ul>
<b>Health and Well-being Initiatives</b>	
 <b>Employee Health Screening</b>	<ul style="list-style-type: none"> <li>Employee health screenings are available at the Group function level as well as in selected business segments.</li> <li>Confirmed executives of Sunway Berhad 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.</li> <li>Confirmed executives are eligible to apply for subsequent health screenings either one year or two years from the date of the last health screening, depending on their age range.</li> <li>The Health Screening Programme is also extended to all confirmed non-executives of Sunway Berhad depending on their age range and duration of service.</li> <li>They may undergo the Health Screening Programme once a year and will be eligible to apply for subsequent health screenings one year from the date of their last health screening.</li> </ul>
 <b>Dental &amp; Optical Benefits</b>	<ul style="list-style-type: none"> <li>Dental and optical benefits are extended to permanent confirmed executives; they are eligible for a maximum amount of MYR500 per year.</li> <li>For permanent confirmed non-executives, they are eligible for a maximum amount of MYR150 per year for dental benefits only.</li> </ul>



Programmes	Description																						
Health and Well-being Initiatives																							
 <b>Staff Medical &amp; Life Coverage</b>	<ul style="list-style-type: none"><li>Medical coverage is provided to all staff, including both inpatient &amp; outpatient.</li></ul> <p>Medical Coverage (Inpatient &amp; Outpatient)</p> <p>Inpatient</p> <table><tr><th>NE</th><th>EG1-EG4</th><th>EG5-EG9</th></tr><tr><td>RM20,000 per annum</td><td>RM40,000 per annum</td><td>RM60,000 per annum</td></tr></table> <p>Dependents - Inpatient</p> <table><tr><th>EG1-EG4</th><th>EG5-EG9</th></tr><tr><td>RM10,000 per annum/ per dependent</td><td>RM14,000 per annum/ per dependent</td></tr></table> <p>Outpatient</p> <table><tr><th>NE</th><th>EG1-EG4</th><th>EG5-EG9</th></tr><tr><td>RM1,500 per annum</td><td>RM2,500 per annum</td><td>RM3,500 per annum</td></tr></table> <p>Dependents - Outpatient</p> <table><tr><th>NE</th><th>EG1-EG4</th><th>EG5-EG9</th></tr><tr><td>RM5,000 per annum/ per dependent</td><td>RM1,000 per annum/ per dependent</td><td>RM2,500 per annum/ per dependent</td></tr></table>	NE	EG1-EG4	EG5-EG9	RM20,000 per annum	RM40,000 per annum	RM60,000 per annum	EG1-EG4	EG5-EG9	RM10,000 per annum/ per dependent	RM14,000 per annum/ per dependent	NE	EG1-EG4	EG5-EG9	RM1,500 per annum	RM2,500 per annum	RM3,500 per annum	NE	EG1-EG4	EG5-EG9	RM5,000 per annum/ per dependent	RM1,000 per annum/ per dependent	RM2,500 per annum/ per dependent
	NE	EG1-EG4	EG5-EG9																				
	RM20,000 per annum	RM40,000 per annum	RM60,000 per annum																				
	EG1-EG4	EG5-EG9																					
	RM10,000 per annum/ per dependent	RM14,000 per annum/ per dependent																					
	NE	EG1-EG4	EG5-EG9																				
	RM1,500 per annum	RM2,500 per annum	RM3,500 per annum																				
	NE	EG1-EG4	EG5-EG9																				
	RM5,000 per annum/ per dependent	RM1,000 per annum/ per dependent	RM2,500 per annum/ per dependent																				
	 <b>Return-to-Office Care Kit</b>	Care kits were prepared for all staff, including: <ul style="list-style-type: none"><li>Masks (K95 mask, 4-ply mask)</li><li>COVID-19 Self-Testing Kit</li><li>Oximeter</li></ul>																					
Flexible Working Hours																							
 <b>Flexible Working Arrangement</b>	<ul style="list-style-type: none"><li>The flexible work arrangement allows 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 letters.</li><li>Each request will be assessed and approved on a case-by-case basis by the Line Manager and Head of Department.</li><li>For general employees, flexibility may be granted at the discretion of the Management, including the option to Work From Anywhere/Home on a needs basis</li></ul> <p>Employees whose working hours are between 9.00am and 6.00pm may opt to start work at 8.00am, 9.00am or 10.00am. Core times are between 10.00am and 5.00pm and all employees are required to be on duty during these hours.</p> <table><tr><th>Start Time</th><th>End Time</th></tr><tr><td>8.00am</td><td>5.00pm</td></tr><tr><td>9.00am</td><td>6.00pm</td></tr><tr><td>10.00am</td><td>7.00pm</td></tr></table> <p>As for employees whose working hours are between 8.30am and 5.30pm, they may opt to start work at 7.30am, 8.30am or 9.30am. Core times are between 9.30am and 4.30pm and all employees are required to be on duty during these hours.</p> <table><tr><th>Start Time</th><th>End Time</th></tr><tr><td>7.30am</td><td>4.30pm</td></tr><tr><td>8.30am</td><td>5.30pm</td></tr><tr><td>9.30am</td><td>6.30pm</td></tr></table>	Start Time	End Time	8.00am	5.00pm	9.00am	6.00pm	10.00am	7.00pm	Start Time	End Time	7.30am	4.30pm	8.30am	5.30pm	9.30am	6.30pm						
	Start Time	End Time																					
	8.00am	5.00pm																					
	9.00am	6.00pm																					
	10.00am	7.00pm																					
	Start Time	End Time																					
7.30am	4.30pm																						
8.30am	5.30pm																						
9.30am	6.30pm																						
Working from Home Arrangements																							
 <b>Movement Control Order Period</b>	Throughout the various MCOs implemented by the government, Sunway REIT implemented several work from home arrangements including a team rotation system that allowed staff to take turns to go into office on a weekly/fortnightly basis.																						



## Goal 3: Investing in Community Inclusivity

# ENSURING A SAFE AND HEALTHY 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



### KEEPING OUR PEOPLE SAFE

We are deeply committed to the health and safety of our employees, tenants, customers and contractors from all the business segments, as we strive to continuously create value for all our stakeholders. Our occupational health and safety (OHS) is anchored on Sunway Berhad's Occupational Health, Safety and Environment (OHSE) Policy, which was established in 2021 and revised on 30 March 2022, and is available on Sunway Berhad's corporate website. The policy ensures that all employees, contractors, visitors and stakeholders are aware of their responsibility in upholding workplace health and safety.

We aim to integrate the policy into our all our operational sites through providing workplace training and a robust framework to mitigate health and safety risks. To move towards realising a shared safety and health vision with our stakeholders and reaching a Level 5 (generative) safety culture by 2030, we are guided by Sunway Berhad's five-year strategic OHS plan from 2021 to 2025, which aims to achieve the following:

### STRATEGIC OBJECTIVES

01 Leadership empowerment

02 People development and networking

03 Compliance

04 Best practices

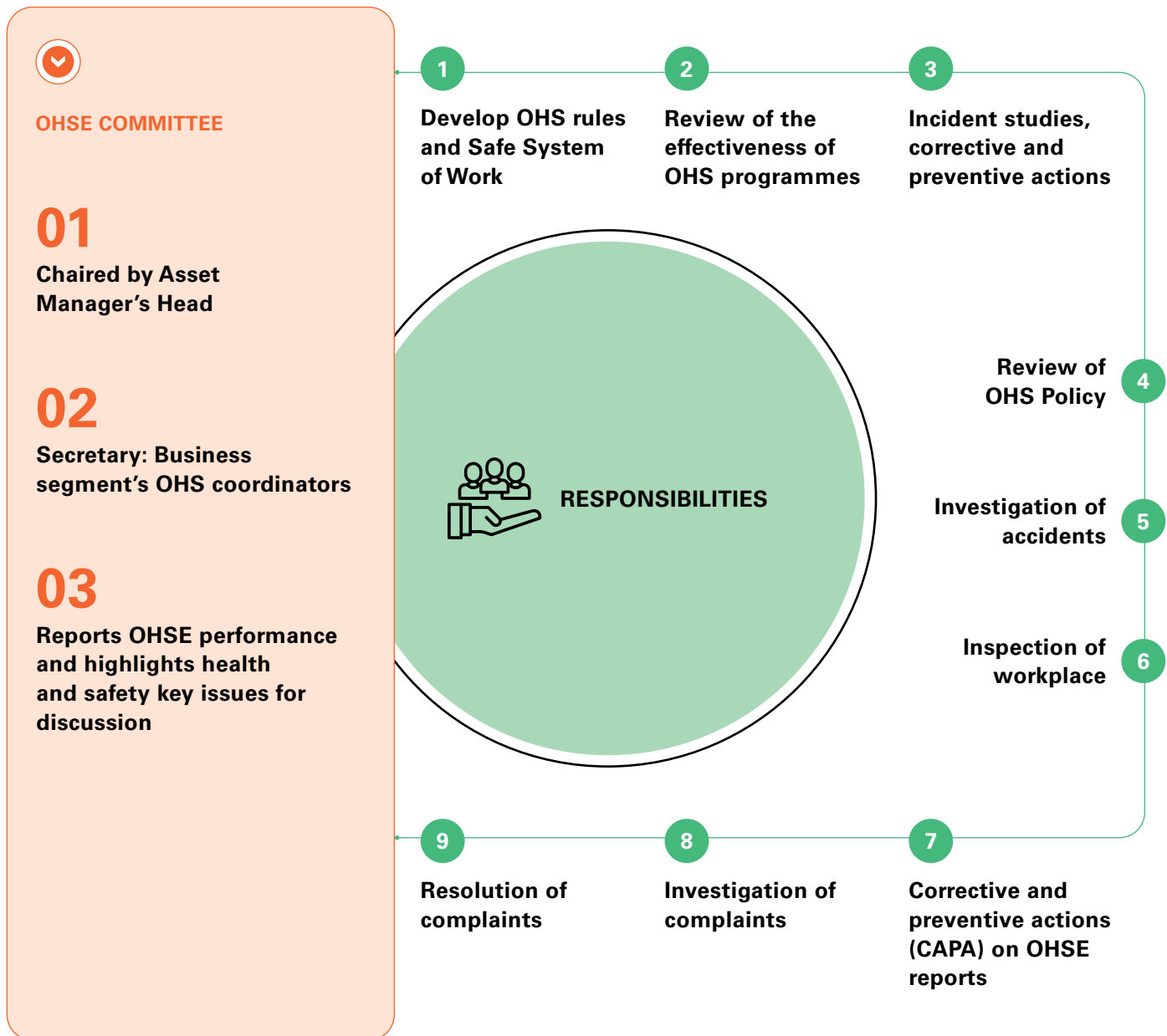
05 Advance reporting and continual improvement



### LEADERSHIP EMPOWERMENT FOR OHSE MANAGEMENT

The business segments under Sunway REIT adopts OSHE governance and practices that are practiced by Sunway Berhad. Sunway Berhad employs a top-down approach in cascading OSHE accountabilities, roles and responsibilities from the Board to the Management and employees across the business segments.

In compliance with the Occupational Safety and Health (Safety and Health Committee) Regulations 1996, the business segments have put in place OHSE Committees at eight sites office buildings are normally covered by the SPFM OHSE Committee. Each OHSE Committee is in charge of the OHS Management System (OHSMS) within the respective business segment and holds quarterly meetings that are led by the business segment's Senior Management. The meetings, which are attended by both employee and employer representatives, serve as an avenue for employees to participate in the development, implementation and evaluation of the OHSMS. Each OHSE Committee will communicate its OHSE Committee meeting minutes to its site people. Additionally, the OHSE Committee members are given relevant training to equip them with the necessary knowledge and skills in resolving workplace health and safety issues.





## Goal 3: Investing in Community Inclusivity

### PEOPLE DEVELOPMENT

To embed a culture of health and safety in the DNA of our workforce, the business segments have put in place trained individuals in their respective business segments with specific OHSE competencies such as site safety supervisor, OHS executive/coordinator, food trainer, fire fighter and first aider as required by the law. This is in addition to OHSE training for all employees and workers based on their operational needs, scope of work and regulatory compliance at beginner, intermediate and advanced levels on over 53 general and specialised safety topics. The training programmes, comprising induction and awareness, occupational safety, industrial hygiene and management systems, are led by trained instructors in English and Bahasa Malaysia to ensure that the training programmes are understood by all employees including non-executives. As for OHSE coordinators and members, the training includes roles and responsibilities of OHSE Committee members, legal requirements and regulations, hazard identification, health, safety and environmental awareness, risk assessment and risk control, as well as indoor air quality.

### COMPLIANCE WITH OHSE STANDARDS

As required by law, the OHSMS across business segments are complies with the necessary laws and regulatory rules, including the Occupational Safety and Health Act (OSHA) 1994, Environmental Quality Act 1974 (EQA 1974) and Factories and Machinery Act 1967 (FMA 1967).

Sunway REIT's business segments undergo internal audits by safety and health practitioners on a regular basis. In 2022, all of our 12 properties were audited on OSHA 1994 compliance, covering Sunway REIT employees but excluding contractors, business partners and tenants. They were all trained as Lead Auditor for ISO 45001:2018 Occupational Health and Safety Management System. Third-party audits were also performed by regulators and NGOs such as the Malaysian Society for Occupational Health and Safety (MSOSH) at all sites involving Sunway employees, mainly for the renewal of the certificate of fitness and fire, electrical and gas licences. We will continue to ensure that internal and external audits are carried out regularly to enable business segments to improve their OHSMS based on the 'plan-do-check-act' (PDCA) cycle.

### RISK IDENTIFICATION AND ASSESSMENT

At Sunway REIT, the business segments adopt a proactive approach to minimise and eliminate workplace health and safety risks. Prior to the commencement of any activity, all business segments are required to conduct formal risk assessments, including routine and non-routine activities, as stated in the OHSMS. The objective is to identify potential occupational hazards that could lead to high-consequence injuries and disrupt business operations. During a risk assessment, an OHSE Committee member and personnel who have been trained and certified by a Safety & Health Officer (SHO) will identify ways to reduce and mitigate risks according to the hierarchy of controls. Risk assessment is reviewed on an annual basis or when it is determined by the person in charge depending on the business segment, and are approved by the OHSE Committee Chairman. A business segment may also conduct a risk assessment whenever there is a significant change that could impact its risk exposure, such as legal requirements, activities, equipment and incident occurrences, among others.

In 2022,

**571**

employees were inducted

**1,113**

employees received OHSE training

**1,113**

OHS professionals from the various business segments were engaged

Percentage of workers covered by OHSMS

**100%**

Percentage of workers covered by OHSMS & internally audited

**49.79%**

Percentage of workers covered by OHSMS & externally audited

**17.73**



In 2022,

**100%**

of sites (**12 sites**) conducted risk assessments

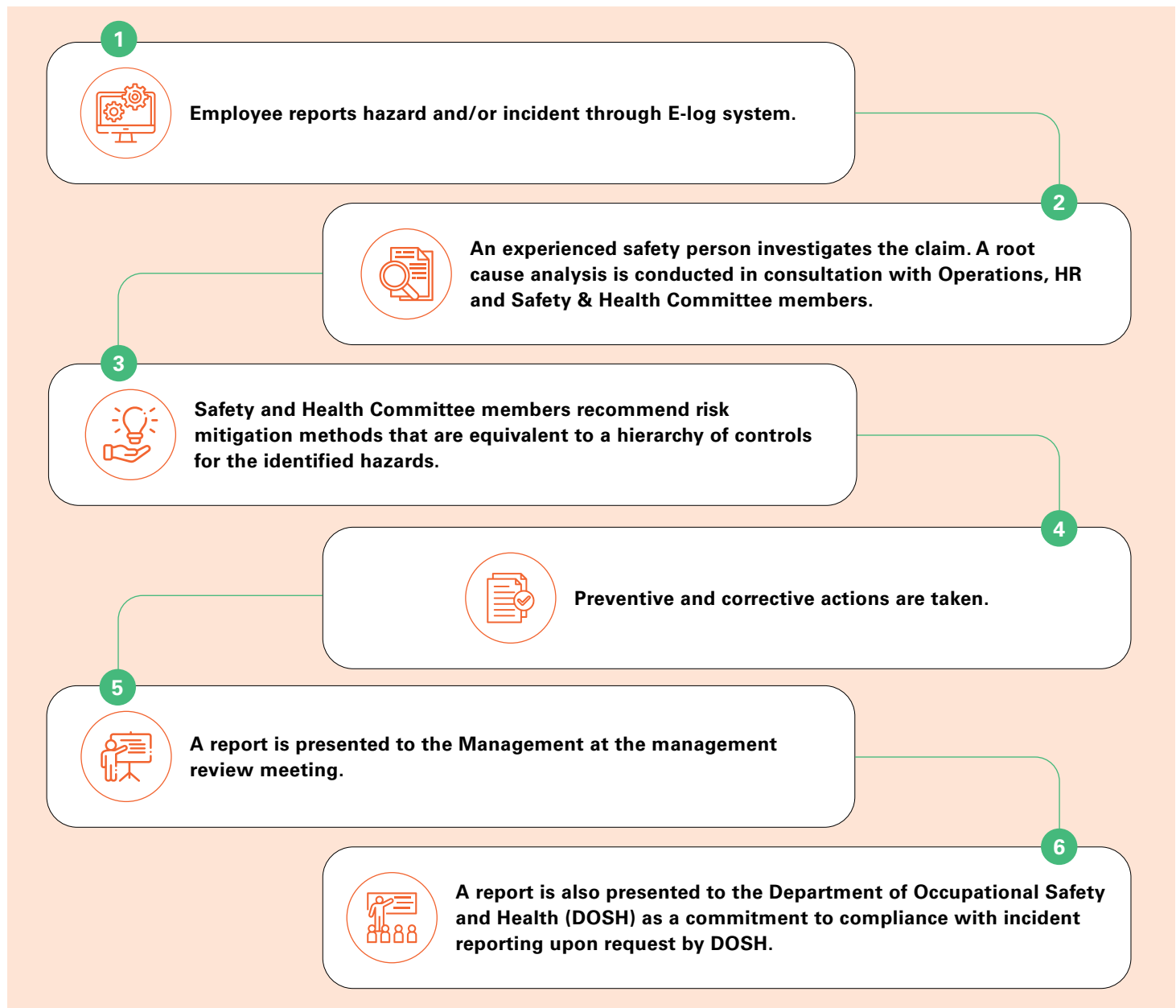


## BEST OHSE PRACTICES

### Incident Reporting and Investigation Practices

Ensuring health and safety at the workplace is a shared responsibility. As such, the business segments ensure that all their employees are aware of their role and responsibility in minimising and eliminating occupational hazards and incidents, including near-misses, by reporting to the Management using respective sites incident reporting system such as E-Log System, Knowledge Portal KP 4.0. The process for identifying and reporting occupational hazards and incidents is communicated to all employees through OHS Induction training sessions. Our OHSE incident reporting process is aligned with Sunway Berhad's reporting and investigation process.

All reports are treated as private and confidential to allow employees to report on health and safety matters freely without fear of reprisal. To protect the confidentiality of workers' personal health-related information, the E-Log System is only accessible by authorised staff who have been trained to adhere to legal requirements. The confidentiality requirement is also highlighted during OHSE training.





## Goal 3: Investing in Community Inclusivity

### OCCUPATIONAL HEALTH AND SERVICES

The business segments provide various occupational health (OH) services for their employees and tenants that are 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.

<b>Pre-employment medical examination.</b>	<b>Post-employment medical examination.</b>	<b>Health assessment and medical health surveillance for staff working with chemicals.</b>	<b>Return-to Work programme.</b>	<b>Investigation of occupational poisoning or diseases.</b>	
<b>Various health promotion programmes.</b>	<b>Emergency response and disaster management is managed by the Crisis Management, Response and Recovery (CMRR) team, which consists of occupational health and safety experts.</b>		<b>Clinical services are provided by Sunway Medical Centre and private and public medical clinics. Transportation is provided to take workers to their medical appointments with private and public medical practitioners.</b>		<b>Health insurance.</b>

The business segments also provide non-occupational medical and healthcare services to workers to address major non-work-related health risks. The HR team plays a major role in raising awareness about these services and programmes. Information is communicated through email blasts and the HR portal to encourage participation.

<b>Voluntary health promotion services/programmes include the prevention/treatment/promotion of:</b>	<b>Facilitated by organising the following programmes:</b>
Mental health and well-being	Stress-reducing programme
Substance abuse (drugs and alcohol)	Health services
Unhealthy diet	Providing healthy food in cafeteria
	Provision of gym
	Provision of fitness programme
	Zumba
	Health Talks

The quality of the services provided are regularly assessed through the engagement of a number of competent persons to provide some of these key services, such as an OHSE Manager, Fire, Life and Safety Officer and First Aider. To maintain the confidentiality of workers' personal health-related information, only authorised staff are allowed to view the reports in the E-Log System and are trained to follow legal requirements. Confidentiality requirements are also highlighted during OHSE training to ensure everyone is aware.

### Ensuring the Safety of Our Suppliers

The business segments efforts in providing a safe workplace are extended to our suppliers, who are expected to comply with all applicable laws, codes and regulatory rules by which they operate, as stated in the Sustainable Procurement Policy and Supplier Code of Conduct. Prior to the start of a job, all contractors will be briefed on the safety and health aspects of a workplace and are required to conduct a risk assessment to identify potential hazards and implement mitigation measures to remove or reduce risks. In addition, the business segments supervise contractors closely through work permits and inspections by security staff at the respective workplaces. Going forward, we will consider extending our OHS rules to non-workers and incorporate them in the SOP for our procurement process.

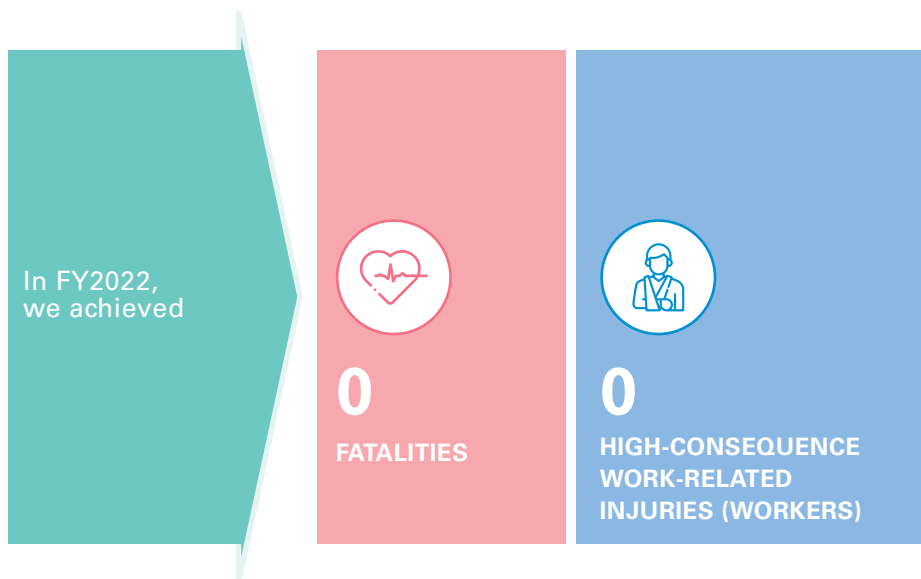


### BEST REPORTING PRACTICES

Collecting and monitoring data on our occupational health and safety performance across the business segment will help us improve the safety level across our operational sites and provide a safer and healthier work environment for employees. In 2022, the number of public incidents reported increased to 9 cases compared to previous years.

Moving forward, the public can report any OSH complaints to a centralised platform. In the year under review, we recorded zero fatalities and zero high-consequence work-related injuries.

#### SAFETY PERFORMANCE



#### Recordable Work-Related Injuries

FY2022

2

Employees

4

Non-Employees

#### Lost Time Injury (LTI)

FY2022

0

Employees

0

Non-Employees

#### NUMBER OF HOURS WORKED:

FY2022:

Employees

**2,816,526**

hours

Non-Employees

**511,186**

hours

Notes:

1. Employees refers to employees from business segments.
2. Non-employees refer to volunteers, contractors, and agency workers, among other types of worker. They might also include those working for the organisation, or for the organisation's suppliers and customers.
3. The rates are calculated based on 1,000,000 hours worked
4. The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.

Please refer to Sustainability KPI Section.

Follow-up actions have been taken based on the hierarchy of controls to prevent cases mainly associated with slips, trips and missteps 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.



#### MSOSH Awards

Sunway Malls won three awards at the 40<sup>th</sup> Malaysian Society for Occupational Safety and Health (MSOSH) Awards, signifying its commitment to workplace health and safety. The MSOSH Award is an annual award that recognises organisations in Malaysia with proven outstanding occupational safety and health performance. Award participants are subjected to stringent document and site verification audits by a panel of qualified and dedicated auditors before they are deemed credible for the awards.



## Goal 3: Investing in Community Inclusivity

# COMMUNITY INCLUSIVITY

GRI 3-3, 203-1, 203-2, 413-1, 413-2

Corporate responsibility is part of our DNA, as it enables us to move towards our vision of enhancing stakeholder value through Community Engagement. Building on our strength as an inclusive organisation, we strive to reach out to the community to enrich and empower the marginalised and the underserved through collaborations with non-governmental and not-for-profit organisations. With every partnership, we are able to touch the lives of more individuals and families, ultimately creating long-lasting positive impacts for the community. Our efforts are aligned with Sunway Group's commitment to the UN SDGs, which are anchored on #SunwayforGood initiatives in Education, Healthcare and Community Enrichment.

### EDUCATION

Ensuring accessibility to education for all is part of our efforts to build a sustainable future. We strive to contribute to SDG 4: Quality Education by helping to provide access to education to the lower-income, marginalised and underprivileged communities. In 2022, Sunway Putra Mall helped to raise fund for Buku Jalanan Chow Kit, a non-profit organisation that provides education to underprivileged children in Chow Kit, Kuala Lumpur to enable them to escape the cycle of poverty. The initiative was implemented through Christmas 2022 – Wander Wonder Forest/ Wonderful Deeds, which encouraged Sunway Putra Mall shoppers to donate a minimum of RM5 via Sunway Pay in exchange for gift-wrapping services.



### HEALTHCARE

#### Blood Donation

As always, Sunway REIT strives to promote good civic consciousness by contributing to a caring society. In 2022, Sunway Pyramid Mall and Sunway Putra Mall organised a blood donation drive with the University Malaya Medical Centre. Successful donation will be used for clinical transfusion for patients in University Malaya Medical Centre. According to Community Blood Center (1), one pint of blood can save up to three lives.

➞ Please refer to blood facts by Blood Community Center - <https://givingblood.org/about-blood/blood-facts.aspx>



NO. OF DONORS

Wisma  
Sunway

38

Sunway  
Putra Mall

300

Sunway  
Pyramid Mall

308



## COMMUNITY ENRICHMENT

Reaching out to the underprivileged and the underserved is part of our corporate social responsibility, as we aim to ensure no one is left behind. In 2022, we continued to contribute to the communities that were most in need, in particular, the Bottom 40 (B40) income group, orphans, flood victims and HIV patients, among others. Sunway Pyramid also sponsored UN High Commissioner for Refugees (UNHCR) and UNICEF event spaces to support them in promoting their cause. In the spirit of Malaysia's 15<sup>th</sup> General Election, Sunway Pyramid provided 11 wheelchairs at designated polling stations in Subang Jaya to assist voters in fulfilling their civic duty on polling day.



**Donated RM15,000 worth of AEON vouchers** to help underprivileged families



**Distributed 1,000 packet of bubuk lambuk** to B40 in Wangsa Maju, Selangor



**Distributed 100 portions of individual Yee Sang** to the urban poor and the homeless



**Contributed RM4,000 to pay for the electricity bills of 20 families** from the lower income group



**100% of the sales' proceeds** were donated to Rumah Hope

## Festivities

1

Sunway Pyramid collaborated with MBPJ and donated RM15,000 worth of AEON vouchers to help the underprivileged families in Subang Jaya, Selangor to purchase groceries and prepare for the *Hari Raya* celebration. The mall also donated an additional RM3,350 worth of AEON vouchers to four homes in Selangor, which benefitted 200 children.

2

Sunway Putra Hotel also contributed to the *Ramadhan* and *Raya* celebrations with the underprivileged by distributing food and groceries to communities in need. The contributions consisted of:

- Distributing 1,000 packets of *bubur lambuk* to the B40 community in Wangsa Maju, Selangor.
- Visiting *Pusat Jagaan Anak Yatim, Pertubuhan Rahoma Darul Fakir* and *Saudara Baru An-Najjah* for *buka puasa* and contributing nutritious food boxes and RM 5,000 worth of essential groceries.

3

During Chinese New Year, Sunway Resort Hotel collaborated with Kechara Soup Kitchen and distributed 100 portions of individual *Yee Sang* to the urban poor and the homeless in Kuala Lumpur. The initiative aimed to enrich the community with a balanced diet, besides sharing the joy of the Lunar New Year celebration.

4

In conjunction with Deepavali, the festival of lights, Sunway Putra Mall contributed RM4,000 to pay for the electricity bills of 20 families from the lower income group in Taman Tun Dr Ismail, Kuala Lumpur. The contribution was part of the Light of Happiness initiative under the #SegambutCares collaboration with Member of Parliament for Segambut, Hannah Yeoh.

5

In the spirit of giving, Sunway Resort Hotel invited guests to purchase Christmas ornaments that were made from upcycled batik fabric and handsewn by Batik Boutique. The initiative raised RM3,300 and 100% of the sales' proceeds were donated to Rumah Hope, a sanctuary for abused, neglected and under-privileged children. Batik Boutique is a company that supports the artisan community by providing skills training and income opportunities across Malaysia.



## Goal 3: Investing in Community Inclusivity



### Flood Relief

Sunway Malls organised a flood relief mission to reach out to the victims during the floods, which occurred from December 2021 to January 2022. Working closely with the Malaysian Red Crescent and Bernama, Sunway Malls successfully collected about 4,000 kg of donated items from shoppers and sent food supplies and daily essentials to individuals and families impacted by the floods in Selangor and Kuala Lumpur. In November 2022, Sunway Pyramid collaborated with the Malaysian Red Crescent to collect necessities donated by shoppers for flood victims.

### Preserving Wildlife

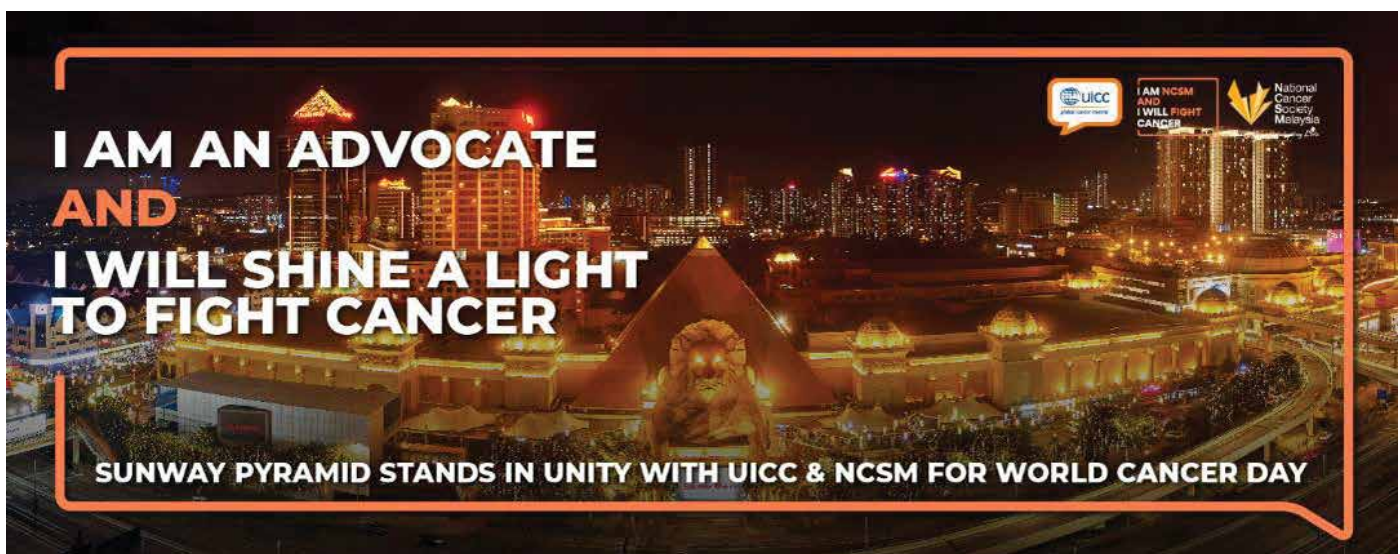
In our effort to preserve wildlife, Sunway Malls collaborated with the World Wildlife Fund (WWF) Malaysia and promoted awareness on threats against tigers and other wildlife. In January and February 2022, shoppers in Sunway Putra Mall who donated RM15 via Sunway Pay, Sunway's e-payment gateway, received merchandise from the mall and WWF Malaysia such as key chains and T-shirts. WWF Malaysia also set up a booth in the mall, and later in Sunway Pyramid in October 2022, to educate the general public about wildlife conservation and gather support for their cause.



Apart from that, Sunway REIT donated RM5,000 to the Malaysian Nature Society, the country's oldest and most established conservation society, in support of the organisation's publication of its 80<sup>th</sup> Anniversary Commemorative Book.

### Promoting World Cancer Day

Sunway Pyramid Mall supported World Cancer Day by allowing the LED billboard near the Sunway City entrance on the New Pantai Expressway to advertise the World Cancer Day's website. This initiative was carried out on 4 February 2022 in collaboration with the National Cancer Society Malaysia and the Union for International Cancer Control.







## IMPACT STORY

### Generating Positive Impact through Autisme

Autism and its associated behaviors have been estimated to occur in as many as one in 68 newborns, according to the National Autism Society of Malaysia (NASOM)<sup>1</sup>. As such, Sunway Putra Mall has taken on the role of advocate to create awareness on autism spectrum disorder (ASD) by being the first mall in Malaysia to incorporate Autism-friendly features and elements. These include sensory walls, a calm room, dimmed lights, decreased volume, autism shopping and reserved parking. Lights and music at common areas and participating outlets are dimmed and lowered, while customer care is provided when assistance is required. There are also special promotions and discounts for members of the mall's Autisme Programme, which was launched in 2019. The Autisme Programme is in line with SDG 3: Good Health and Well-being and SDG 10: Reduced Inequalities. It aims to educate, advocate for and celebrate individuals with ASD.



#### Educate

The society on autism awareness



#### Advocate for

Acceptance of the autism community



#### Celebrate

Inclusiveness and togetherness among the community

In 2021, Sunway Putra Mall persevered with its admirable initiative to educate, advocate for and celebrate individuals with ASD amid the pandemic. In 2022, the mall displayed seven Hari Raya-themed décor pieces that were hand-painted by two autistic artists, Izzati Shahrin and Haziq Izmi from NAKSENI. In support of World Autism Awareness Day, the mall also organised an array of exciting and fun activities that showcased the creativity of the autistic community as well as creating awareness on ASD. From 28 to 30 March 2022, Sunway Putra Mall organised Autism Through My Eyes.

#### Autisme Talks

Two talks on autism were held virtually on Sunway Putra Mall's Instagram platform, @SunwayPutraMall, via Instagram Live, to share the experiences of two celebrities with family members with ASD. The talks were hosted by celebrities Aishah Amin, whose child is on the spectrum, and Arena Wan, whose brother has ASD.

#### Autisme Bazaar

17 vendors showcased and sold handmade products made by autistic individuals. Part of the sales proceeds of the bazaar was channelled to NASOM, enabling visitors and shoppers to support the development of the talents of differently-abled individuals.

#### Free Autism Screening by Special Education Needs Institute (SENI)

Provided families with further insights by offering free autism consultations. SENI aims to help individuals with special needs to integrate into society as contributing members of the workforce, through their holistic programmes for individuals of all ages.

#### Autism Rules Fashion Show

Organised by JayK Fashion and PERSAMA, the fashion show featured a Raya collection inspired by the artwork of autistic individuals. JayK Fashion is a brand that carries a range of ethnic designs, infusing and featuring the artwork of children with autism in their fashion wear. Together with autism NGO PERSAMA, they work with autistic children, giving them a guided programme to earn a sustainable income.

#### Sensory Kit Box

Shoppers were given the opportunity to redeem a Sensory Kit Box worth RM50 with a minimum spend of RM150 in two receipts mall-wide from 28 March to 7 April 2022. The sensory kit is suitable for all children, including children with ASD.

#### Fundraising

Shoppers were encouraged to donate to NASOM.

We will continue to make autism awareness our priority as we believe in empowering those with autism in our society.

<sup>1</sup> Please refer to NASOM - <https://www.nasom.org.my/>



## Goal 3: Investing in Community Inclusivity



### IMPACT STORY

### Community Inclusivity



#### World Clean-up Day

Keeping the streets clean is a priority in Sunway City Kuala Lumpur. In the year under review, Sunway City Kuala Lumpur hotels within the city held nine 'Clean-Up Day' events, whereby employees from each department took part in cleaning up the streets, parks and public areas around the hotels. The initiative, which was made a KPI of each department, effectively removed 480 kg of trash and recyclables at Sunway City Kuala Lumpur.



#### Plogging at Penang Hill

At Sunway REIT, we are active in both advocating for and participating in hands-on activities to make the world a better place. On 13 November 2022, Sunway Malls took part in Trash Free Hill 2022 in Penang by sponsoring RM5,000 and volunteering 10 employees to take part in the event. Trash Free Hill 2022 is an annual plogging activity on the iconic Penang Hill organised by the Penang Hill Corporation, which involves picking up litter while hiking up the scenic hill. The initiative collected 436 kg of garbage.



## AWARDS

**Sunway Malls was recognised for its innovative marketing efforts when two of its malls garnered top awards at PPK Malaysia's Best Experiential Marketing Awards 2020 – 2022.**

Sunway Velocity Mall won the Best Experiential Marketing Platinum Award for its Chinese New Year 100 Blessings campaign (Category B) while Sunway Putra Mall bagged the Best Experiential Marketing Silver Award (Category B) for its Ikatan Mesra Raya campaign. The recognitions underscored Sunway REIT's consistent drive to better impact the communities in which it operates, in line with Sunway's core values of integrity, humility and excellence, as well as Sunway's commitment to advancing the UN SDG.

Organised by the Malaysia Shopping Malls Association, the PPKM Awards aim to honour innovative efforts by mall operators in marketing strategies amid the rapid growth and evolution of the retail industry across the region. This includes recognising malls for their grand decorations and creative marketing campaigns that enhance the shopping and leisure experience.

### International Customer Experience (CX) Awards

Sunway Malls won seven International Customer Experience (CX) Awards and secured the coveted title of Overall Winner, which paid tribute to its dedication in providing outstanding customer service. With the highest scores across all award categories, Sunway Malls prevailed over 200 other contenders across 41 countries worldwide, reflecting its commitment to its core values of integrity, humility, excellence and dedication to pursuing its UN SDG goals.





## Goal 3: Investing in Community Inclusivity

# ENSURING SUSTAINABLE BUSINESS GROWTH

GRI 3-3, 413-1, 413-2

### ESTABLISHING CUSTOMER SATISFACTION

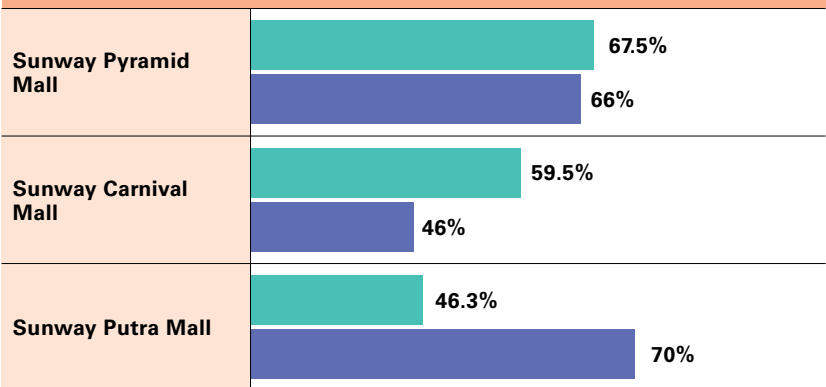
Meeting customer expectations will allow us to continue to grow and remain relevant. To better understand the needs of our customers and tenants, we have been collecting data and feedback via surveys and measurement tools to gather insights. Feedback from customers and tenants is vital for us to continue to innovate and enhance our services to boost customer satisfaction.

#### Retail

As the nation transitioned from pandemic to endemic, Sunway Malls reinstated its Customer Satisfaction Survey to understand new customer sentiments that may have changed during the two years of sporadic movement control order phases. The results achieved in 2022 will be used as a new benchmark for the coming years, as businesses restart, restore and recover in the post-pandemic new normal.

#### Sunway REIT's Retail Segment's Net Promoter Score (NPS) and Customer Satisfaction for 2022

##### Property



Customer Satisfaction

Net Promoter Score

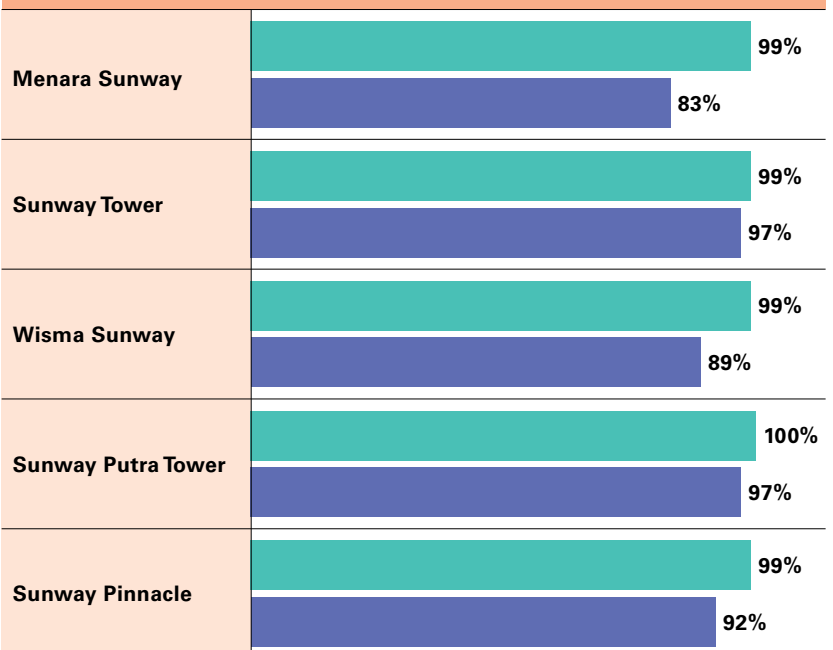
#### Office

Sunway Offices continued to maintain high customer satisfaction scores at 99% in 2022, with nearly all five properties reaching near-perfect scores. This was the second consecutive year that the Office segment retained such high scores.

One of the reasons for the significant improvements in the NPS and the customer satisfaction scores was the strong support extended by the Company to the tenants during the COVID-19 pandemic. Another reason was because of our ability to systematically track all service requests submitted by our building tenants through the e-service request software to ensure we achieve 100% completion of the services on a timely basis. The Sunway Property Management App, which allows tenants to submit service requests in a seamless manner was introduced in 2017 as a proof of concept and subsequently widely proliferated in 2019. Based on the feedback, tenants were happy with the shorter downtime of their buildings' equipment and facilities.

#### Sunway REIT's Office Segment's Net Promoter Score (NPS) and Customer Satisfaction for 2022

##### Property



Customer Satisfaction

Net Promoter Score



### Hotel

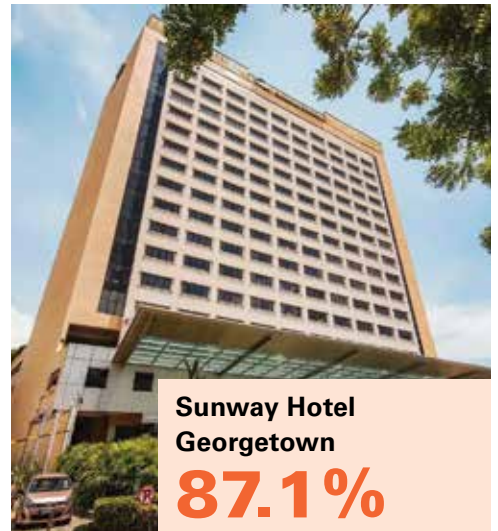
Sunway Resort Hotel, which was undergoing renovation in 2022, was rated highly by TripAdvisor. Guest satisfaction and feedback were collected via feedback Forms and TripAdvisor reviews.

#### Global Review Index Score FY2022



Sunway Putra Hotel

**90.3%**



Sunway Hotel  
Georgetown

**87.1%**



Sunway Hotel  
Seberang Jaya

**84.6%**

#### Tripadvisor Ranking 2022



**SUNWAY LAGOON HOTEL**  
(FORMERLY KNOWN AS  
SUNWAY CLIO HOTEL)

Rank  
**1 of 89 hotels**



**SUNWAY PYRAMID HOTEL**

Rank  
**2 of 89 hotels**



**SUNWAY RESORT HOTEL**

Rank  
**6 of 89 hotels**



# GOAL 4

## RESPECTING ETHICAL PRINCIPLES



### ► CAPITAL



Social and Relationship

### ► MATERIAL ISSUES

- Indirect Economic Impact
- Corporate Governance
- Anti-Corruption
- Business Ethics

### ► ACTIVITIES

- Board Policies
- Corporate Policies
- Code of Conduct and Business Ethics
- Whistleblowing Procedure
- Cybersecurity and Data Governance

### ► VALUE CREATED

- Strong Governance
- Zero Tolerance for Fraud, Bribery and Corruption

Sunway REIT's corporate policies and ESG commitments have built a strong foundation for sound corporate governance. Our commitment to safeguarding business integrity and fair practices allows us to maintain a high level of trust and confidence among our stakeholders to deliver beyond meeting minimal regulatory compliance.



# SUSTAINABILITY GOVERNANCE

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-16, 2-17, 2-18, 2-19, 2-23, 2-24, 2-25, 2-26, 2-27, 3-3

## SUSTAINABILITY COMMITTEE

**Sunway REIT's Sustainability Committee is chaired by Yeo Kar Peng, an Independent Non-Executive Director. The Sustainability Committee, which is supported by the Sustainability Working Group (SWG) and a Sustainability Officer, meets four times a year to evaluate Sunway REIT's sustainability plan.**

The Sustainability Committee has oversight of climate-related risks and opportunities. It reviews, supervises and recommends to the Board of Directors matters pertaining to three key sustainability areas that are aligned with Sunway Berhad's sustainability commitment. These areas are:

Sustainability strategy and issues	Key ESG goals, targets and performance	Progress and scorecard
------------------------------------	--	------------------------

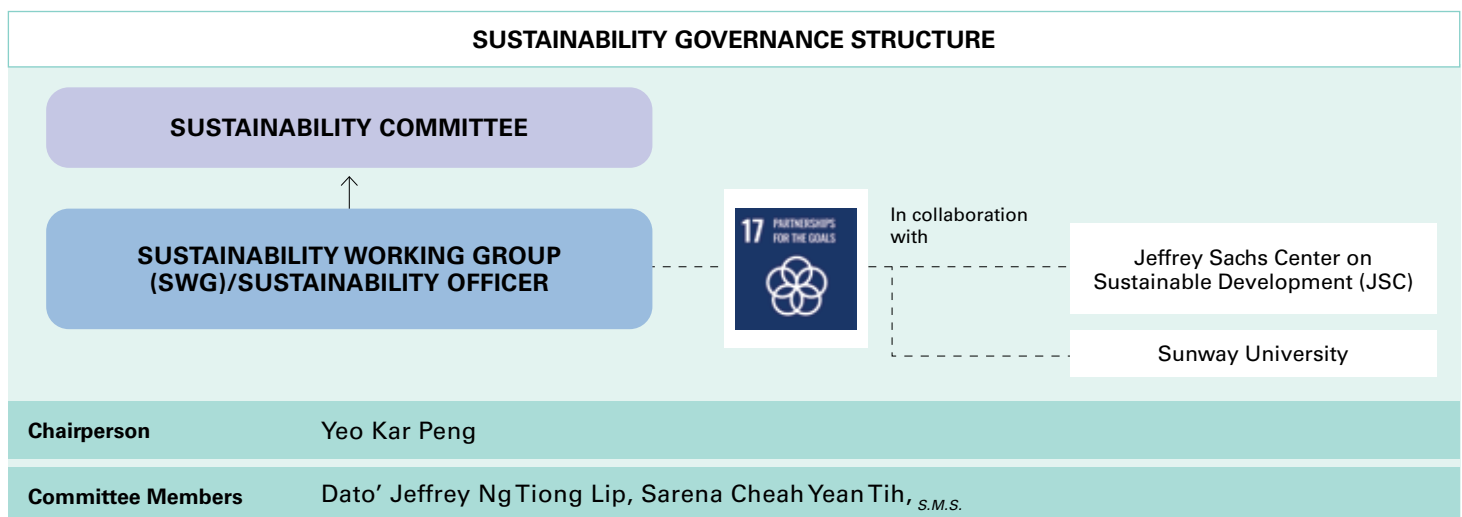
Prior to advising the Board, the Sustainability Committee reviews feedback from relevant stakeholders, including authorities, regulators, investors and index funds, on matters related to sustainability. Since its establishment in 2021, the Sustainability Committee has developed robust policies, as well as the Internal Carbon Framework and the 2030 Sustainability Goals and Targets. The Sustainability Committee is supported by the SWG and Sustainability Officer.

**In the year under review, the Sustainability Committee approved:**

Revised 2030 targets	Sustainability linked to remuneration of Senior Management (CEO and CFO)	Universal Accessibility Policy
----------------------	--	--------------------------------

## SUSTAINABILITY WORKING GROUP (SWG) AND SUSTAINABILITY OFFICER

The SWG is led by Sunway REIT's Chairperson, Dato' Jeffrey Ng. Serving as the executive arm of the Sustainability Committee, the SWG helps the Sustainability Committee to roll out sustainability initiatives and integrate sustainability strategies into the business operations. Apart from monitoring and updating the Sustainability Committee on the progress of sustainability projects, the SWG ensures Sunway REIT complies with sustainability guidelines and regulatory requirements and identifies sustainability risks relevant to Sunway REIT.





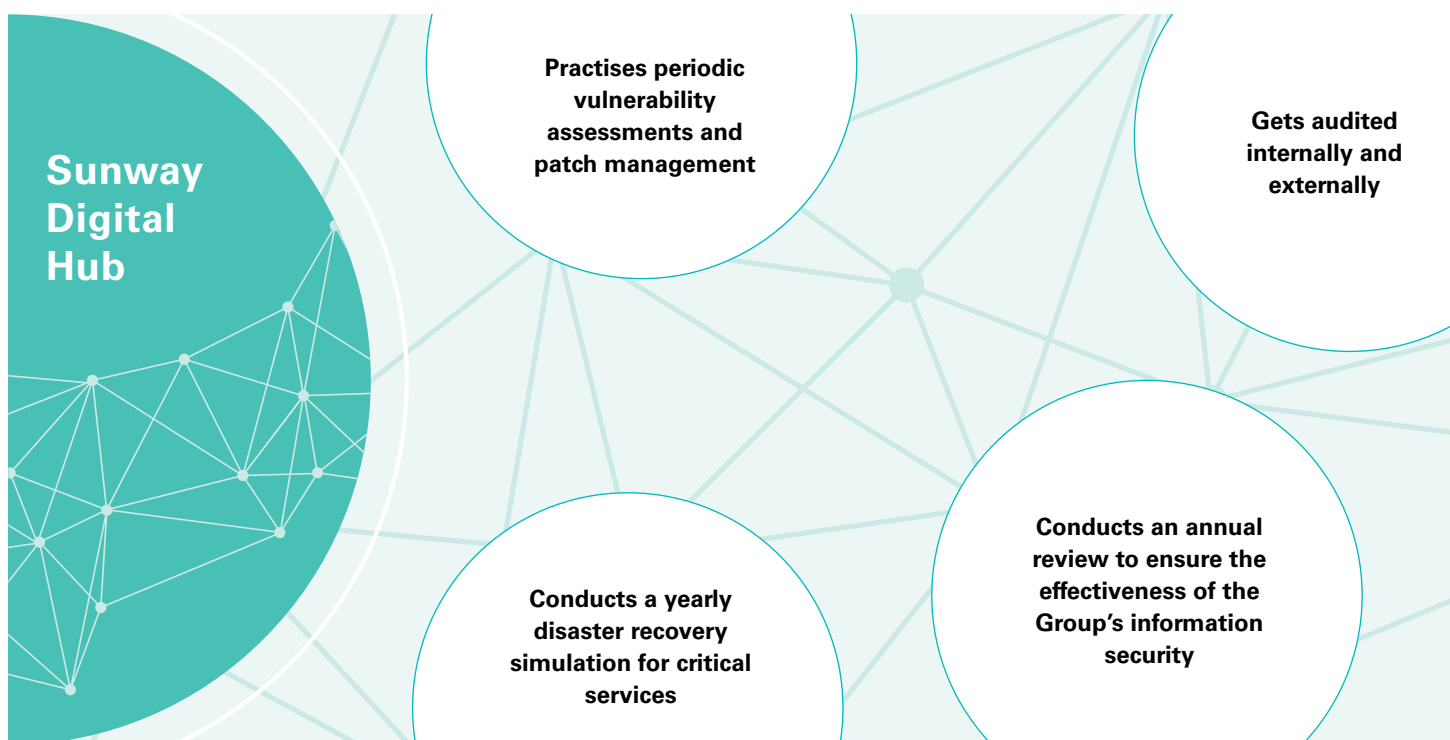
## Goal 4: Respecting Ethical Principles

# UPHOLDING GOOD BUSINESS ETHICS

GRI 3-3, 2-15, 2-19, 2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 206-1, 205-1, 205-2, 205-3, 307-1, 416-1, 416-2, 419-1

### CYBERSECURITY & DATA GOVERNANCE

At Sunway REIT, we have accelerated the digitalisation of our business to transform our operations and enhance our business, which may leave us susceptible to cyberattacks. To this end, we have taken measures to reinforce our cyber resilience by investing in reliable solutions to ensure our digital platforms are free from cybercrime to prevent any legal, financial and reputational risks.



Our organisation is supported by a resilient and comprehensive governance framework. With its **certification of ISO 27001: 2013 international standards**, Sunway Digital Hub prioritises the efficiency of its Information Security Management System (ISMS) and infrastructure of policies and procedures that cover a broad range of legal, physical and technical controls in the Trust's information risk management processes.

Sunway REIT is supported by Sunway Digital Hub, which is headed by Sunway Berhad's Chief Information Officer (CIO). He is a member of the National Tech Association of Malaysia (PIKOM) CIO Chapter and PIKOM Cybersecurity User Group, and is responsible for the management of the Shared Services Centre. The CIO is required to submit reports to the Board on the Group's latest cybersecurity and technology strategy whenever necessary.

The Group has also adopted an ePolicy to guide employees, which can be accessed through our Online Learning System. We continue to highlight the importance of data protection and privacy by circulating tips and reminders in our monthly newsletters and annual performance reviews, which are conducted over the Online Learning System. We also regularly conduct phishing simulation exercises to enable our employees to recognise and avoid phishing scams. In addition, we have in place an information security email for employees to report any cybersecurity-related incidents. There were zero reported cases of cybersecurity breaches in the year under review.



## CODE OF CONDUCT & BUSINESS ETHICS

Our 2021 materiality survey showed that anti-corruption and business ethics were our top priorities. The importance of integrity and good business conduct is reflected in our commitment to upholding the highest standards of good business ethics and principles to safeguard integrity and strong corporate governance.

Our Code of Conduct and Business Ethics provides guidance in ensuring we comply with all the necessary laws and regulatory rules across our operations and activities. It comprises a set of corporate policies, which we review from time to time to stay updated on the developments in the regulations. It also consists of an ethical framework to guide our Directors and employees, as well as our business partners, vendors and anyone who wants to engage in a business dealing with Sunway REIT.

In 2022, there were zero reported cases of:

**Non-compliance with laws and regulations in the social and economic areas**

**Legal action for anti-competitive behaviour, or anti-trust and monopoly practices**

**Non-compliance with environmental laws and regulations**

**Non-compliance concerning the health and safety impacts of products and services**

## ZERO TOLERANCE FOR FRAUD, BRIBERY AND CORRUPTION

Sunway REIT has a zero-tolerance stance on fraud, bribery and corruption. We strictly abide by our Anti-Bribery & Corruption (ABC) Policy, a robust corporate policy that addresses anti-bribery and corruption, anti-money laundering and whistleblowing in all our business dealings and activities. The ABC policy is communicated to all our Senior Management and employees through several channels of communication such as the corporate website, training sessions and the induction programme. In 2022, 100% of our employees and the Senior Management undertook mandatory e-learning on the ABC Policy, which covered elements or types of corruption, including bribery.

All employees, associates, partners, agents, vendors, suppliers, contractors, consultants and other third-party service providers are expected to sign an agreement to comply with this Policy where appropriate. In 2022, there were zero reported cases of bribery and corruption.

## PROTECTING OUR CUSTOMERS' PRIVACY

**We strive to protect the privacy of customers and their personal data to cultivate trust and ensure customer satisfaction. We continue to comply with the Personal Data Protection Act 2010 (PDPA), which emphasises our approach to data privacy and security. In 2022, there were zero reports of substantiated complaints concerning breaches of customer privacy and loss of customer data.**

The Manager, employees of Sunway Malls, Sunway Offices and Sunway Hotels are required to:

### Comply with the PDPA

**Adhere to Sunway's compliance manual and all Sunway policies related to the PDPA**

**Read, understand and acknowledge non-disclosure agreements (NDAs)**

**Attend PDPA training and an annual internal audit of PDPA compliance**

Our Group Information Technology (GIT) has developed and established a Data Governance Framework, Policies and Procedures as a guideline for Sunway to improve its management and security of data. The framework ensures consistency and efficiency in the management of data within the Group and reduces the risk of data abuse.

Our cybersecurity challenges are managed through a stringent series of codes, policies and security controls to ensure customers' data are protected from exploitation and unauthorised access. All employees are subject to the strictest standards of privacy and confidentiality. Additionally, GIT has established a comprehensive governance infrastructure to ensure data privacy and security across all our operations, including the protection of privacy of all stakeholders, such as the shoppers in our malls.

Sunway Malls assure customers and shoppers of their privacy by allowing them to select their preferred contact method and reminding them of the malls' right to use pictures and video footage recorded in the malls. Sunway Malls also ensure that all personal detail requested comply with the PDPA. In our hotels, the personal data of our hotel guests are only accessed by authorised users. As for offices, information about tenants is not divulged without prior approval from the tenants.



## Goal 4: Respecting Ethical Principles

### SUNWAY REIT'S POLICIES

Sunway REIT's Board Policies and Corporate Policies are aligned with Sunway Berhad's policies. In 2022, we updated the Donations, Sponsorships and Corporate Responsibility Policy and have included the Human Rights Policy as part of Sunway REIT's mandatory e-learning for all employees.

 Please refer to Sunway REIT's policies - <https://www.sunwayreit.com/about-us/corporate-governance/>

### BOARD POLICIES

01



Directors' Remuneration Policy

02

Non-Audit Services Policy



03

Policy on Selection and Assessment of Board of Directors



04



Policy on Selection of External Auditors

### CORPORATE POLICIES

01

Anti-Bribery and Corruption Policy (ABC)



02



Anti-Money Laundering Policy (AML)



03

Donations, Sponsorships and Corporate Responsibility Policy

04

Sustainability Policy



05



Universal Accessibility Policy

06

Whistleblowing Policy &amp; Procedures



### SUNWAY BERHAD'S POLICIES

Sunway REIT is aligned with Sunway Berhad's policies, including:


Biodiversity Policy	Sustainable Procurement Policy	Green Building Policy
Human Rights Policy	Group Occupational Health, Safety & Environment Policy	Water Management Policy
Diversity and Inclusion Policy	Sustainable Event Management Guidelines (to be endorsed in 2023)	Green Township Policy (to be endorsed in 2023)



### DONATIONS, SPONSORSHIPS AND CORPORATE RESPONSIBILITY POLICY

Sunway REIT is guided by its Donations, Sponsorships and Corporate Responsibility Policy when giving back to society. The policy, which was updated in 2022 to strengthen the governance of our corporate responsibility, sets out best practices in making donations and contributions. It includes the types of organisations and activities that Sunway REIT is allowed to contribute to, the objectives of corporate responsibility efforts, the exceptions of the policy and the procedure to handle a donation request.

The policy also defines the boundaries for contributing to events and programmes affiliated with political parties. Sunway REIT does not grant any donations requested by politicians except if it is for a good cause and the donations will be provided directly to the beneficiaries.


 Please refer to Donations, Sponsorships and Corporate Responsibility Policy - <https://www.sunwayreit.com/wp-content/uploads/2023/01/210608-Sunway-REIT-Donations-Sponsorship-and-CR-Policy.pdf>

### UNIVERSAL ACCESSIBILITY POLICY

This new policy underpins Sunway REIT's commitment to promoting inclusiveness through its buildings and services. The policy, which will be applied in the common areas of Sunway REIT's buildings, lays out best practices and/or principles of universal accessibility.

In 2022, the Board approved the Universal Accessibility Policy, which sets out Sunway REIT's commitment to promoting an all-inclusive society by providing universal accessibility in our buildings, where practicable and/or feasible. The policy includes best practices and/or principles of physical accessibility and will be implemented in the common areas of our buildings, such as toilets and lift lobbies, and in all our infrastructure, features and open spaces where relevant.

The policy underlines Sunway REIT's endeavour to further improve physical accessibility for owned and managed properties, as well as new acquisitions and projects, which may need asset enhancements, where practicable. The policy, which will be cascaded to all business segments, is available on Sunway REIT's corporate website.

 Please refer to Universal Accessibility Policy - <https://www.sunwayreit.com/wp-content/uploads/2023/01/221108-Sunway-REIT-Universal-Accessibility-Policy.pdf>

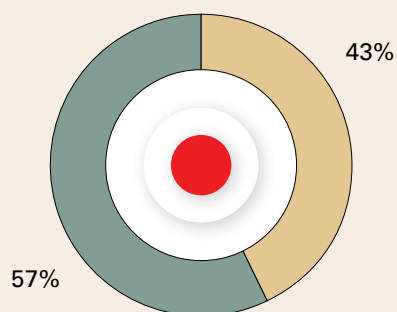


# Directors' Profile

GRI 2-9

## Gender

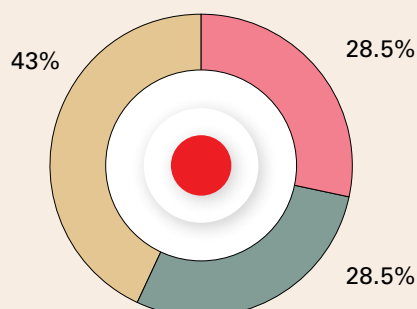
Male Female



The Board comprises three women Board members, thus achieving more than 30% of female representation on the Board.

## Age Group

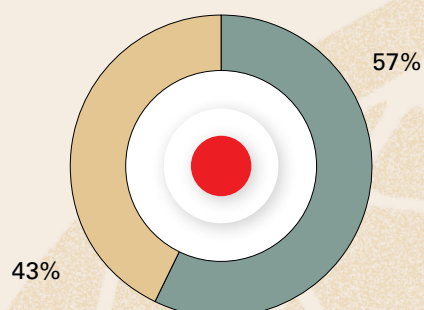
60 and below 61 - 70 71 and above



The Board comprises a good mix and balance of experience, skill sets and gender diversity and comprises qualified members in its composition.

## Composition

Independent Non-Independent



There are currently four Independent Directors, representing 57% of the composition of the Board, thus exceeding the requirement for at least half of the Board to comprise Independent Directors.

1

**Tan Sri Amirsham  
Bin A Aziz**

RE LA CG FI EC HC

4

**Tengku Nurul  
Azian Binti Tengku  
Shahriman**

LA CG FI HC

5

**Yeo Kar Peng**

CG FI SU EC



2

**Dato' Jeffrey  
Ng Tiong Lip**

RE LA CG FI SU EC HC

3

**Datuk Christopher  
Martin Boyd**

RE LA CG FI EC

## BOARD SKILLS AND EXPERIENCE

**RE** REIT development and investment/property valuation

**LA** Law/regulations

**CG** Corporate governance/risk management/internal controls

**FI** Financial/banking/audit

**SU** Sustainability/ESG

**EC** Economics/business

**IT** Information technology/digital strategy

**HC** Human capital/talent management issues

6

**Ng Sing Hwa**

RE LA CG FI EC IT HC

7

**Sarena  
Cheah Yean Tih, S.M.S.**

RE LA CG FI SU EC



# Directors' Profile

## Tan Sri Amirsham Bin A Aziz

Chairman, Independent Non-Executive Director



**Date of Appointment:** 8 April 2022

**Board Committee(s):**

-

**Academic/Professional Qualifications:**

- Degree in Bachelor of Economics (Honours), University of Malaya
- Member, Malaysian Institute of Certified Public Accountants

**Working Experience:**

**Present Appointments**

- Independent Non-Executive Director and Chairman of the Audit Committee, Hap Seng Plantations Holdings Berhad
- Independent Non-Executive Chairman, RAM Holdings Berhad
- Independent Non-Executive Chairman, RAM Rating Services Berhad

**Past Experience**

- President and Chief Executive Officer, Malayan Banking Berhad
- Minister, Prime Minister's Department (Economic Planning Unit and Department of Statistics)
- Chairman, National Economic Advisory Council
- Independent Non-Executive Chairman, Bursa Malaysia Berhad

**Other Directorships:**

**Listed Issuer(s)**

- Hap Seng Plantations Holdings Berhad

**Public Company(ies)**

- RAM Holdings Berhad
- RAM Rating Services Berhad

**Private Company(ies) and Other Organisation(s)**

- Glenealy Plantations Sdn Bhd (Non-Executive Director)

## Dato' Jeffrey Ng Tiong Lip

Chief Executive Officer, Non-Independent Executive Director



**Date of Appointment:** 24 March 2010

**Board Committee(s):**

- Member of the Sustainability Committee

**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 (CMSRL) 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 Experience**

- 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 Issuer(s)**

Nil

**Public Company(ies)**

- United Overseas Bank (Malaysia) Berhad
- SUNREIT Capital Berhad
- SUNREIT Unrated Bond Berhad
- SUNREIT Perpetual Bond Berhad
- Sunway Lagoon Club Berhad

**Private Company(ies) and Other Organisation(s)**

- Urban Hallmark Properties Sdn Bhd (Executive Director)
- Swissglade Sdn Bhd (Non-Executive Director)
- SUNREIT Hartanah Sdn Bhd (Executive Director)
- Real Estate and Housing Developers Association (REHDA) Institute (Chairman)
- Malaysian REIT Managers Association (MRMA) (Immediate Past Chairman)
- Appeal Board under the Federal Territory (Planning) Act 1982 (Panel Member)
- Board of Studies – Master of Real Estate Development, Universiti Tunku Abdul Rahman (Member)



## Datuk Christopher Martin Boyd

Senior Independent Non-Executive Director

75

M



**Date of Appointment:** 8 April 2022

### Board Committee(s):

- Chairman of the Audit Committee
- Member of the Risk Management Committee
- Member of the Nomination and Remuneration Committee

### Academic/Professional Qualifications:

- Fellow, Royal Institution of Chartered Surveyors Australia
- Fellow, Royal Institution of Surveyors Malaysia
- Fellow, Association of Valuers, Property Managers, Estate Agents & Property Consultants in the Private Sector Malaysia
- Member, Singapore Institute of Surveyors and Valuers
- Associate, Australian Property Institute

### Working Experience:

#### Present Appointments

- Proprietor, Chris Boyd Property Consultants
- Independent Non-Executive Director, Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee, MUI Properties Berhad

### Past Experience

- Partner, Jones Lang Wootton Malaysia
- Director, Jones Lang Wootton Singapore
- Partner, Knight Frank Baillieu Malaysia
- Executive Chairman, Savills (Malaysia) Sdn Bhd
- Director, Eastern & Oriental Berhad

### Other Directorships:

#### Listed Issuer(s)

- MUI Properties Berhad

### Private Company(ies) and Other Organisation(s)

- Chris Boyd Property Consultants (Proprietor)
- Cool Paradise Sdn Bhd (Non-Executive Director)
- Refocus Sdn Bhd (Non-Executive Director)
- Max Horizon Sdn Bhd (Non-Executive Director)
- Regroup Associates Sdn Bhd (Non-Executive Director)
- Lenzcheck Sdn Bhd (Non-Executive Director)
- Pow Pocket Sdn Bhd (Non-Executive Director)
- Cornerside Development Sdn Bhd (Non-Executive Director)
- West Synergy Sdn Bhd (Non-Executive Director)
- Boyd & Partners (Principal)
- Yayasan Hash Heritage (Trustee)
- Malaysian Nature Society (Board of Governors)

## Tengku Nurul Azian Binti Tengku Shahrman

Independent Non-Executive Director

59

F



**Date of Appointment:** 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 the Inner Temple
- Former Advocate and Solicitor of the High Court of Malaya

### Working Experience:

#### Present Appointments

- Independent Non-Executive Director, Chairperson of the Audit and Risk Committee, Dutch Lady Milk Industries Berhad
- Independent Non-Executive Chairman, member of the Audit and Risk Management as well as Remuneration Committee, FM Global Logistics Holdings Berhad
- Independent Non-Executive Director, a member of the Audit Committee, PPB Group Berhad
- Board Member, PEMIMPIN GSL, Malaysia (Member of the Global School Leaders)
- Board of Governors, Convent Bukit Nanas

### Past Experience

- Executive Vice President and Partner, PEMANDU Associates Sdn Bhd
- Director of Education and Human Capital Development in the Performance Management and Delivery Unit (PEMANDU), Prime Minister's Department
- Head of Corporate Finance, RHB Investment Bank Berhad
- Advocate and Solicitor, Messrs Shook Lin & Bok

### Other Directorships:

#### Listed Issuer(s)

- Dutch Lady Milk Industries Berhad
- FM Global Logistics Holdings Berhad
- PPB Group Berhad

### Public Company(ies)

Nil

### Private Company(ies) and Other Organisation(s)

- PEMIMPIN GSL, Malaysia (Member of the Global School Leaders) (Board Member)
- Convent Bukit Nanas (Board of Governors)



# Directors' Profile

## Yeo Kar Peng

Independent Non-Executive Director



**Date of Appointment:** 2 January 2019

### Board Committee(s):

- Chairperson of the Sustainability Committee
- Member of the Audit Committee
- Member of the Nomination and Remuneration Committee
- Member of the Risk Management Committee

### Academic/Professional Qualifications:

- Bachelor of Economics majoring in Accounting and Finance, Monash University, Clayton Melbourne, Australia
- Member, CPA Australia

### Working Experience:

#### Present Appointments

- Trustee, Top Glove Foundation

### Past Experience

- Board member, Khazanah Nasional Berhad
- Managing Partner, Citigroup Global Markets Malaysia Sdn Bhd
- Head of Research, UBS Equity Research (Malaysia) Sdn Bhd
- Head of Research, WI Carr (Malaysia) Sdn Bhd
- Analyst, Ariffin and Low (now known as CIMB Securities)
- Accountant, Cooperative Central Bank
- Auditor, Ernst and Winney (now known as Ernst & Young)
- Chairman and Founding Partner, Kendall Court Capital Partners
- Independent Non-Executive Director, EON Bank Berhad

### Other Directorships:

#### Listed Issuer(s)

Nil

### Public Company(ies)

- Top Glove Foundation

### Private Company(ies) and Other Organisation(s)

- Happy Learning (2006) Inc (Non-Executive Director)
- Kendall Place Holdings Ltd (Non-Executive Director)
- Kendall Court Capital Management Limited (Non-Executive Director)
- Cenviro Sdn Bhd (Non-Executive Director)
- Kendall Court Cambridge Investment Manager Limited (Non-Executive Director)

## Ng Sing Hwa

Non-Independent Non-Executive Director



**Date of Appointment:** 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
- Chartered Accountant
- Member, Malaysian Institute of Accountants
- Member, Malaysian 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 Experience

- Executive Director, Bertam Alliance Berhad
- Managing Director, CI Holdings Berhad
- Group Chief Executive, Faber Merlin Malaysia Berhad

### Other Directorships:

#### Listed Issuer(s)

Nil

### Public Company(ies)

Nil

### Private Company(ies) and Other Organisation(s)

- Seng Yee Holdings Sdn Bhd (Non-Executive Director)
- Dynamic Enterprises Sdn Bhd (Non-Executive Director)
- WL Property Holdings Sdn Bhd (Non-Executive Director)
- Millennium Pavilion Sdn Bhd (Non-Executive Director)
- Miramas Development Sdn Bhd (Non-Executive Director)
- Miramas Properties Sdn Bhd (Non-Executive Director)
- Ishtihar Properties & Development Sdn Bhd (Non-Executive Director)
- Ishtihar Construction Sdn Bhd (Non-Executive Director)
- Ishtihar Realty Sdn Bhd (Non-Executive Director)
- Sekitar Dunia Sdn Bhd (Non-Executive Director)
- Idaman Hijau Sdn Bhd (Non-Executive Director)
- Cabaran Performa Sdn Bhd (Non-Executive Director)
- Dynamic Pro-Parking Sdn Bhd (Non-Executive Director)
- Exclusive Team Development Sdn Bhd (Non-Executive Director)
- Leo August & Associates Sdn Bhd (Non-Executive Director)
- Cabaran Subang Sdn Bhd (Non-Executive Director)



**Sarena Cheah Yean Tih, S.M.S.****Non-Independent Non-Executive Director**

48

F

**Date of Appointment:** 25 August 2010**Board Committee(s):**

- Member of the Sustainability Committee

**Academic/Professional Qualifications:**

- Master in Business Administration, Melbourne Business School
- Bachelor of Commerce (Accounting and Finance), University of Western Australia
- Member, Australian Society of Certified Practising Accountants (ASCPA)
- Capital Markets Services Representative's Licence (CMSRL) Holder
- Member, National Committee of Real Estate and Housing Developers Association Malaysia (REHDA)

**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 Experience**

- Joint Managing Director, Property Development Division, Malaysia/Singapore, Sunway Group
- Executive Director, Strategy and Corporate Development, Sunway Group
- General Manager, Sales and Marketing, Property Development Division, Sunway Group
- Various roles in Corporate Finance, Group Internal Audit and Business Development departments, Sunway Group

**Other Directorships:****Listed Issuer(s)**

- Sunway Berhad and Group

**Public Company(ies)**

- SUNREIT Capital Berhad
- SUNREIT Unrated Bond Berhad
- Yayasan Raja Muda Selangor
- SUNREIT Perpetual Bond Berhad
- Bank of America Malaysia Berhad

**Private Company(ies) and Other Organisation(s)**

- Active Equity Sdn Bhd and Group (Non-Executive Director)
- Jef-San Enterprise Sdn Bhd (Non-Executive Director)
- Sunway Education Group Sdn Bhd and Group (Non-Executive Director)
- Bendera Teliti (M) Sdn Bhd (Non-Executive Director)
- Excelvagan Sdn Bhd (Non-Executive Director)
- Excelvagan Care Sdn Bhd (Non-Executive Director)
- Excelvagan Education Services Sdn Bhd (Non-Executive Director)
- Progressive Venture Sdn Bhd (Non-Executive Director)
- SUNREIT Hartanah Sdn Bhd (Non-Executive Director)

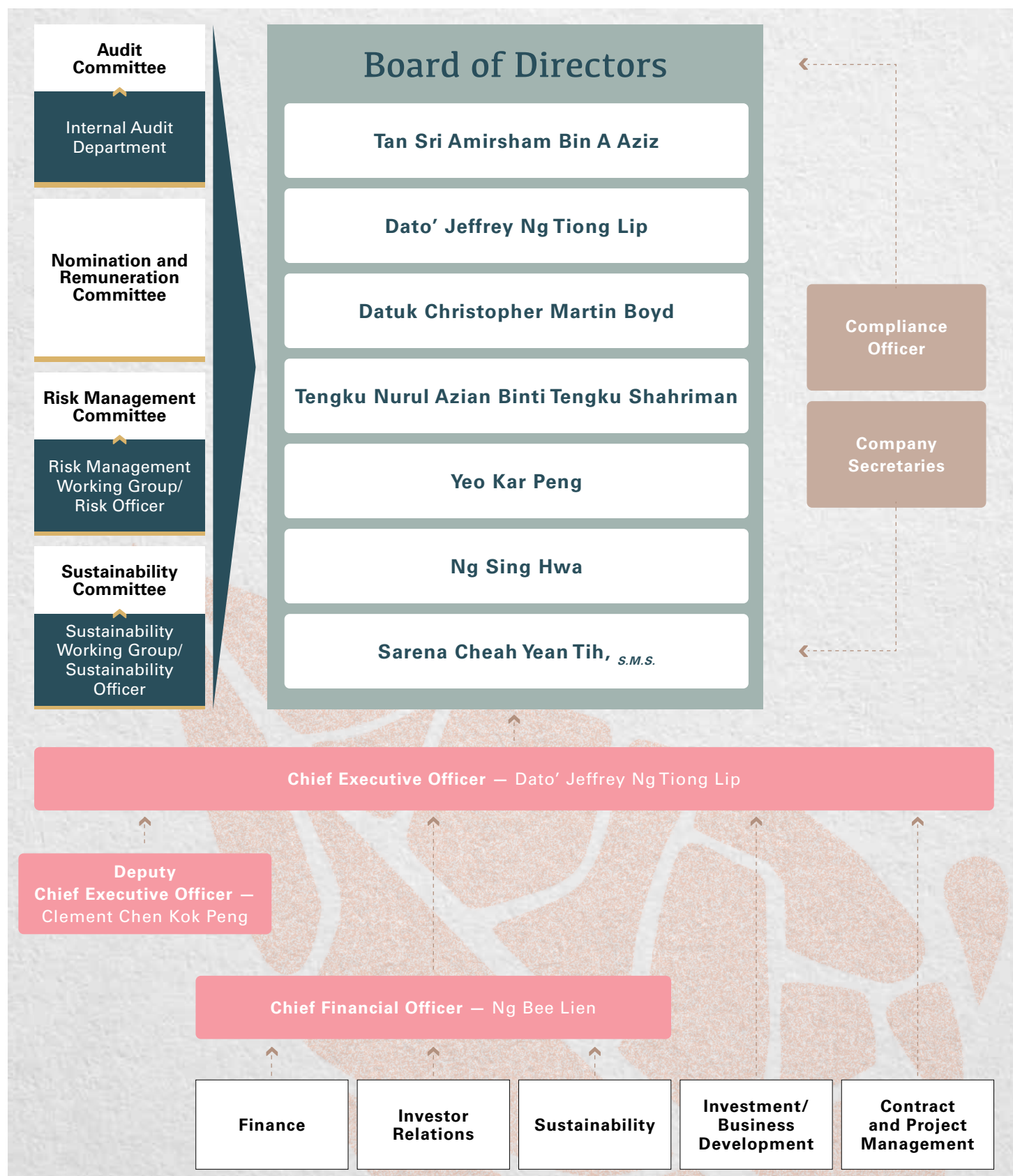
**Notes:**

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling<sup>10</sup>, who is the Executive Chairman and major shareholder of Sunway Berhad, and major unitholder of Sunway REIT, is the father of Sarena Cheah Yean Tih, S.M.S. Save as disclosed above, none of the Directors have:

- any family relationship with any Director of the Manager and/or major unitholder of Sunway REIT;
- any conflict of interest with Sunway REIT;
- any conviction for offences within the past five years (other than traffic offences); and
- any public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2022.

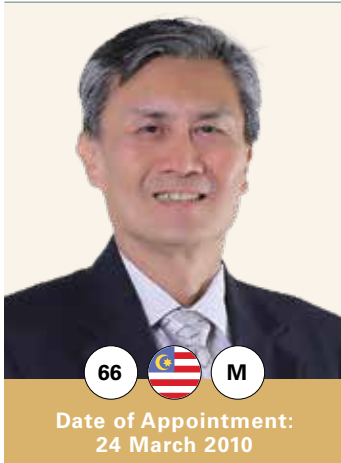


# Organisation Structure





# Management Team & Key Personnel



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

For more information, please refer to the Directors' Profile section.



**Clement Chen Kok Peng** (Deputy Chief Executive Officer)

## Qualifications

- Fellow Chartered Accountant, Institute of Chartered Accountants in England and Wales
- Chartered Accountant, Malaysian Institute of Accountants
- Bachelor of Arts (Honours) Finance, Accounting and Management, University of Nottingham, United Kingdom
- Capital Markets Services Representative's Licence (CMSRL) Holder

## Other Directorship(s)

Listed issuer      Public Company  
Nil                      Nil

## Working Experience

Upon graduating from the University of Nottingham, UK with a Bachelor of Arts (Hons) in Finance, Accounting and Management, Mr Chen Kok Peng (Mr Clement Chen) joined Sunway Group as a Finance Trainee in 2004 and attained his Institute of Chartered Accountants in England and Wales qualification in 2007. He then took on various other roles within Sunway Group including as the Financial Controller of Sunway Hatay Co Ltd, Vietnam in 2008 and as Assistant General Manager – Corporate Finance and Investor Relations of Sunway Berhad from 2009-2015. During his tenure with Corporate Finance, Mr Clement Chen oversaw the listing of Sunway Berhad, Sunway REIT and Sunway Construction Group Berhad. His efforts in Investor Relations also saw him being awarded the Best Investor Relations Professional by the Malaysian Investor Relations Association in 2015.

Mr Clement Chen joined Sunway Integrated Properties Sdn Bhd (SIP) at the end of 2015 and was promoted to General Manager of Business Development, where he gained exposure

evaluating real estate opportunities in Malaysia, Singapore, UK and Australia.

## Responsibilities

- Manage and support the medium- to long-term business strategy and plans of Sunway REIT
- Continuously review REIT performance and operations
- Provide direction and support to the Investor Relations portfolio and activities through effective networking with stakeholders
- Establish and maintain close working relationships with asset managers
- Review and recommend to the Board for approval all investment portfolio execution matters
- Review the provision of necessary controls, governance, audit and budgeting system of the Company, as well as the financial data of the Company, to protect both the interests of unitholders and shareholders
- Establish and obtain the Board's approval on Company policies, procedures and Limit of Authority for the REIT Management Team
- Engage with the REIT Management Team to ensure they continuously focus and drive process improvement, market benchmarking, best practices and knowledge management
- Initiate, manage and review the overall REIT management activities within the REIT environment with balanced adaptation and interpretation of Sunway Group's policies and practices so as to ensure harmonisation and alignment with the Group's practices
- Lead and build a motivating working environment through coaching, work empowerment and career advancement, as well as providing training and development opportunities to the team



# Management Team & Key Personnel



**Ng Bee Lien** (Chief Financial Officer)

## Qualifications

- Chartered Accountant, Malaysian Institute of Accountants
- Bachelor of Commerce majoring in Finance, University of Western Australia

## Other Directorship(s)

Listed issuer Public Company

Nil Nil

## Working Experience

Ms Ng started her career as an auditor with Ernst & Young from 1994 to 1997. Thereafter, she joined Muhibbah Engineering (M) Berhad in 1997. Subsequently, Ms Ng joined Sunway Construction Group in 2005 and spearheaded Sunway Construction Group Berhad to its public listing in 2015. She was appointed as the Chief Financial Officer in 2016 before relinquishing her role in 2022 to join Sunway REIT.

## 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 fundraising and debt capital programmes with varied financing instruments
- Drive strategic finance initiatives such as revenue enhancement strategies, cost discipline management and productivity assessment
- Active investment appraisals review, enabling mergers and acquisitions to progress in line with strategic goals
- Strategic assessment of asset enhancement initiatives involving reviewing redevelopment concepts, strategic positioning, cost estimates and financial returns
- Assess risk and compliance and corporate governance framework
- Ensure the execution of sustainability strategies



**Koh Sin Yee** (Assistant General Manager – Contract & Project Management)

## 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 Public Company

Nil Nil

## Working Experience

Ms Koh started her career in 2004 with a consultancy firm prior to joining Sunway City Berhad in 2009. At Sunway City Berhad (now known as Sunway City Sdn Bhd), where she held various positions, she 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. Her last role was

as Head of Department, Supply Chain & Contract Management, Property Investment Division, Sunway Integrated Properties Sdn Bhd, after which she assumed her current position as Assistant General Manager.

## Responsibilities

- Plan, manage, coordinate and monitor property developments and upgrading/refurbishment of properties
- Bulk purchases/strategic sourcing
- Ensure compliance with Sunway REIT's Standard of Procedures for tenders & awards
- Examine and evaluate technical and financial matters independently under the recurrent related party transactions mandate
- Verify and analyse the scope of work, project duration, budget cost estimate and feasibility of new capex and operating expenditure approval, award and payment



**Raymond Ng Meng Chun** (Head of Business Development)**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      Public Company  
Nil                      Nil

**Working Experience**

Prior to joining the Company, Mr Raymond Ng gained his experience in the real estate sector working for the 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 research
- Execute investment and corporate exercises
- Manage the annual property valuation and insurance renewal exercises

**Lim Sze-Yin** (Compliance Officer)**Qualifications**

- Bachelor of Laws, Oxford Brookes University, Oxford, United Kingdom
- Postgraduate Diploma in Bar Vocational Studies, University of the West of England, Bristol, United Kingdom
- Barrister-at-Law, The Honourable Society of the Middle Temple, United Kingdom
- Advocate & Solicitor, High Court of Malaya

**Other Directorship(s)**

Listed issuer      Public Company  
Nil                      Nil

**Working Experience**

Ms Lim joined the legal department of Sunway Group on 21 July 2021 and additionally took on the role of Compliance Officer of 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 Trusts and general Corporate Advisory. She was part of the advisory team involved in the listing of Sunway Construction Group Berhad in 2014, among 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 Southeast Asian operations.

**Responsibilities**

- Monitor compliance of the Deed with all applicable guidelines issued by Securities Commission Malaysia, applicable securities laws and MMLR 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 five years (other than traffic offences); and
- any public sanctions or penalties imposed by the relevant regulatory bodies during the FY2022.




# Corporate Governance Overview Statement

GRI 2-10, 2-11, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-23, 2-24

## Board Leadership and Effectiveness

Sunway REIT is honoured to have received the Excellence Award and Industry Excellence Award in the Real Estate Investment Trust category for Corporate Governance (CG) Disclosure at the MSWG-ASEAN Corporate Governance Awards 2021, which was organised by the Minority Shareholders Watch Group (MSWG). The CG assessment undertaken by MSWG aimed to capture the implementation of the substance of good CG. In a similar assessment, Sunway REIT had scored highly in the Organization for Economic Co-operation and Development's (OECD) Principles of CG, which covered the rights of shareholders, equitable treatment

Total Attendance	7/7 <sup>1</sup>	11/11	7/7 <sup>2</sup>	10/11
<b>Board of Directors</b>  More information is available in the Board of Directors section on pages 196 - 201.	<b>TAN SRI AMIRSHAM BIN A AZIZ</b>  <sup>1</sup> Appointed as the Independent Non-Executive Chairman on 8 April 2022	<b>DATO' JEFFREY NG TIONG LIP</b>	<b>DATUK CHRISTOPHER MARTIN BOYD</b>  <sup>2</sup> Appointed as a Senior Independent Non-Executive Director on 8 April 2022	<b>SARENA CHEAH YEAN TIH, S.M.S.</b>

### Board Committees

<b>Audit Committee</b>  <b>Chairman:</b> Datuk Christopher Martin Boyd <span>5/5<sup>3</sup></span>  <sup>3</sup> Appointed as the Chairman of the Audit Committee on 8 April 2022  <b>Members:</b> Tengku Nurul Azian Binti Tengku Shahrman <span>7/7</span>  Yeo Kar Peng <span>7/7</span>  <b>Key Roles and Responsibilities:</b> To oversee financial and accounting reporting, evaluate audit processes, assess internal control systems and review the related party transactions (RPTs) and conflict of interest situations.	<b>Risk Management Committee</b>  <b>Chairman:</b> Ng Sing Hwa <span>2/2</span>  <b>Members:</b> Datuk Christopher Martin Boyd <span>1/1<sup>5</sup></span>  <sup>5</sup> Appointed as a member of the Risk Management Committee on 8 April 2022  Tengku Nurul Azian Binti Tengku Shahrman <span>2/2</span>  Yeo Kar Peng <span>2/2</span>  <b>Key Roles and Responsibilities:</b> To review the adequacy and effectiveness of the risk management framework and internal control systems of Sunway REIT.
<b>Nomination and Remuneration Committee</b>  <b>Chairperson:</b> Tengku Nurul Azian Binti Tengku Shahrman <span>8/8</span>  <b>Members:</b> Datuk Christopher Martin Boyd <span>5/5<sup>4</sup></span>  <sup>4</sup> Appointed as a member of the Nomination and Remuneration Committee on 8 April 2022  Yeo Kar Peng <span>8/8</span>  <b>Key Roles and Responsibilities:</b> To review the matters relating to the remuneration of Directors and Senior Management, oversee the Director's selection process and annual Board and Board Committees' performance assessment, evaluate the performance of the Senior Management and ensure management succession planning.	<b>Sustainability Committee</b>  <b>Chairperson:</b> Yeo Kar Peng <span>4/4</span>  <b>Members:</b> Dato' Jeffrey Ng Tiong Lip <span>4/4</span>  Sarena Cheah Yean Tih, S.M.S. <span>3/4</span>  <b>Key Roles and Responsibilities:</b> To review the strategies, issues, goals, targets and performance in relation to sustainability and key environmental, social and governance (ESG) matters.



of shareholders, role of stakeholders, disclosures and transparency, as well as the responsibilities of the Board. The commendable achievement is an affirmation of the initiatives taken that motivate the Board, Management and staff to keep improving along the way.

Effective CG requires collaboration between the Board and Management to foster the long-term success of Sunway REIT and secure its sustained competitiveness and profitability, with the ultimate objective of realising long-term unitholders value, while taking into account the best interests of other stakeholders.

Sunway REIT won the following awards at the MSWG-ASEAN CORPORATE GOVERNANCE AWARDS 2021:



**Ranked 4<sup>th</sup> in  
Excellence Award  
for CG Disclosure**



**The only REIT to win  
the Industry Excellence  
Award for CG Disclosure**

The governance of the organisation is set out in the following pages. **This governance overview is supplemented with our Corporate Governance Report 2022.**

11/11	11/11	11/11
NG SING HWA	TENGKU NURUL AZIAN BINTI TENGKU SHAHRIMAN	YEO KAR PENG

### Management Working Groups

#### Investment Appraisal Working Group

**Chairman:** Dato' Jeffrey Ng Tiong Lip

**Members:**

Sarena Cheah Yean Tih, *S.M.S.*  
(Alternate: Clement Chen Kok Peng)

Ng Bee Lien

Raymond Ng Meng Chun

#### Sustainability Working Group

**Chairman:** Dato' Jeffrey Ng Tiong Lip

**Members:**

Clement Chen Kok Peng      Chan Hoi Choy      Ng Poh Li  
(Sustainability Officer)

Ng Bee Lien      Crystal Teh Lay Ling

Cheng Jew Keng      Jacqueline Wong Yin Teng

#### Risk Management Working Group

**Chairman:** Dato' Jeffrey Ng Tiong Lip

**Members:**

Sarena Cheah Yean Tih, <i>S.M.S.</i> (Alternate: Kington Koh Keng Guan)	Ng Bee Lien	Alex Castaldi
Clement Chen Kok Peng	Lim Sze-Yin	Cheng Jew Keng
	Chan Hoi Choy (Alternate: Wong Kong San)	Cheng Shiao Ling (Risk Officer)

### Our Framework is governed by the following Charters, Policies and Procedures:

- Board Charter
- Deed
- Code of Conduct and Business Ethics Policy
- Remuneration Policy for Directors and Senior Management
- Insider Trading Policy
- Whistleblowing Policy
- Terms of Reference (TOR) of Board Committees
- Risk Management Framework
- Policy Manual
- Standard Operating Procedures
- Anti-Bribery and Corruption Policy
- Anti-Money Laundering Policy
- Business Continuity Management Framework
- Global Reporting Initiative (GRI) Standards and its latest Universal Standards 2021
- Donations, Sponsorships and Corporate Responsibility Policy
- Crisis Communication Policy
- Corporate Disclosure Policy
- Fit and Proper Policy
- Non-Audit Services Policy
- Policy on Selection of External Auditors
- Selection and Assessment of Members of the Board of Directors and Board Composition Policy

### ACCELERATING SUSTAINABILITY GOVERNANCE

Sunway REIT continuously strives to advance the goals set out in the sustainability agenda to accelerate climate action towards its Net Zero Carbon Emissions by 2050 aspiration. Apart from introducing the Sunway Green Lease Partnership Programme and working closely with its tenants to reduce greenhouse gas emissions, Sunway REIT provides continuous support to the Task Force on Climate-Related Financial Disclosures (TCFD), to which it has disclosed its climate risks according to the recommendations of the TCFD. Sunway REIT has also strengthened its sustainability governance by incorporating climate change and ESG-related KPIs into Senior Management's KPIs and performance evaluations, such as building energy intensity, renewable energy and supply chain. Such KPIs are linked to the Senior Management's remuneration.



For more information on the best practices adopted, please refer to the Corporate Governance Report 2022 on Practices 4.1 to 4.5 and the Sustainability Statement section on pages 130 - 195.



# Corporate Governance Overview Statement

## THE EFFECTIVENESS OF OUR BOARD AND LEADERSHIP

### BOARD MEETINGS

The Board meetings, which were carried out both physically and virtually, were held 11 times during the financial year under review. The meetings covered discussion and review of Sunway REIT's key activities, significant developments in business initiatives, regulatory updates, etc. The main Board meeting was conducted on a day different from the Board Committee meetings to provide adequate time for objective and robust discussions during the meeting.

The schedules of all Board and Board Committees' meetings of the Manager, as well as the AGM of Sunway REIT, were planned and scheduled one calendar year in advance prior to the commencement of the next calendar year.

The Management provided adequate and quality information which were reliable, complete, adequate and accurate to the Board and the relevant Board Committees in a timely manner (at least five business days prior to the meetings). This would enable them to make informed decisions. The Board was given the opportunity to make further enquiries and seek advice from the Management or request further explanation, information or updates on the Board papers provided.

The notice of Board meeting which was proposed by the Chairman, was well structured, comprehensive and well segregated. It included matters to be discussed and also the estimated time allocated for each agenda item. The notices and agenda (duly endorsed by the Chairmen/Chairperson), together with a set of comprehensive Board papers and presentation slides, were uploaded onto a secure online electronic platform. The Board members were given ample time to review and study the Board papers via their electronic devices. They were entitled to access and request for the Board papers from the Management from time to time.

The Board, during FY2022, considered/reviewed/deliberated/approved the following agenda items and matters:

1	<b>BUSINESS DEVELOPMENT AND STRATEGY</b>	<ul style="list-style-type: none"> <li>- Investment strategies and opportunities, as well as updates on acquisition progress by the Investment Appraisal Working Group</li> </ul>
2	<b>FINANCE AND THE FACILITATION OF INVESTOR RELATIONS</b>	<ul style="list-style-type: none"> <li>- Overall financial performance of Sunway REIT against the approved budget and business plan for FY2022, including quarterly financial reports and unaudited results, as well as the Audited Financial Statements for FP2021, together with the reports of the Manager, Trustee and Auditors</li> </ul>
3	<b>OPERATIONS AND PROJECT MANAGEMENT</b>	<ul style="list-style-type: none"> <li>- Progress updates on project development activities and asset enhancement initiatives of Sunway Carnival Mall and Sunway Pyramid Mall</li> </ul>
4	<b>SUSTAINABILITY</b>	<ul style="list-style-type: none"> <li>- Keeping track of the updates to the green building roadmap</li> <li>- Revision of 2030 target for renewable energy source and solar energy roadmap</li> </ul>
5	<b>GOVERNANCE AND RISK</b>	<ul style="list-style-type: none"> <li>- Progress updates on the implementation of the Anti-Bribery and Corruption Policy</li> <li>- Regulatory/statutory requirements and pronouncements as well as reports on any non-compliances with the Deed, Capital Markets and Services Act 2007 and Guidelines on Listed REITs by Securities Commission Malaysia</li> </ul>
6	<b>PEOPLE AND CULTURE</b>	<ul style="list-style-type: none"> <li>- Board Continuous Education Programme</li> <li>- Directors' meeting attendance record for Board and Board Committees</li> <li>- Re-election of Directors who were subject to retirement by rotation</li> </ul>



- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>- TRANSCEND 2027 frameworks and policies for asset divestment, overseas investment and strategic asset enhancement initiatives of Sunway REIT</li> </ul>   | <ul style="list-style-type: none"> <li>- The fair values exercise of all the investment properties of Sunway REIT prepared by independent registered valuers</li> </ul>  |
| <ul style="list-style-type: none"> <li>- Key updates on capital management and investor relations activities</li> <li>- Continuing to adopt the existing Capital Management Plan for Sunway REIT</li> <li>- Payment of the Manager's management fee, payment of the income distribution and payment of the audit and non-audit fees</li> <li>- Business Plan for FY2022 and FY2023</li> </ul>   | <ul style="list-style-type: none"> <li>- Audit Planning Memorandum for FY2022</li> <li>- Participating in tenders for commercial papers or Islamic commercial papers (CP); or debt securities or sukuk in the market for Sunway REIT as an alternative to CP subscription through private placement and placements with banks in order to obtain competitive rates for the excess funds of Sunway REIT</li> </ul>  |
| <ul style="list-style-type: none"> <li>- Risk assessment covering occupational safety and health, tenancy renewal, litigation, natural disasters/pandemic-level disease outbreaks, climate change, competition/market saturation, interest rate, liquidity, valuation, property development and inflation</li> </ul>  | <ul style="list-style-type: none"> <li>- Keeping up to date on technology innovations or trends that could disrupt businesses and industries</li> </ul>  |
| <ul style="list-style-type: none"> <li>- Registering for Science-Based Target Initiatives (SBTi)</li> <li>- Monitoring the sustainability KPIs for Senior Management</li> <li>- Keeping abreast of sustainability requirements of Bursa Malaysia</li> </ul>   | <ul style="list-style-type: none"> <li>- Following up with ESG indices and ratings, i.e. FTSE4Good Bursa Malaysia and MSCI</li> <li>- Updating the Donations, Sponsorships and Corporate Responsibility Policy</li> </ul>  |
| <ul style="list-style-type: none"> <li>- Reporting on Directors' and the Principal Officers' dealings in the units of Sunway REIT and Directors' disclosures pursuant to Section 57 and Section 219 of the Companies Act 2016</li> <li>- Integrated Annual Report 2021, including Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control, Sustainability Statement, Chairman's Statement and Corporate Governance Report</li> <li>- Unitholders' mandate for recurrent RPTs of a revenue or trading nature</li> </ul> | <ul style="list-style-type: none"> <li>- Engagement with regulatory authorities in relation to enquiries made</li> <li>- Amendments to the Policy Manual, Board Charter and TOR of the Board Committees</li> <li>- Review of the material contracts and material litigation</li> <li>- Adopting the meeting schedule for FY2023</li> <li>- Adoption of the Directors' Fit and Proper Policy</li> <li>- Embracing the governance process in dealing with related parties for project tenders</li> </ul> |
| <ul style="list-style-type: none"> <li>- Performance scorecards of Chief Executive Officer (CEO), Deputy CEO (DCEO) and Chief Financial Officer (CFO)</li> <li>- Appointment of Mega Corporate Services Sdn Bhd as Event Manager for virtual general meeting(s) to be held in year 2023</li> <li>- Conducting an internal Board and Directors' Effectiveness Assessment for FY2022 facilitated by the Company Secretary and reviewing the report generated</li> </ul>   | <ul style="list-style-type: none"> <li>- Board renewal exercise involving two Independent Non-Executive Directors who had served for more than nine years</li> <li>- Monitoring and reviewing management succession plan and development programme for Senior Management</li> <li>- Appointment of CFO</li> <li>- Appointment of DCEO as the successor to the existing CEO who is anticipated to retire in June 2023</li> </ul>  |



# Corporate Governance Overview Statement

## THE EFFECTIVENESS OF OUR BOARD AND LEADERSHIP

### ROLES AND RESPONSIBILITIES OF THE BOARD

The Board plays a central role in the strategic guidance of Sunway REIT, as well as supervising the overall business activities and ensuring regulatory and legal compliance, including adhering to the best practices of corporate governance.

The Board assumes, among others, the following principal roles and responsibilities in discharging its stewardship role and fiduciary and leadership functions:

Scanning and keeping track of the 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	Charting a sustainable long-term growth strategy for assets under management
Establishing growth targets and corporate governance objectives and policies	Integrating considerations of sustainability, emphasising the aspects of ESG and ensuring sustainable business growth in order to create sustainable long-term value creation for the Company and Sunway REIT
Setting and assigning KPIs for Senior Management in achieving the objectives	Providing a balanced and understandable assessment of Sunway REIT's performance, total asset value and future prospects to unitholders and the investing public
Establishing an effective risk management framework and internal control system and reporting	Monitoring and keeping up to date with changes to regulations, policies, guidelines and accounting policies
Monitoring financial reporting on a quarterly basis, as well as Senior Management's performance and achievement of KPIs	Overseeing the development and implementation of the investor relations programme or unitholder communications policy for Sunway REIT

#### 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 five directorships in public listed companies, which is in compliance with Paragraph 15.06 of the MMLR. The Directors' significant commitments are set out in their biographies.

#### Access to Information and Independent Advice

Every Director shall have full and unrestricted access to any information pertaining to the Company and Sunway REIT. The Board and its Committees may seek independent professional advice whenever necessary and reasonable for the performance of their duties, at the Company's cost. The Board may also seek advice from the Management or request further explanation, information or updates on any aspect of the Company and Sunway REIT's operations or business concerns. In addition, the Directors have full and unrestricted access to the advice and dedicated support services of the Company Secretary. Each Director should be able to communicate directly with the Company Secretary and vice versa.



## SEPARATION OF POWERS

The positions of the Chairman and CEO are separately held by two persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

### Chairman

- Responsible for the leadership, effectiveness, conduct and governance of the Board
- Ensures that the Board and Management work together with integrity and competency
- Encourages active engagement, participation and contribution from all Board members
- Collectively with the Board, holds the CEO and Management accountable for meeting the strategic objectives of Sunway REIT

### CEO

- Has full executive responsibility for 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
- Provides leadership and guidance to Management in order to meet the strategic and operational objectives of Sunway REIT
- Updates the Board regularly with the material information the Board needs to carry out its oversight responsibilities

### Senior Independent Director

Acts as a sounding board to the Chairman by offering counsel on matters such as board dynamics and concerns of stakeholders

Provides leadership support and advice to the Board in the event the Board undergoes a period of stress

Serves as an intermediary for other Directors when necessary and as the point of contact for unitholders of Sunway REIT and other stakeholders on concerns that cannot be resolved through the normal channels of contact with the Chairman and/or CEO

Together with the Nomination and Remuneration Committee, leads the succession planning and appointment of Directors, and oversees the development of a diverse pipeline for Board and Management succession

### Independent Board

The Board comprises a majority of Independent Directors of whom, among the seven Board members, four are Independent Directors. During the year under review, the Independent Directors met twice among themselves without the presence of Management. The meetings provided the Independent Directors with the opportunity to candidly share concerns among themselves regarding governance and the performance of the Management. These meetings served as a platform for them to exchange views on potential improvements in every aspect of operation and governance.

### Compliance Officer

Monitors and ensures compliance with the Deed, the MMLR and all applicable guidelines set out by Securities Commission Malaysia and securities laws relating to Sunway REIT.

### Professional Development

The role of a Board member is evolving rapidly in these times of accelerated change and increased complexity. Exploring various development programmes has enabled Board members to play a meaningful advisory role in the governance of the organisation's strategy within the context of an increasingly complex business landscape.



Please refer to the Board of Directors section of the Manager on Sunway REIT's website at [www.sunwayreit.com](http://www.sunwayreit.com) for the details of the training and education programmes attended by the Directors in FY2022.



# Corporate Governance Overview Statement

## THE EFFECTIVENESS OF OUR BOARD AND LEADERSHIP

### CONNECTED TO ETHICAL BUSINESS

#### ANTI-BRIBERY AND ANTI-CORRUPTION

Sunway REIT adopted a ZERO TOLERANCE policy against all form of corruption and bribery. We recognise that they impact 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-bribery and Corruption Policy applies strict standards and is 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 the 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 that provides an ethical framework to guide and reinforce ethical, prudent and professional behaviour among 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 interaction with its customers, suppliers, employees and business partners, and within the community and environment in which the Manager and Sunway REIT operate.

### NOMINATION AND REMUNERATION COMMITTEE

A

In January 2022, the NRC reviewed and deliberated on the full-year performances of the CEO and CFO against their planned KPIs for the FP2021. The NRC then recommended an interim bonus for the CEO and CFO for 2021.

The NRC also gave its input on the 2022 Management KPIs and scorecards. In addition, the Committee reviewed and endorsed the NRC report for the FP2021. The members of the NRC also evaluated the Board's knowledge and skills gap and discussed Directors' training needs accordingly.

B

In early February 2022, as Tan Sri Ahmad Bin Mohd Don (former Independent Non-Executive Chairman) and Mr Elvin A/L Berty Luke Fernandez (former Senior Independent Non-Executive Director) did not wish to seek re-election as Directors of the Company, the NRC began a search process for potential suitable candidates for their replacement. Several candidates were recommended by both Management and an independent external source from the Institute of Corporate Directors Malaysia (ICDM). The NRC then shortlisted three candidates based on agreed selection criteria for interview.

C

In March 2022, the NRC endorsed a well-structured comprehensive Onboarding Programme for new Directors. The NRC, having interviewed the three shortlisted candidates, then recommended for the Board of Directors' approval two candidates for appointment as Independent Non-Executive Directors. The two candidates were Tan Sri Amirsham Bin A Aziz and Datuk Christopher Martin Boyd.

The 2022 KPIs and scorecards for the CEO and CFO were reviewed and revised by the NRC. The NRC also recommended and endorsed the final bonuses and salary increments for the CEO and CFO for 2022 based on their actual achievements of the planned targets.

D

In May 2022, the NRC discussed with the Chief Human Resource Officer the management succession plan and development programme for Senior Management. In view of the resignation of Ms Irene Sin May Lin as CFO, the Management recommended the appointment of Ms Ng Bee Lien as the new CFO of the Company. The NRC then interviewed Ms Ng Bee Lien and being satisfied with her qualifications and experience, endorsed her appointment as the new CFO. In addition, the NRC requested that ESG-related performance indicators, together with talent management development, be incorporated into the 2022 KPIs and scorecards for Senior Management.

E

In June 2022, the NRC requested Management to revise the 2022 KPIs and scorecards for the CEO and CFO in view of the rapid increase in global and local interest rates as well as high energy costs. In order to ensure the development of a diverse pipeline for the Board and Management's succession, the NRC also reviewed the Sunway Group's Talent Management Framework. It also identified a young talent as a potential successor for the CEO.



The Board adopted the Anti-Bribery and Corruption Policy for the Manager for implementation in the workplace and in operations and transactions carried out by the Manager for Sunway REIT. The Manager 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 of 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 with the policy. This policy is further supported by the existing Whistleblowing Policy to ensure a well-defined, accessible, trusted and secure channel for the reporting of 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 of or is aware of any corrupt act or improper conduct within the Manager is encouraged to report this through the:

**Whistleblowing Hotline**

+603-56398025

**Email**

whistleblowing@sunway.com.my

**Composition**

The Nomination and Remuneration Committee (NRC) comprises exclusively of Independent Non-Executive Directors and is chaired by an Independent Director. The members of the Committee are Tengku Nurul Azian Binti Tengku Shahriman (Chairperson), Madam Yeo Kar Peng and Datuk Christopher Martin Boyd, who was appointed to the NRC on 8 April 2022.

**Activities of the NRC**

During the financial year under review, the NRC met eight times to deliberate on the following matters:

**F**

In August 2022, the NRC reviewed the Board and Board Committees' evaluation methodology and the performance evaluation forms for year 2022. It also reviewed and evaluated the mid-year performance of the CEO and CFO, based on the seven months of actual performance indicators up to 31 July 2022, against the approved KPIs.

The NRC had an interview session with Mr Clement Chen, who had been identified as a potential successor to the CEO. The NRC found Mr Clement Chen to be suitably qualified to take on the role of DCEO.

**G**

In September 2022, the Committee met with the Chief Human Resource Officer to discuss the CEO's successor. Mr Clement Chen was subsequently endorsed as the DCEO with effect from 1 October 2022 and the said recommendation was approved by the Board.

**H**

In November 2022, the NRC approved the amendments to its TOR to be in line with recent changes in the Malaysian Code on Corporate Governance and the MMLR.

It also undertook an internal annual evaluation of the effectiveness of the Board and its Committees, facilitated by the Company Secretary. In addition, each individual Director undertook a self-evaluation of their performance as well as peer evaluation, based on their contributions and performance on the Board and Committees. The NRC also ensured that each Independent Director remained independent based on each Director's self-declaration and confirmation. In addition, the NRC reviewed the Board matrix skills sets, experience, knowledge and competencies of each individual Director. Based on the self-evaluation, the training needs of each individual Director were discussed and identified.

The NRC appraised the third quarter performance of the CEO and CFO, based on their 10 months of actual performance up to 31 October 2022, against the approved KPIs. The Committee, at the same meeting, reviewed and endorsed the terms of renewal of the six-month employment contract of the CEO. In addition, the NRC reviewed and discussed the DCEO's proposed performance scorecard and his remuneration package. It subsequently recommended the same for the Board's approval. The NRC also discussed and reviewed the fees and allowances paid to the Non-Executive Directors to ensure that they were relevant and commensurate with their scope of responsibilities. The fees and allowances were benchmarked against comparable peers in the same industry.



# Corporate Governance Overview Statement

## THE EFFECTIVENESS OF OUR BOARD AND LEADERSHIP

### Remuneration

The remuneration of Directors and Senior Management is paid by the Manager and not by Sunway REIT.


In order to attract, retain and motivate Directors and Senior Management to drive and pursue the long-term growth objectives of Sunway REIT, the Board has in place a fair and competitive remuneration package that is commensurate with their experience, skills, responsibilities, performance and contributions. The remuneration policy and packages are benchmarked 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.

For Independent Non-Executive Directors, the level of remuneration reflects their experience, level of responsibility and the industry benchmark as well as the 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 their travel hotel and other expenses necessarily expended by them in carrying out their duties and responsibilities as Directors.

During the FY2022, the NRC reviewed the Directors' fees for Board and Board Committees (Remuneration). The Remuneration, which were benchmarked against industry practices, had been revised in view of the additional responsibilities carried by each of the Chairman/Chairperson as well as the Board and Board Committee member. The revised Remuneration structure of the Non-Executive Directors which is subject to the approval of the Manager's shareholders during the AGM of the Manager in year 2023, is as set out below:

	Chairman/Chairperson (RM'000)	Member (RM'000)
Annual Director's fees:		
Board	120	90
AC	10	5
NRC	10	5
RMC	10	5
SC	10	5
Meeting allowance per meeting:		
For each Board or Board Committee meeting	1	1

 The Remuneration Policy for Directors and Senior Management is available on Sunway REIT's website at <http://www.sunwayreit.com>.

The remuneration for the Executive Director and Senior Management comprises:

<b>Fixed components, e.g. fixed monthly salary and allowances</b>	<b>Variable components, e.g. performance-based remuneration, such as bonus and employee share options</b>	<b>Benefits components, e.g. annual leave, compulsory employer contribution to the Employees' Provident Fund, medical, personal accident and term life insurance, staff purchase discounts and benefits-in-kind</b>
---	---	---

 The duties and responsibilities of the NRC are set out in the TOR of the NRC, which are available on Sunway REIT's website at <http://www.sunwayreit.com>.



## EVALUATING THE BOARD

The Board, through the NRC, undertakes an annual assessment of the Board as a whole, the respective Board Committees and each individual Director's performance by way of self and peer evaluation. This includes a review of the desirable mix of competencies, qualifications, knowledge, skills, expertise and personal characteristics of the Directors and any gaps that exist in the optimum mix of skills required for the Board.

### Internally Facilitated Questionnaires

In 2022, the evaluation process was conducted internally and facilitated by the Company Secretaries. The evaluation process started with a discussion on the assessment parameters and incorporating the corporate governance guidelines provided by Bursa Malaysia and the recommendations of the ICDM. The evaluation's survey was tailored towards ensuring overall effective governance of Sunway REIT as a whole. An assessment in relation to ESG considerations and climate change was also embedded to ensure accountability in the performance of the Board against sustainability targets.

The evaluation covered the following aspects:

- |   |   |
|---|---|
| 1) Audit Committee (AC) Effectiveness Evaluation      | 6) Evaluation of Independent Non-Executive Directors                        |
| 2) AC Members' Self and Peer Performance Evaluation   | 7) Independent Directors' Self-Assessment                                   |
| 3) Board Committee Effectiveness Evaluation           | 8) Internal Audit Performance and Effectiveness Evaluation                  |
| 4) Annual Board Evaluation of its Effectiveness       | 9) Board Skills Matrix  |
| 5) Directors' Performance and Contribution Evaluation | 10) Evaluation of the independence and performance of the external auditors |

The Board members were given ample time to complete the evaluation online on a secure electronic platform and the Board members submitted their feedback within the prescribed timeline.

Upon completion of the evaluation process, the results of the assessment, together with recommended areas for improvement, were tabled to the NRC and the Board.

Based on the evaluation, the Board has a proper mix and diversity of skill sets, knowledge, experience and competencies that add value to the Board's deliberation and decision-making processes.

The Independent Directors comprised the majority of the Board and have demonstrated their independence in challenging Management's reports and financial assumptions. They remained impartial at all times and were able to provide the appropriate level of counter-checks, independent perspective and ideas. The Board was strategic in thinking and has adopted TRANSCEND 2027 as Sunway REIT's long-term strategic roadmap. The Board would regularly consult external professional experts to gain holistic perspectives of the real estate market's post-pandemic outlook in order to align with and meet TRANSCEND 2027's goals.

It was concluded that the Board was satisfied with the performance and effectiveness of the Board and Board Committees and the Board had discharged its governance and strategic roles effectively and efficiently. All the Directors had performed their respective roles and functions effectively and responsibly during FY2022.

The findings of the Board evaluation also recommended the following areas for continuous improvement:

Expansion of the Senior Management's succession plan to more key C-suite positions by way of providing greater visibility and direct touchpoints or sessions with the Board in order to identify good talent for the succession pool

Identifying the Directors' professional development needs in relation to sustainability knowledge, in particular on Sustainable Development Goals, climate change and digitalisation strategy, in view of potential threats and trends of data integrity, digital disruption and cybersecurity risks



# 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 practices, 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, together with the mitigation of material risks.

### AUDIT COMMITTEE REPORT

#### AUDIT COMMITTEE (AC)

The AC is assisted by the Internal Audit Department (IAD).

##### Chairman

An Independent Director, who is not the Chairman of the Board

##### Composition

- At least three members
- Must be Non-Executive Directors, with a majority of them being Independent Directors
- At least one member with a professional accountancy qualification
- Financially literate
- No alternate Director

##### Key Functions

- Financial Reporting
- External Audit
- Internal Audit Function
- Internal Control Systems
- RPTs and Conflict of Interest Situations

#### Performance Review

Annual Evaluation  
by the Board

Self and Peer Evaluation  
by the AC

#### 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 their relevance based on regulatory changes and the recommended governance best practices. The TOR of the AC was amended on 17 November 2022 and is available on Sunway REIT's website at <https://www.sunwayreit.com>.

#### COMPOSITION

The AC assists the Board to review, assess and make appropriate recommendations relating to financial and accounting reporting, internal control systems, RPTs and potential conflicts of interest in Management.

The AC is chaired by a Senior Independent Non-Executive Director, who is not the Chairman of the Board, and comprises three members, all of whom are Independent Non-Executive Directors, as below:

**Elvin A/L Berty Luke Fernandez – Chairman**  
(Senior Independent Non-Executive Director)  
(Retired on 8 April 2022)

**Datuk Christopher Martin Boyd – Chairman**  
(Senior Independent Non-Executive Director)  
(Appointed on 8 April 2022)

**Tengku Nurul Azian Binti Tengku Shahrman**  
(Independent Non-Executive Director)

**Yeo Kar Peng**  
(Independent Non-Executive Director)



The Integrated Annual Report 2022 comments in detail on pages 108 to 115 on the principal risks facing Sunway REIT, in particular those that 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 endemic. 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 endemic's impact.

The Audit Committee Report on pages 216 to 225 describes the internal control system, how the Board assures itself of the independence and effectiveness of the 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.

The Audit Committee (AC) was appointed by the Board of Sunway REIT Management Sdn Bhd, being the Manager for the Sunway Real Estate Investment Trust (Sunway REIT). The AC Report provides insights on the manner in which the AC discharged its duties and responsibilities in accordance with its TOR during the FY2022.

The composition of the AC complied with the MMLR and the principles and best practices set out in the Malaysian Code on Corporate Governance (MCCG) 2021, as follows:

MMLR	Commentary
Paragraphs 15.09(1)(a) and (b)	<ul style="list-style-type: none"> <li>The AC comprises three members, all of whom are Independent Non-Executive Directors, who have satisfied the test of independence under the MMLR.</li> </ul>
Paragraph 15.09(1)(c)	<ul style="list-style-type: none"> <li>With Madam Yeo Kar Peng, who is an Associate Member of the Australian Society of Accountants (now known as Certified Public Accountant Australia), the Manager has fulfilled the requirement that at least one member of the AC must possess relevant accounting qualifications or has related financial management expertise or experience.</li> </ul>

Best Practices of MCCG 2021	Commentary
Practice 9.1	<ul style="list-style-type: none"> <li>Datuk Christopher Martin Boyd is not the Chairman of the Board.</li> </ul>
Practice 9.2	<ul style="list-style-type: none"> <li>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 period of at least three years. Since the incorporation of the Manager on 14 February 2008, none of the members of the AC have been former key audit partners of Sunway REIT's external auditors or held any financial interest in the external auditors.</li> </ul>
Practice 9.3	<ul style="list-style-type: none"> <li>The AC has policies and procedures to assess the suitability, objectivity and independence of the external auditors.</li> </ul>
Practice 9.4 (Step Up)	<ul style="list-style-type: none"> <li>The AC comprises solely of Independent Directors.</li> </ul>
Practice 9.5	<ul style="list-style-type: none"> <li>All members are financially literate, competent and are able to understand matters under the purview of the AC, including the financial reporting process.</li> <li>They have attended continuous professional development seminars/workshops to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</li> </ul>

 For more details, please refer to the Corporate Governance Report 2022 of the Manager on Sunway REIT's website at <https://www.sunwayreit.com> under the Investor Relations section.

The Board internally assessed the performance and effectiveness of the AC for FY2022. It was satisfied that the composition of the AC was in compliance with the MMLR. The AC members were assessed to be financially competent and were able to probe and challenge matters presented to them. Therefore, it had effectively fulfilled its functions and carried out its duties and responsibilities in accordance with the AC's TOR.



# Corporate Governance Overview Statement

## ACCOUNTABILITY

### MEETINGS AND ATTENDANCE

A total of seven AC meetings were held during the financial year under review. The members of the AC and their respective attendance records are as follows:

NAME	MEMBERSHIP	ATTENDANCE (attended/held)	% OF ATTENDANCE
<b>Elvin A/L Berty Luke Fernandez</b> <i>Senior Independent Non-Executive Director (Retired on 8 April 2022)</i>	Chairman	2/2	100%
<b>Datuk Christopher Martin Boyd</b> <i>Senior Independent Non-Executive Director (Appointed on 8 April 2022)</i>	Chairman	5/5	100%
<b>Tengku Nurul Azian Binti Tengku Shahriman</b> <i>Independent Non-Executive Director</i>	Member	7/7	100%
<b>Yeo Kar Peng</b> <i>Independent Non-Executive Director</i>	Member	7/7	100%

The following parties were invited to attend the AC meetings:

Invitees	Frequency of Attendance	Purpose
<b>CEO, DCEO (appointed on 1 October 2022), CFO and Compliance Officer</b>	All AC meetings	To present quarterly and annual financial reports and provide clarification on the financial reports as well as any audit issues highlighted.
<b>Head of IAD</b>	All AC meetings	To present the annual risk-based internal audit plan, quarterly internal audit reports and any special audit and investigation reports.
<b>External auditors</b>	Two meetings	To present to the AC the annual audit planning memorandum, audit findings, Transparency Report 2021 and Audit Oversight Board Inspection Report and independent auditors' report, as well as key audit matters pertaining to Sunway REIT.
<b>Management Team of the Manager and the relevant Business Units</b>	As and when necessary	To brief the AC on specific issues involving their respective areas of responsibility arising from their respective reports or on any matters of interest.

The minutes of each of the AC meetings were tabled for confirmation at the following meeting. All deliberations and recommendations contained in the AC minutes were subsequently presented to the Board for discussions and decisions. The Chairman of the AC reported the AC's recommendations (if any) for the Board's consideration and implementation.

- (i) The AC, the CEO and the Head of the IAD monitor the implementation of the Whistleblowing Policy, while duties relating to the day-to-day administration of the policy are performed by the Head of the IAD. During the financial year under review, the AC Chairman and the head of the IAD received one case through the whistleblowing communication channel. The IAD took the necessary steps to investigate and address the complaint made in accordance with the Whistleblowing Policy. The outcome of the investigation was reported to the AC.



## SUMMARY OF ACTIVITIES

The AC carried out the following activities during FY2022:

### 1. Financial Reporting

#### (a) Quarterly Financial Results

The AC reviewed and discussed with the Management the quarterly financial reports and unaudited results. The AC also monitored RPTs closely and enquired about potential management conflicts of interest. There were no unusual transactions and accounting treatments highlighted during FY2022. In addition, the AC ensured all regulatory and accounting disclosures and applicable accounting standards were adhered to.

At each of the quarterly meetings held on 28 January 2022, 17 May 2022, 17 August 2022 and 16 November 2022, the AC deliberated on 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 Malaysian Financial Reporting Standards (MFRS) that 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 continued to operate as a going concern
- (v) the relevant regulatory and legal requirements had been complied with for the preparation of the unaudited financial results

The AC satisfied itself that the quarterly unaudited financial results of Sunway REIT's had been prepared in accordance with the relevant financial reporting standards, the MMLR, the Guidelines on Listed REITs by Securities Commission Malaysia and the provisions of the Deed dated 20 May 2010, the Supplemental Deed dated 10 June 2010 and the Amended and Restated Deed dated 18 September 2019 entered into between the Manager and RHB Trustees Berhad (Trustee).

The AC's recommendations were presented to the Board for approval at each subsequent Board meeting.

#### (b) Accounting Standards and Other Relevant Regulatory Requirements

There were no new accounting standards issued by the Malaysian Accounting Standards Board in FY2022.

### 2. External Audit

On 10 February 2022, the AC reviewed the financial results for the sixth quarter and the annual audited financial statements of Sunway REIT for the FP2021.

During the meeting, the AC 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 disclosures required in the Independent Auditors' Report
- (v) internal control and fraud-related matters
- (vi) key accounting and audit adjustments
- (vii) the Management's responses to audit queries

The AC was also briefed by the external auditors on the Transparency Report and Audit Oversight Board Inspection Report for 2021. The Transparency Report provided a summary of the legal and governance structure of the external auditors, audit quality measures and audit quality indicators.

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."*



# Corporate Governance Overview Statement

## ACCOUNTABILITY

The Management and external auditors at the meeting confirmed that the Audited Financial Statements were prepared in accordance with the applicable MFRS, the International Financial Reporting Standards, the Listed REIT Guidelines issued by the Securities Commission Malaysia, the provisions of the Deed and the MMLR. 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 10 February 2022.

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. Total Audit and Non-audit Services fees for FY2022 amounting to RM132,500 and RM2,500, respectively, were approved by the AC.

An annual assessment of the performance and effectiveness of the external auditors was performed by the AC in relation to their statutory audit services and non-audit services for FY2022. 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 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, the external auditors were, and had been, independent for the purpose of the audit in accordance with the terms of the 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 reappointment of BDO PLT as the external auditors of Sunway REIT for FY2022.

- (a) On 17 August 2022, the AC reviewed and discussed with the Management and external auditors the Audit Planning Memorandum for FY2022. The Audit Plan 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) MFRS adopted
- (ix) impact of ESG and overnight policy rate on financial reporting
- (x) assurance updates on International Standard on Quality Management 1
- (xi) Non-audit services covering the review of the Statement on Risk Management and Internal Control
- (xii) proposed audit and non-audit fees for FY2022

The external auditors 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 changing environment.

The AC then recommended for the Board's approval the Audit Planning Memorandum for FY2022.

- (b) The AC conducted two private meetings with the external auditors on 10 February 2022 and 17 August 2022, without the presence of Management. The external auditors did not raise any major concerns that 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 (IA)

- (a) On 28 January 2022, the AC reviewed and approved the annual risk-based internal audit plan for FY2022 (IA Plan FY2022). The IA Plan FY2022 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 its competency to carry out the internal audit function effectively and independently. The planned assignments were selected based on the identification and evaluation of the respective risks and control environment. The internal auditors planned their internal audit schedules in consultation with, but independent of, the Management.

The key areas covered under the IA Plan FY2022 were as follows:

- (i) to review the adequacy and effectiveness of the internal controls system, focusing on key auditable areas of significant priority
- (ii) to review the risk and compliance framework of the Manager and Sunway REIT to ensure compliance with policies, procedures, laws and regulations

A total of 10 audit assignments were planned for FY2022, covering the following areas:

- (i) legal and regulatory compliance framework and Enterprise Risk Management of the Manager and at Sunway REIT fund level
- (ii) business plan and budgets review
- (iii) providing advice on the system of internal controls surrounding ESG reporting, as well as the monitoring of sustainability initiatives, strategies and performance metrics
- (iv) reviewing the implementation status of the Anti-Bribery and Corruption (ABC) Compliance Programme of the Manager and all the properties.

- (v) reviewing the internal control processes of the significant properties:
  - retail and office properties – internal controls review of key operational processes including tenancy management, billing, granting of rebates, collections and credit management processes
  - hotel properties – internal controls review of key operational processes including front office, revenue management, fixed asset management, post-refurbishment review of Sunway Resort Hotel, as well as fraud assessment and mystery shopping audit

- (b) The AC, on a quarterly basis, also monitored and reviewed the Audit Plan FY2022 to ensure adequate audit coverage of the key risk areas, taking into account developments that would impact the audit coverage.
- (c) The AC reviewed on a quarterly basis the internal audit reports presented by the IAD comprising audit findings, recommendations, Management responses and corrective actions taken. The IAD also updated the AC on the progress status of the Audit Plan FY2022, results of unplanned assignments or ad hoc investigations.
- (d) The AC, on 16 November 2022, assessed the annual performance of the IAD for FY2022.

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 adequate and 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.

- (e) The IAD, on 17 May 2022, invited KPMG Management & Risk Consulting (KPMG) to brief the AC on the results of the External Quality Assurance Review (EQAR) of the IAD. Based on the review, KPMG concluded that the IAD had 'Generally Conformed' with the IIA Standards.



# Corporate Governance Overview Statement

## ACCOUNTABILITY

- (f) The IAD, on 17 May 2022, declared its independence and objectivity and the Board was required to disclose the same in accordance with Practice 11.2 of the MCCG 2021.
- (g) The AC, on 17 May 2022, reviewed and approved the proposed IA KPIs for 2022 in compliance with the requirements of the Standards for the Professional Practice of Internal Auditing.
- (h) The AC, on 17 August 2022, approved the revised IA Charter that was aligned with the Model Internal Audit Charter issued by IIA (Model Charter).
- (i) The IAD, on 16 November 2022, updated the AC on the Guidance for an Effective Internal Audit Function 2.0 issued by IIA Malaysia.
- (j) The AC, on 28 January 2022 and 17 August 2022, 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 their audit. There were no major shortcomings or impediments highlighted by the IAD in relation to the execution of its audit assignments.
- (b) The AC, on a quarterly basis, also reviewed the recurrent RPTs of a revenue or trading nature entered into by Sunway REIT at its meetings held on 28 January 2022, 17 May 2022, 17 August 2022 and 16 November 2022. The CFO confirmed to the AC that all recurrent RPTs were entered into in accordance with the terms and conditions of the unitholders' recurrent RPTs mandate.
- (c) At the quarterly AC meetings held on 28 January 2022, 17 May 2022, 17 August 2022 and 16 November 2022, no management conflict of interest was reported to the AC.
- (d) On 10 February 2022, 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 were in place to ensure that all recurrent RPTs would be undertaken in a fair and on an arm's length basis, and on normal commercial terms that would not be more favourable to the related parties than those generally available to the public and in the best interest of unitholders.

## 4. Reviewing RPTs and Conflict of Interest Situations

- (a) During the financial year under review, the AC reviewed and deliberated on the RPTs entered into by Sunway REIT with Sunway Medical Centre Sdn Bhd, a related party of Sunway REIT, in relation to the proposed disposal of Sunway Medical Centre (Tower A and B) to Sunway Medical Centre Sdn Bhd at a total consideration of RM430 million. The proposed disposal price represented a 10% premium over the fair valuation done by an independent professional valuer. The AC was satisfied that the proposed disposal would be undertaken on an arm's length basis, on normal commercial terms and was not detrimental to the interests of the minority unitholders. Therefore, the AC subsequently recommended the proposed disposal to the Board for discussion and subsequent approval. The signing of the Sale and Purchase Agreement has completed on 29 December 2022.

## 5. Internal Controls System

- (a) The AC reviewed with the Management and the IAD Sunway REIT's internal controls system and was reasonably assured that the same was operating adequately and effectively.
- (b) On 10 February 2022, 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 FP2021.
- (c) On 16 November 2022, the AC reviewed the governance process in dealing with related parties for project tenders.
- (d) The AC also received assurances from the CEO and the CFO that Sunway REIT's risk management and internal controls system was operating adequately and effectively, in all material aspects.



## 6. Other Matters

- (a) The AC regularly assessed the regulatory and legal compliance of the Manager and Sunway REIT with the MMLR, Companies Act 2016, Listed REIT Guidelines and 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 year.

The AC was advised by the Company Secretary that there were no breaches of the MMLR at each quarterly meeting held during the financial year under review.

- (b) On 10 February 2022, the AC reviewed and recommended for the Board's approval the Corporate Governance Overview Statement and Corporate Governance Report. The AC also scrutinised the Statement on Risk Management and Internal Control, which had been independently reviewed by the external auditors. It also endorsed the AC Report for inclusion in the Integrated Annual Report 2021 of Sunway REIT.

The AC also reviewed and recommended for the Board's approval the Integrated Annual Report 2021 of Sunway REIT.

- (c) The AC was updated by the Company Secretary and Management on the following developments in regulations and laws:

- (i) Guidelines on Conduct for Capital Market Intermediaries (Conduct Guidelines) issued by the SC on 31 December 2021
- (ii) Amendments to the MMLR in relation to Directors' Appointment, Independence and Miscellaneous Changes
- (iii) Consequential Amendments to the MMLR on Directors' Fit and Proper Policy for Management Company of Listed REIT (Consequential Amendments)
- (iv) Clarification on the implementation dates of the amendments to the MMLR in relation to Directors' Appointment, Independence and Miscellaneous Changes
- (v) PLC Transformation Programme's First, Second, Third, Fourth and Fifth Guidebooks
- (vi) Enhanced Sustainability Disclosure Requirements implemented by Bursa Malaysia

- (d) The AC, at its meeting held on 16 November 2022, reviewed and recommended to the Board for approval the amendments to its TOR as part of the periodic review.

- (e) On 13 December 2022, the AC met with Sunway REIT's valuers, CBRE WTW Valuation & Advisory 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 FY2022. The AC focused its attention on the valuation methodology and approach adopted by the valuers.

- (f) During the financial year, the AC members attended various workshops, webinars, 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 <https://www.sunwayreit.com> for the details of the continuing education programme that the Directors attended in FY2022.



# Corporate Governance Overview Statement

## ACCOUNTABILITY

### 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 conducts regular and systematic reviews of the risk management and internal controls system so as to provide reasonable assurance that the risk management and internal control 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 KPMG in 2022 and it was concluded that the IAD continued to meet or exceed the IIA Standards in all key aspects. The next EQAR is planned to be carried out in year 2027.

In order to ensure that the responsibilities of the IAD and the internal audit function had been fully discharged, the AC reviewed the Audit Plan FY2022, the adequacy of the scope and resources of the internal audit function and the performance of the IAD in undertaking its internal audit function during the financial year 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 that 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 16 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 Certified Public Accountant Australia. She is also a Chartered Accountant registered with the MIA.

The IAD comprises four 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 the IAD and all the internal auditors signed the Annual Declaration that they were free from any relationships or conflict of interest that would impair their objectivity and independence in their audit activities for FY2022.



The internal audit activities undertaken by the IAD during the financial year under review were as follows:

1. prepared and presented the risk-based IA Plan FY2022, 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 of the implementation of the IA Plan FY2021, and any major internal control gaps and lapses. The areas of audit were as follows:
  - (i) Sunway REIT and the Manager – compliance and Enterprise Risk Management (ERM) process review, business plan and budgets review and ESG reporting
  - (ii) Hotel properties – fixed asset management post-refurbishment for Sunway Resort Hotel, key strategic and operational processes
  - (iii) Retail properties – tenancy management, collection and credit management processes
  - (iv) Office properties – tenancy management, collection and credit management processes

Other areas of audit would be selected based on the outcome of the ERM review.
3. performed planned audit engagements that covered reviews of internal control systems, 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 the review of the adequacy and appropriateness of the procedures established to monitor and ensure compliance in recurrent RPTs
8. reviewed the implementation of the ABC Policy in response to the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 for the fund level, the Manager and all properties
9. acted on suggestions and recommendations made by the AC and/or Management regarding concerns about operations and internal controls pertinent to the assets of Sunway REIT
10. performed investigative audits in relation to allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels
11. ascertained the level of operation 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
13. reviewed the AC Report and the Statement on Risk Management and Internal Control to be published in the Integrated Annual Report 2021 of Sunway REIT, as well as the Corporate Governance Report of Sunway REIT for FP2021

The total costs incurred by the IAD for the internal audit function of Sunway REIT for FY2022 amounted to RM788,962 as compared to RM824,904 in FP2021.

**This AC Report was approved by the Board on 9 February 2023.**



# Corporate Governance Overview Statement

Sunway REIT maintains a corporate website, [www.sunwayreit.com](http://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 services or the relevant authorities. Supplemental, non-material information will be posted on the website as soon as practicable after it is available. The corporate website provides the Manager's investor relations efforts as well as all relevant information about Sunway REIT, such as TRANSCEND 2027, corporate and financial information, property segment, sustainability approach, general meetings' materials, corporate governance matters and policies, distribution information and press releases to the media and investor centres. The information is easily and readily accessible by the general public. Integrated Annual Reports and circulars to unitholders are also made available on the website for review.

In addition, the Manager announces the targeted date for the release of the financial results of Sunway REIT at least two 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 identifying the accuracy, veracity and relevance of information on the website. All timely disclosures and material information will be clearly date-identified. The Manager has an 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 the confidentiality of the material and the 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 has 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.

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 prospects.

## CONDUCT OF GENERAL MEETING

A copy of the Integrated Annual Report 2021 of Sunway REIT and the relevant circular to unitholders, including the notice of meeting, was made available to unitholders before the 9<sup>th</sup> AGM held on 7 April 2022. The notice of the meeting was 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 9<sup>th</sup> AGM more than 28 days before the meeting, well in advance of the 21-day requirement under the MMLR. The additional time given to the unitholders allowed them to have sufficient time to scrutinise the Integrated Annual Report 2021 and to register to participate in the virtual meeting.

Sunway REIT also distributed, together with its notice of the 9<sup>th</sup> AGM, the Administrative Guides, which furnished useful information regarding the conduct of the 9<sup>th</sup> AGM such as details of the virtual meeting, unitholders' entitlement to participate and vote in the virtual meeting, their right to appoint a proxy and the steps and procedures to access and vote in the virtual AGM.

Unitholders are encouraged to attend the AGM and any unitholders' meetings of Sunway REIT, which are the principal forums for dialogue between the Board and the unitholders. They provide unitholders the opportunity to engage with the Board, gain insights on Sunway REIT's assets performance and financial position, raise questions or concerns with regards to Sunway REIT and discuss any other important matters with the Management and the Board. In 2022, the Company conducted its 9<sup>th</sup> AGM on a fully virtual basis through livestreaming and online remote voting using the Remote Participation and Voting facility. The virtual meetings enabled unitholders to participate remotely and safely from wherever they were. A unitholder who was not able to participate in the AGM was given the option of appointing a proxy to participate remotely and vote online on their behalf.




At the commencement of the 9<sup>th</sup> AGM, the CEO of the Manager briefed the unitholders on the highlights of the financial performance and achievements of Sunway REIT over the last financial period ended 31 December 2021, as well as the value creation journey, TRANSCEND 2027 strategic roadmap and market and segmental outlook of Sunway REIT.

The Chairman provided ample time and opportunity for a Question and Answer (Q&A) session during the 9<sup>th</sup> AGM. Unitholders were also encouraged to send in their questions prior to the AGM via email or through the online platform. All Directors of the Manager, together with the CEO, CFO, the Trustee, the Management Team and both internal and external auditors, were present to respond to any queries and clarifications addressed to them.

All suggestions and comments received from unitholders during the Q&A session were taken into consideration by the Management. In addition, all questions raised prior to the meeting have also been responded by the Management and Board members.

All resolutions as set out in the notice of the 9<sup>th</sup> AGM were voted on remotely by poll. Cygnus Technology Solutions Sdn Bhd, an independent scrutineer, was appointed to validate the votes cast at the meeting. This was in line with paragraph 8.29A of the MMLR. Sunway REIT appointed Mega Corporate Services Sdn Bhd as the Polling Administrator to conduct the polling process.

 The Minutes of the 9<sup>th</sup> AGM is available on Sunway REIT's website at [www.sunwayreit.com](http://www.sunwayreit.com).

### ANNOUNCEMENT OF QUARTERLY RESULTS

**18 MAY 2022**

Announcement of the unaudited results for the first quarter ended 31 March 2022

**18 AUGUST 2022**

Announcement of the unaudited results for the second quarter ended 30 June 2022

**17 NOVEMBER 2022**

Announcement of the unaudited results for the third quarter ended 30 September 2022

**30 JANUARY 2023**

Announcement of the unaudited results for the fourth quarter ended 31 December 2022

### INCOME DISTRIBUTION

For the semi-annual period ended 30 June 2022:  
4.22 sen per unit (of which 2.95 sen per unit was taxable and 1.21 sen per unit was non-taxable and 0.06 sen per unit was tax exempt)

- Announcement of the notice of entitlement and payment: 18 August 2022
- Date of entitlement: 5 September 2022
- Date of payment: 15 September 2022

For the semi-annual period ended 31 December 2022:  
5.00 sen per unit (of which 3.13 sen per unit was taxable and 1.80 sen per unit was non-taxable and 0.07 sen per unit was tax exempt)

- Announcement of the notice of entitlement and payment: 30 January 2023
- Date of entitlement: 15 February 2023
- Date of payment: 28 February 2023

### INTEGRATED ANNUAL REPORT & ANNUAL GENERAL MEETING

**28 FEBRUARY 2023**

Date of Notice of 10<sup>th</sup> Annual General Meeting  
Date of Issuance of Integrated Annual Report 2022

**27 APRIL 2023**

Date of 10<sup>th</sup> Annual General Meeting



# Statement on Risk Management and Internal Control

**The Board of the Manager is pleased to present this Statement on Risk Management and Internal Control, which outlines the main features of the risk management and internal control framework of the Manager for Sunway REIT for the financial year under review.**

This Statement is prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued on 31 December 2012 (Guidelines), as per the requirement of Paragraph 15.26(b) of the MMLR and Principle B of the Malaysian Code on Corporate Governance 2021.

## THE BOARD'S RESPONSIBILITY

The Board takes overall responsibility for oversight and is committed to maintaining the 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 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 while the Audit Committee (AC) supports the Board in reviewing and monitoring the adequacy and 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 on 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 that 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 ongoing 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 mitigation action plans are implemented to minimise possible impacts from the risks.

The Management is also responsible for setting the right example to encourage and emphasise the importance of ethical business conduct.

## THE MANAGER'S RISK MANAGEMENT FRAMEWORK

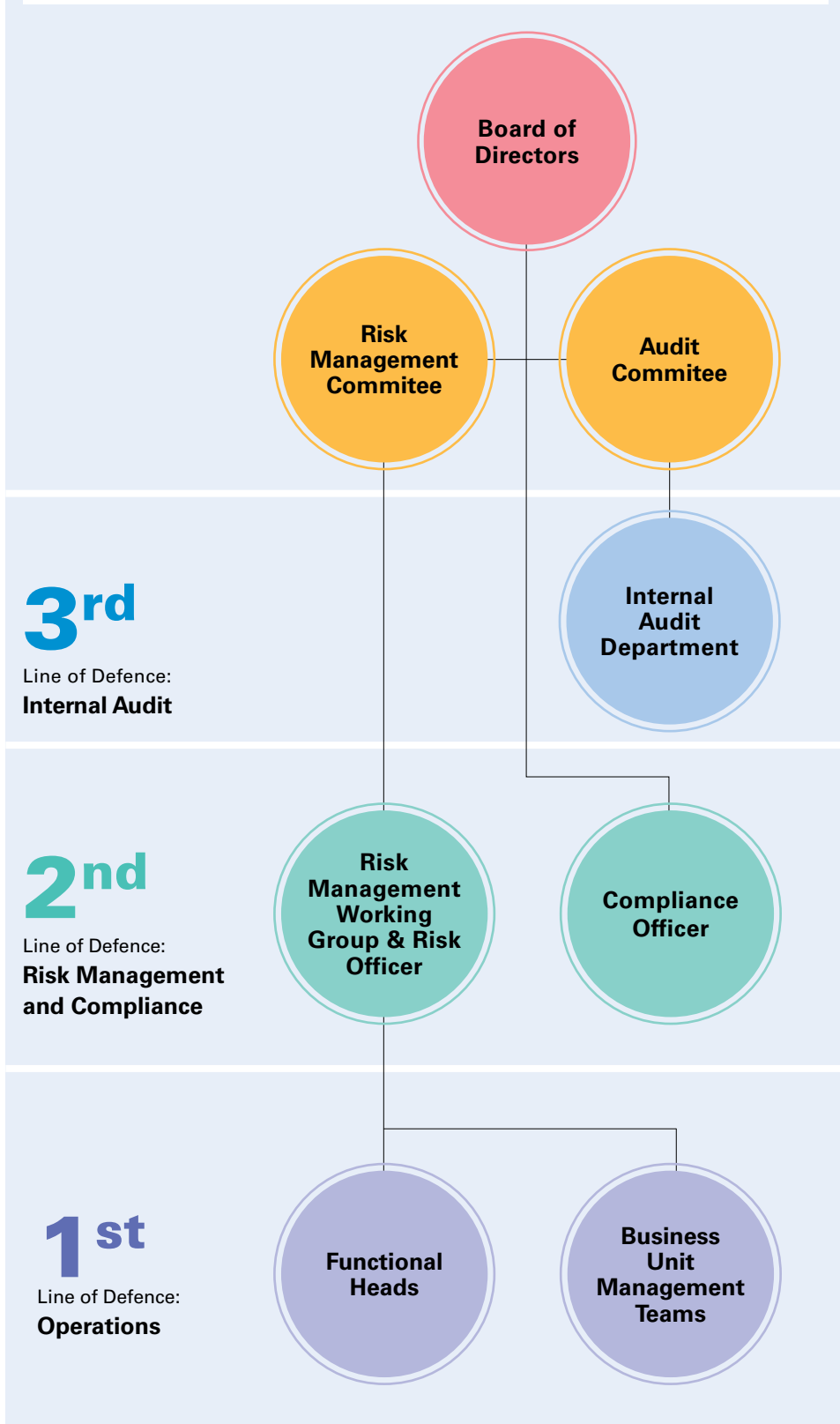
The Manager adopts a robust enterprise risk management (ERM) framework designed and adapted as reasonably practicable from the ISO 31000:2018 Risk Management Guidelines, which aims to put in place a continuous process in identifying all business risks relevant to Sunway REIT at the operation level of each property as well as at the fund level, within the defined risk parameters in a timely and effective manner. All identified risks are recorded in a risk management scorecard to facilitate systematic and comprehensive review with proper mitigation action plans developed to manage the risks to an acceptable level and monitored on a continuous basis. The Manager can only mitigate but not completely eliminate all risks, in particular systemic risks.

### The framework principally:

- ▶ establishes a 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
- ▶ ensures appropriate skills, resources and system infrastructure are applied to risk management



The diagram below provides an overview of the governance structure of the Manager:



The Manager's enterprise risk management framework is embedded in the core business activities and decision-making processes of Sunway REIT to ensure that all material business risks at the operations level of each property as well as at the fund level are prudently identified, analysed and effectively managed within the defined risk parameters.

The table below provides the key risk assessment activities of Sunway REIT:



#### Strategic

- Annual business plan
- Strategy paper
- Setting risk appetite, tolerance, limit and threshold



#### Enterprise-wide (Function and Business Unit)

- Half-yearly risk reports
- Updating risk assessment and rating, status of control measures and mitigation action plans



#### Major Investment Proposals

- Proposal papers for acquisition and asset enhancement initiatives
- Identifying and assessing key risks and recommendations to manage the risks

With this framework, the responsibility of 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.



# Statement on Risk Management and Internal Control

## Risk Management Working Group and Risk Officer

The Risk Officer communicates the 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 the Risk Management Working Group (RMWG) and RMC.

The RMWG comprises the CEO, DCEO, CFO, Risk Officer, Compliance Officer and business unit heads. The RMWG is chaired by the CEO, who holds ultimate responsibility for 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, operations, finance, regulatory compliance, reputation, cybersecurity and sustainability are discussed and dealt with through action plans.

## Risk Management Committee


The RMC has oversight of 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 appetites for various types of risk and exercises and recommends to the Board how this is operationalised into individual risk appetite limits.

The RMC comprises four members, all of whom are Non-Executive Directors.

The composition of the RMC is as follows:

1	<b>Ng Sing Hwa</b> – Chairman of RMC (Non-Independent Non-Executive Director)
2	<b>Datuk Christopher Martin Boyd</b> (Senior Independent Non-Executive Director)
3	<b>Tengku Nurul Azian Binti Tengku Shahrman</b> (Independent Non-Executive Director)
4	<b>Yeo Kar Peng</b> (Independent Non-Executive Director)

The scope of responsibility of the RMC is outlined in its TOR, as approved by the Board.

 Please refer to Sunway REIT's website at [www.sunwayreit.com](http://www.sunwayreit.com) for the TOR of the RMC.

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
- ▶ reviews periodic reports on 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 reports the proceedings of each Committee meeting to the Board and highlights key risks that warrant the Board's attention.

During the financial period under review, two RMC meetings were held to deliberate on the following matters:

- i the half-yearly risk reports, which covered key risks identified at the fund level and operational level of the main business segments of Sunway REIT, the corresponding rating for each risk and the control measures and the mitigation action plans implemented
- ii the Statement on Risk Management and Internal Control to be included in the Integrated Annual Report 2021 of Sunway REIT
- iii the updates on the implementation of the corruption risk assessment workshop by the Sunway Group Risk and Compliance Department
- iv the risk appetite and scorecard, and the new and revised risk categories to consolidate ERM and ESG material issues

 Key risks identified are discussed in the Mitigating Our Risks section.





### Risk Appetite Statement

Risk appetite statements define the extent of risk that the Manager is willing to take for Sunway REIT in line with the TRANSCEND 2027 strategic plan for Sunway REIT to become a balanced-risk, diversified REIT.

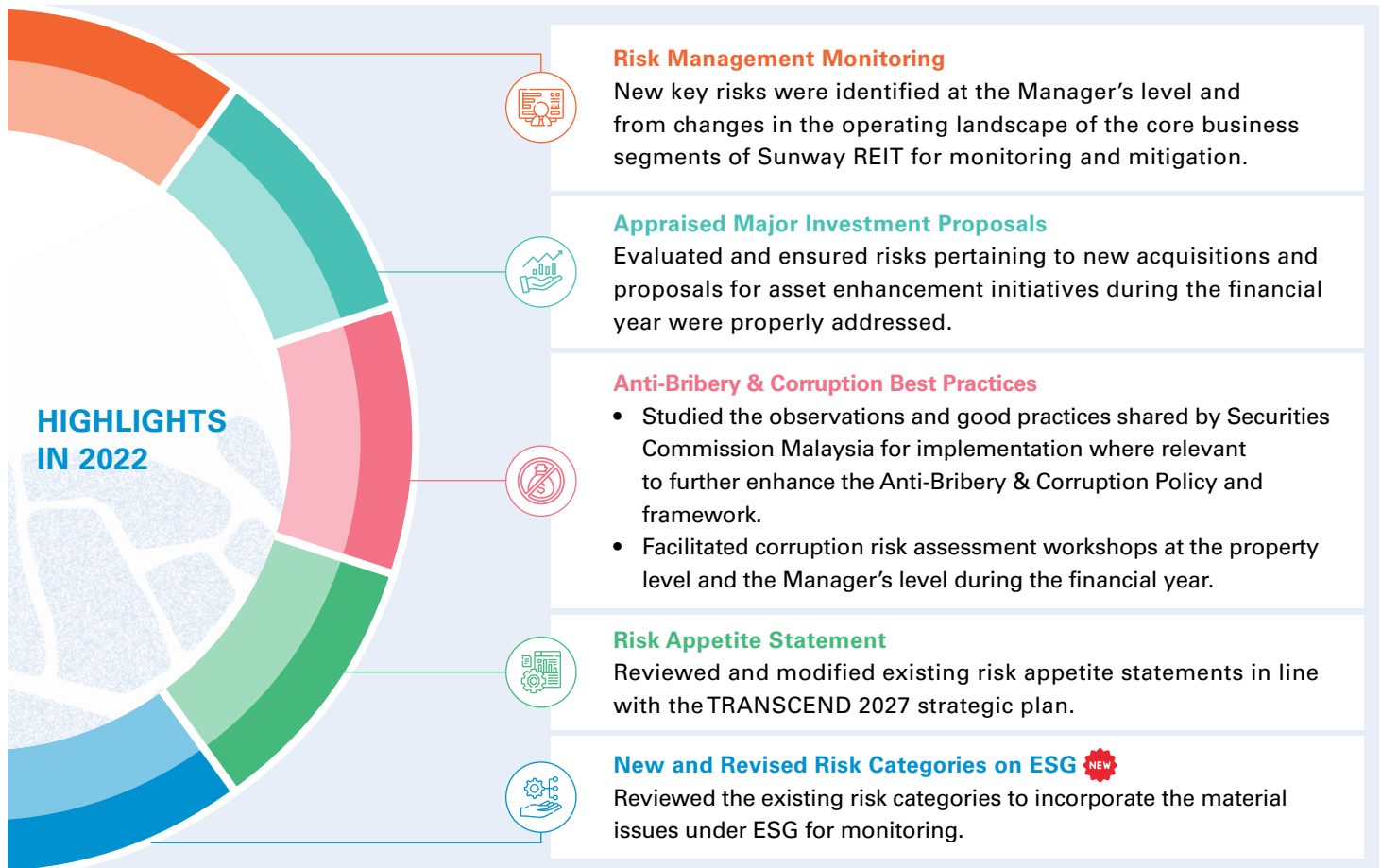
The Board has approved the following risk appetite statements to set the tone from the top:

- ▶ Sunway REIT will continue to focus on yield-accretive investments in the existing principal market in Malaysia, together with value-enhancing asset enhancement initiatives to maintain quality assets in its portfolio.
- ▶ Apart from the domestic principal market, Sunway REIT will explore investment opportunities largely in matured markets and selective emerging markets overseas.

- ▶ Sunway REIT will maintain sufficient liquid assets to cover planned cash outflows and will undertake adequate hedging against interest rate and foreign exchange exposures on overseas investments.
- ▶ Sunway REIT will continue to uphold a zero-tolerance position on bribery and corruption and will strive to maintain good governance principles and practices.
- ▶ Sunway REIT will uphold good ESG practices and will strive to go beyond meeting minimum regulatory compliance through persistent sustainability efforts.

The risk appetite statements will be reviewed annually by the RMC to continuously balance the risks and achieve Sunway REIT's business objectives.

The priorities for FY2022 set out in the Integrated Annual Report 2021 and additional initiatives during the financial year have been successfully implemented.





# Statement on Risk Management and Internal Control

## KEY ELEMENTS OF THE MANAGER'S SYSTEM OF INTERNAL CONTROLS

The current system of internal controls has within it the following key elements:

- A clear vision, mission, corporate philosophy and strategic direction, which are communicated to employees at all levels.
- The Board, with appropriate management reporting mechanisms that enable it to review the performance of Sunway REIT.
- The Board approves annual budgets and business plans prepared for each property during the annual 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 that are agreed on and formulated by the Investment Appraisal Working Group and recommendations on any acquisition or divestment will be presented to the Board for approval before escalating to the Trustee for approval.
- The AC, with formal TOR clearly outlining its functions and duties delegated by the Board.
- The internal audit department (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 resource 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 that 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 compliance with the Deed and all applicable Guidelines set out by Securities Commission Malaysia and securities laws 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 compliance with the Deed, the SC Listed REIT Guidelines, the Securities Commission Licensing Handbook, the Capital Markets and Services Act 2007 and the MMLR.

### 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 internal controls, risk management and governance processes. 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 in order to assist AC in the effective discharge of their roles and responsibilities. In addition, the AC reviews and deliberates on any matters relating to internal controls highlighted by the external auditors in the course of their statutory audit of the financial statements.

## ASSURANCE FROM THE MANAGEMENT

The CEO and CFO have assured the Board that the Manager's risk management and internal controls system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Manager.

## REVIEW BY EXTERNAL AUDITORS

This Statement on Risk Management and Internal Control (Statement) has been reviewed by the External Auditors as per the requirement of Paragraph 15.23 of the MMLR. The External Auditors have performed limited assurance procedures on the Statement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Integrated Annual Report*.

Based on the limited assurance procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, or is factually inaccurate.

## THE BOARD'S CONCLUSION

The Board is pleased to report that the internal controls system and risk management practices are able to meet the objectives of the Manager and Sunway REIT to ensure good corporate governance. For the year under review, there was no material control failure or weakness that would have material adverse effect on the results of Sunway REIT.

The Board is satisfied that the risk management and internal controls system in place for the financial year and up to the date of approval of this Statement is adequate and effective.

**This Statement on Risk Management and Internal Control was approved by the Board on 9 February 2023.**



# Additional Compliance Information

**The information set out below is disclosed in compliance with the MMLR and the Guidelines on Listed REITs issued by Securities Commission Malaysia:**

## 1. SANCTIONS OR PENALTIES

There was no public sanction or penalty imposed on the Manager by the relevant regulatory bodies during the financial year ended 31 December 2022.

## 2. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

- a) On 29 June 2020, Sunway REIT 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 the settlement of the balance purchase consideration of Sunway Pinnacle, capital expenditure for the expansion of Sunway Carnival Mall and to defray the expenses incurred in relation to the proposals.

The unutilised gross proceeds brought forward from last financial period of RM84.7 million have been fully utilised during the financial year.

- b) On 29 December 2022, Sunway REIT announced a proposal to dispose of Sunway Medical Centre (Tower A & B) for a cash consideration of RM430.0 million (Proposed Disposal).

The gross proceeds from the Proposed Disposal will be utilised for new investments or repayment of borrowings and to defray the expenses incurred in relation to the Proposed Disposal.


The Proposed Disposal is expected to be completed in the first half of 2023.

## 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 the Group for the financial year ended 31 December 2022 were RM132,500 and RM5,500, respectively.

## 4. RECURRENT RELATED PARTY TRANSACTIONS

The details of significant recurrent related party transactions are disclosed in Note 34 of the Audited Financial Statements.

 For more information, please refer to the 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 Guidelines on Listed Real Estate Investment Trusts by Securities Commission Malaysia, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 2022, and of the financial performance and cash flows of the Group and of Sunway REIT for the financial year ended 31 December 2022.

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 year ended 31 December 2022.

Sunway REIT is a Malaysia-domiciled real estate investment trust constituted pursuant to a deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (collectively referred to as the "Deed") between the Manager and RHB Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010.

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

Sunway REIT seeks to achieve its investment objective via the following broad strategies:

- (a) active asset management strategy;
- (b) acquisition growth strategy;
- (c) capital and risk management strategy; and
- (d) asset enhancement initiatives, including property development activities.

The Manager is of the view that it has achieved the investment objective for the financial year ended 31 December 2022. There was no change in the strategies and policies employed during the financial year.

## DIRECTORS

The Directors of the Manager who have held office during the financial year until the date of this report are as follows:

Tan Sri Amirsham Bin A Aziz (Appointed on 8 April 2022)  
 Dato' Ng Tiong Lip  
 Datuk Christopher Martin Boyd (Appointed on 8 April 2022)  
 Sarena Cheah Yean Tih, *S.M.S.*  
 Ng Sing Hwa  
 Tengku Nurul Azian Binti Tengku Shahrman  
 Yeo Kar Peng  
 Tan Sri Ahmad Bin Mohd Don (Retired on 8 April 2022)  
 Elvin A/L Berty Luke Fernandez (Retired on 8 April 2022)

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Manager was a party, whereby the Directors of the Manager might acquire benefits by means of the acquisition of units in or debentures of Sunway REIT.

Since the end of the previous financial period, no Director of the Manager has received or become entitled to receive any benefit, by reason of a contract made by the Manager or a related corporation with any Director of the Manager or with a firm of which the Director of the Manager is a member of, or with a company in which the Director of the Manager has substantial financial interest.



# Manager's Report

## DIRECTORS' INTERESTS

According to the register of depository of Sunway Real Estate Investment Trust, the unitholdings of the Directors of the Manager in office at the end of the financial year in units in Sunway REIT during the financial year were as follows:

	Number of units			As at 31.12.2022 Unit '000
	As at 1.1.2022 Unit '000	Acquired Unit '000	Sold Unit '000	
<b>Indirect interest:</b>				
Sarena Cheah Yean Tih, <i>S.M.S.</i> *	1,400,297	-	-	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 year did not have any interests in units in Sunway REIT during the financial year.

## SOFT COMMISSION

There was no soft commission received by the Manager during the financial year from any broker or dealer by virtue of transactions conducted for Sunway REIT.

## OTHER INFORMATION

- (a) Before the financial statements of the Group and of the Fund were 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 year which secures the liabilities of any other person; and
  - (ii) any contingent liability of the Group or of the Fund which has arisen since the end of the financial year 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 year have not been substantially affected by any item, transaction or event of a material and unusual nature;
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Fund for the financial year in which this report is made; and
  - (iii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months (12) after the end of the financial year which would or may affect the ability of the Group or of the Fund to meet their obligations when they fall due.

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

Significant event during the financial year is disclosed in Note 36 to the financial statements.

**MATERIAL LITIGATION**

Material litigation is disclosed in Note 35 to the financial statements.

**AUDITORS**

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Fund for the financial year ended 31 December 2022 were as follows:

	Group RM'000	Fund RM'000
Statutory audits	132	126
Other services	6	3
	138	129

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 9 February 2023.



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 243 to 308 are drawn up in accordance with 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 (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 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 9 February 2023.



Dato' Ng Tiong Lip



Sarena Cheah Yean Tih, *S.M.S.*

## Statutory Declaration

I, Ng Bee Lien (CA 13890), 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 243 to 308 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 Ng Bee Lien  
at Petaling Jaya in the State of Selangor  
Darul Ehsan on 9 February 2023



Ng Bee Lien

Before me,



No. 71-1, Jalan SS21/37  
Damansara Utama (Up Town)  
47400 Petaling Jaya, Selangor



# Trustee's Report to the Unitholders of Sunway Real Estate Investment Trust

We have acted as Trustee of Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund") for the financial year ended 31 December 2022. 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 243 to 308, in accordance with the limitations imposed on the investment powers of the Manager, 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 (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 year ended 31 December 2022 are in line with and are reflective of the objective of Sunway REIT.

For and on behalf of the Trustee,  
**RHB Trustees Berhad**



Sharon Chew Mun Hoong  
Head of Trustees Operations



Mohd Sofian Bin Kamaruddin  
Vice President

Kuala Lumpur, Malaysia  
9 February 2023



# 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 2022 of the Group and of the Fund, and the statements of profit or loss and other comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 243 to 308.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia.

### BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### VALUATION OF INVESTMENT PROPERTIES

As disclosed in Note 14 to the financial statements, the Group's and the Fund's investment properties were measured at RM8,622,501,000 as at 31 December 2022.

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.



## 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.



# 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.)

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Fund.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Fund to cease to continue as a going concern.
- (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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTERS

This report is made solely to the unitholders of the Fund in accordance with the trust deed of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**BDO PLT**

201906000013 (LLP0018825-LCA) & AF0206

Chartered Accountants

Kuala Lumpur

9 February 2023



**Lum Chiew Mun**

03039/04/2023 J

Chartered Accountant



# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2022

	Note	Group		Fund	
		1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
<b>Revenue</b>	6				
- Realised		639,461	655,974	639,461	655,974
- Unrealised (in relation to unbilled lease income receivable)		11,985	19,584	11,985	19,584
		651,446	675,558	651,446	675,558
Property operating expenses	7	(151,208)	(218,482)	(151,208)	(218,482)
<b>Net property income</b>		500,238	457,076	500,238	457,076
Interest income	8	4,755	11,307	4,755	11,307
Other income		100	180	100	180
Changes in fair value of investment properties	14				
- As per valuation reports		(73,001)	(57,343)	(73,001)	(57,343)
- As per SPA for non-current asset held for sale		60,000	-	60,000	-
- Unbilled lease income receivable		(11,985)	(19,584)	(11,985)	(19,584)
<b>Net investment income</b>		480,107	391,636	480,107	391,636
Manager's fees	9	(42,388)	(53,912)	(42,388)	(53,912)
Trustee's fees		(770)	(1,130)	(700)	(1,050)
Auditors' remuneration:					
- Statutory audits		(132)	(128)	(126)	(122)
- Other services		(6)	(26)	(3)	(26)
Tax agent's fee		(35)	(40)	(32)	(34)
Valuation fees		(779)	(652)	(779)	(652)
Other trust expenses		(3,072)	(4,145)	(3,227)	(4,346)
Finance costs	10	(100,050)	(136,969)	(119,867)	(166,777)
<b>Total expenses</b>		(147,232)	(197,002)	(167,122)	(226,919)
<b>Profit before tax</b>		332,875	194,634	312,985	164,717
Taxation	11	(9,317)	850	(9,317)	850
<b>Profit for the financial year/period</b>		323,558	195,484	303,668	165,567
<b>Profit for the financial year/period comprises the following:</b>					
Realised					
- Unitholders		328,228	221,907	328,228	221,907
- Perpetual note holders		19,890	29,917	-	-
		348,118	251,824	328,228	221,907
Unrealised		(24,560)	(56,340)	(24,560)	(56,340)
		323,558	195,484	303,668	165,567
<b>Basic earnings per unit attributable to unitholders (sen):</b>	12				
Realised		9.58	6.68	9.58	6.68
Unrealised		(0.72)	(1.70)	(0.72)	(1.70)
		8.86	4.98	8.86	4.98
<b>Distribution per unit (sen)</b>	13	9.22	6.10	9.22	6.10

The accompanying notes form an integral part of the financial statements.



# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2022

	Group		Fund	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Profit for the financial year/period	323,558	195,484	303,668	165,567
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods*:</b>				
Cash flow hedge - fair value (loss)/gain on derivative	(4,069)	35,605	(4,069)	35,605
Cash flow hedge reserve recycled to profit or loss	3,591	(32,977)	3,591	(32,977)
<b>Total comprehensive income for the financial year/period</b>	<b>323,080</b>	<b>198,112</b>	<b>303,190</b>	<b>168,195</b>
Realised profit for the financial year/period is arrived at as follows:				
Profit for the financial year/period	323,558	195,484	303,668	165,567
Add: Changes in fair value of investment properties	24,986	76,927	24,986	76,927
Less: Unbilled lease income receivable	(11,985)	(19,584)	(11,985)	(19,584)
Add: Deferred tax expense on fair value loss of investment properties	9,317	(850)	9,317	(850)
Add: Unrealised expenses in relation to proposed disposal	2,342	-	2,342	-
Add: Unrealised foreign exchange (gain)/loss (hedged item)	(3,591)	32,977	(3,591)	32,977
Less: Cash flow hedge reserve recycled to profit or loss	3,591	(32,977)	3,591	(32,977)
Less: Others	(100)	(153)	(100)	(153)
Realised profit for the financial year/period	348,118	251,824	328,228	221,907
Less: Amount reserved for distribution to perpetual note holders	(19,890)	(29,917)	-	-
<b>Realised profit attributable to unitholders</b>	<b>328,228</b>	<b>221,907</b>	<b>328,228</b>	<b>221,907</b>

\* 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.



## INCOME DISTRIBUTION TO UNITHOLDERS

	Group/Fund	
	2022 RM'000	2021 RM'000
Realised profit for the financial year/period, representing income available for distribution for the financial year/period	328,228	221,907
Brought forward undistributed income available for distribution	30,339	-
Total income available for distribution	358,567	221,907
Distribution to unitholders during the year/period:		
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)
Final income distribution of 2.80 sen per unit for period from 1 July 2021 to 31 December 2021	-	(95,895)
Distribution of 4.22 sen per unit for period from 1 January 2022 to 30 June 2022	(144,527)	-
Proposed final income distribution of 5.00 sen per unit for period from 1 July 2022 to 31 December 2022 <sup>1</sup>	(171,240)	-
Balance undistributed income	42,800	17,311

<sup>1</sup> The proposed final income distribution will be recognised and paid in the financial year ending 31 December 2023.



# Statements of Financial Position

As at 31 December 2022

	Note	Group	
		2022 RM'000	2021 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	14	8,622,501	8,701,745
Investment properties - accrued lease income	18	48,499	36,514
Plant and equipment	15	15,781	11,556
Right-of-use asset		795	871
		8,687,576	8,750,686
<b>Current assets</b>			
Trade receivables	17	25,156	39,788
Other receivables	18	19,401	8,277
Derivatives	21	-	11,188
Short term investment	19	-	49,991
Cash and bank balances	20	251,238	290,543
		295,795	399,787
Non-current asset held for sale	22	430,000	-
<b>Total assets</b>		9,413,371	9,150,473
<b>Equity and liabilities</b>			
<b>Equity</b>			
Unitholders' capital	23	3,433,864	3,433,864
Undistributed income		1,754,397	1,691,629
Total Unitholders' funds		5,188,261	5,125,493
Perpetual note holders' funds	24	339,717	339,717
<b>Total equity</b>		5,527,978	5,465,210
<b>Non-current liabilities</b>			
Borrowings	25	1,900,000	1,810,000
Long term liabilities	27	84,964	57,072
Deferred tax liability	28	11,631	13,091
Lease liability		822	861
		1,997,417	1,881,024
<b>Current liabilities</b>			
Borrowings	25	1,636,777	1,595,366
Trade payables	29	16,746	5,150
Other payables	30	218,027	203,693
Derivatives	21	5,610	-
Deferred tax liability	28	10,777	-
Lease liability		39	30
		1,887,976	1,804,239
<b>Total liabilities</b>		3,885,393	3,685,263
<b>Total equity and liabilities</b>		9,413,371	9,150,473

The accompanying notes form an integral part of the financial statements.



		Group	
	Note	2022 RM'000	2021 RM'000
Units in circulation ('000)	23	3,424,808	3,424,808
<b>Net asset value ("NAV") attributable to unitholders:</b>			
Before income distribution		5,188,261	5,125,493
After income distribution		5,017,021	5,029,598
<b>NAV per unit attributable to unitholders (RM):</b>			
Before income distribution <sup>1</sup>		1.5149	1.4966
After income distribution <sup>2</sup>		1.4649	1.4686

<sup>1</sup> Before the proposed final income distribution of 5.00 sen per unit (2021: 2.80 sen per unit)

<sup>2</sup> After the proposed final income distribution of 5.00 sen per unit (2021: 2.80 sen per unit)

The accompanying notes form an integral part of the financial statements.



# Statements of Financial Position

As at 31 December 2022

		Fund	
	Note	2022 RM'000	2021 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	14	8,622,501	8,701,745
Investment properties - accrued lease income	18	48,499	36,514
Plant and equipment	15	15,781	11,556
Right-of-use asset		795	871
Investments in subsidiaries	16	100	100
		8,687,676	8,750,786
<b>Current assets</b>			
Trade receivables	17	25,156	39,788
Other receivables	18	19,401	8,277
Derivatives	21	-	11,188
Short term investment	19	-	49,991
Cash and bank balances	20	251,075	290,383
		295,632	399,627
Non-current asset held for sale	22	430,000	-
<b>Total assets</b>		<b>9,413,308</b>	<b>9,150,413</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Unitholders' capital	23	3,433,864	3,433,864
Undistributed income		1,754,400	1,691,632
Total Unitholders' funds		5,188,264	5,125,496
<b>Non-current liabilities</b>			
Borrowings	25	1,890,000	1,600,000
Amounts due to subsidiaries	26	349,764	549,690
Long term liabilities	27	84,964	57,072
Deferred tax liability	28	11,631	13,091
Lease liability		822	861
		2,337,181	2,220,714
<b>Current liabilities</b>			
Borrowings	25	287,013	395,675
Trade payables	29	16,746	5,150
Other payables	30	205,852	193,312
Amounts due to subsidiaries	26	1,361,826	1,210,036
Derivatives	21	5,610	-
Deferred tax liability	28	10,777	-
Lease liability		39	30
		1,887,863	1,804,203
<b>Total liabilities</b>		<b>4,225,044</b>	<b>4,024,917</b>
<b>Total equity and liabilities</b>		<b>9,413,308</b>	<b>9,150,413</b>

The accompanying notes form an integral part of the financial statements.



		Fund	
	Note	2022 RM'000	2021 RM'000
Units in circulation ('000)	23	3,424,808	3,424,808
<b>Net asset value ("NAV") attributable to unitholders:</b>			
Before income distribution		5,188,264	5,125,496
After income distribution		5,017,024	5,029,601
<b>NAV per unit attributable to unitholders (RM):</b>			
Before income distribution <sup>1</sup>		1.5149	1.4966
After income distribution <sup>2</sup>		1.4649	1.4686

<sup>1</sup> Before the proposed final income distribution of 5.00 sen per unit (2021: 2.80 sen per unit)

<sup>2</sup> After the proposed final income distribution of 5.00 sen per unit (2021: 2.80 sen per unit)



# Statements of Changes in Net Asset Value

For the financial year ended 31 December 2022

## GROUP

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000	Perpetual Note Holders' Funds RM'000	Total Equity RM'000
<b>At 1 January 2022</b>	3,433,864	1,691,629	5,125,493	339,717	5,465,210
<b>Total comprehensive income</b>					
Profit for the financial year	-	323,558	323,558	-	323,558
Other comprehensive income:					
- Cash flow hedge - fair value loss on derivative	-	(4,069)	(4,069)	-	(4,069)
- Cash flow hedge reserve recycled to profit or loss	-	3,591	3,591	-	3,591
Total comprehensive income, representing the increase in net assets resulting from operations	-	323,080	323,080	-	323,080
<b>Unitholders' transactions</b>					
Distribution to unitholders:					
- Income distribution declared and paid in current year (Note 13)	-	(144,527)	(144,527)	-	(144,527)
- Income distribution proposed in prior year but paid in current year	-	(95,895)	(95,895)	-	(95,895)
Decrease in net assets resulting from unitholders' transactions	-	(240,422)	(240,422)	-	(240,422)
<b>Perpetual Note Holders' transactions</b>					
Amount reserved for distribution to perpetual note holders	-	(19,890)	(19,890)	-	(19,890)
Decrease in net assets resulting from perpetual note holders' transactions	-	(19,890)	(19,890)	-	(19,890)
<b>At 31 December 2022</b>	<b>3,433,864</b>	<b>1,754,397</b>	<b>5,188,261</b>	<b>339,717</b>	<b>5,527,978</b>

The accompanying notes form an integral part of the financial statements.



## 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
<b>At 1 July 2020</b>	2,727,829	1,702,228	4,430,057	339,717	4,769,774
<b>Total comprehensive income</b>					
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
<b>Unitholders' transactions</b>					
Creation of units pursuant to private placement <sup>1</sup>	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
<b>Perpetual Note Holders' transactions</b>					
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)
<b>At 31 December 2021</b>	<b>3,433,864</b>	<b>1,691,629</b>	<b>5,125,493</b>	<b>339,717</b>	<b>5,465,210</b>

<sup>1</sup> 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.



# Statements of Changes in Net Asset Value

For the financial year ended 31 December 2022

## FUND

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000
<b>At 1 January 2022</b>	3,433,864	1,691,632	5,125,496
<b>Total comprehensive income</b>			
Profit for the financial year	-	303,668	303,668
Other comprehensive income:			
- Cash flow hedge - fair value loss on derivative	-	(4,069)	(4,069)
- Cash flow hedge reserve recycled to profit or loss	-	3,591	3,591
Total comprehensive income, representing the increase in net assets resulting from operations	-	303,190	303,190
<b>Unitholders' transactions</b>			
Distribution to unitholders:			
- Income distribution declared and paid in current year (Note 13)	-	(144,527)	(144,527)
- Income distribution proposed in prior year but paid in current year	-	(95,895)	(95,895)
Decrease in net assets resulting from unitholders' transactions	-	(240,422)	(240,422)
<b>At 31 December 2022</b>	<b>3,433,864</b>	<b>1,754,400</b>	<b>5,188,264</b>

The accompanying notes form an integral part of the financial statements.



## FUND (CONT'D.)

	Unitholders' Capital RM'000	Undistributed Income RM'000	Total Unitholders' Funds RM'000
<b>At 1 July 2020</b>	2,727,829	1,702,231	4,430,060
<b>Total comprehensive income</b>			
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
<b>Unitholders' transactions</b>			
Creation of units pursuant to private placement <sup>1</sup>	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
<b>At 31 December 2021</b>	3,433,864	1,691,632	5,125,496

<sup>1</sup> 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.



# Statements of Cash Flows

For the financial year ended 31 December 2022

		Group		Fund	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Cash receipts from customers		647,586	687,596	647,586	687,596
Refundable security deposits from customers		5,647	5,610	5,647	5,610
Cash paid for operating expenses		(218,246)	(260,686)	(218,246)	(260,686)
Net cash from operating activities		434,987	432,520	434,987	432,520
Cash flows from investing activities					
Acquisition of plant and equipment	Note a	(6,941)	(2,180)	(6,941)	(2,180)
Deposit for acquisition of investment properties		(16,405)	(3,410)	(16,405)	(3,410)
Balance payment for acquisition of investment properties	14	(84,735)	(405,000)	(84,735)	(405,000)
Incidental costs on acquisition of investment properties	14	(3,316)	(4,717)	(3,316)	(4,717)
Subsequent expenditure of investment properties	Note b	(238,791)	(300,259)	(238,791)	(300,259)
Deposit received for disposal of investment property		30,100	-	30,100	-
Investment in short term money market instrument		(407,000)	(850,000)	(407,000)	(850,000)
Redemption of short term money market instrument		457,000	980,000	457,000	980,000
Investment in a subsidiary		-	-	-	(100)
Interest received		4,596	10,569	4,596	10,569
Net cash used in investing activities		(265,492)	(574,997)	(265,492)	(575,097)
Cash flows from financing activities					
Proceeds from issuance of commercial papers		290,000	150,000	-	-
Proceeds from issuance of unrated medium term notes		1,150,000	1,210,000	-	-
Drawdown of revolving loan - USD		292,552	384,893	292,552	384,893
Drawdown of revolving loan		290,000	-	290,000	-
Repayment of commercial papers		(290,000)	(200,000)	-	-
Repayment of unrated medium term notes		(1,200,000)	(1,200,000)	-	-
Repayment of revolving loan - USD		(384,893)	(373,680)	(384,893)	(373,680)
Interest paid		(96,038)	(137,388)	(96,038)	(137,388)
Proceeds from issuance of new units		-	710,000	-	710,000
Payment of unit issuance expenses		-	(3,965)	-	(3,965)
Net change in inter-company balances		-	-	(50,003)	(39,999)
Distribution paid to unitholders		(240,422)	(178,794)	(240,422)	(178,794)
Distribution paid to perpetual note holders		(19,999)	(29,862)	(19,999)	(29,862)
Net cash (used in)/from financing activities		(208,800)	331,204	(208,803)	331,205

The accompanying notes form an integral part of the financial statements.



	Note	Group		Fund	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Net (decrease)/increase in cash and cash equivalents</b>		(39,305)	188,727	(39,308)	188,628
<b>Cash and cash equivalents at beginning of financial year/period</b>		290,543	101,816	290,383	101,755
<b>Cash and cash equivalents at end of financial year/period (Note 20)</b>		251,238	290,543	251,075	290,383
Note a:					
Additions of plant and equipment	15	7,171	2,332	7,171	2,332
Additions via deferred payment		(357)	(189)	(357)	(189)
Payment of plant and equipment purchased via deferred payment in prior years		127	37	127	37
<b>Cash outflow for acquisition of plant and equipment</b>		6,941	2,180	6,941	2,180
Note b:					
Subsequent expenditure of investment properties	14	278,276	303,722	278,276	303,722
Interest capitalised		(2,185)	(5,970)	(2,185)	(5,970)
Additions via deferred payment		(37,654)	(2,642)	(37,654)	(2,642)
Payment of subsequent expenditure of investment properties incurred via deferred payment in prior years		354	5,149	354	5,149
<b>Cash outflow for subsequent expenditure of investment properties</b>		238,791	300,259	238,791	300,259

The accompanying notes form an integral part of the financial statements.



# Statements of Cash Flows

For the financial year ended 31 December 2022

Note c: Reconciliation of liabilities arising from financing activities

	Commercial papers (Note 25)		Unrated medium term notes (Note 25)		Revolving loan - USD (Note 25)		Revolving loan (Note 25)	
	Group RM'000	Fund RM'000	Group RM'000	Fund RM'000	Group RM'000	Fund RM'000	Group RM'000	Fund RM'000
<b>At 1 January 2022</b>	(309)	-	1,410,000	-	395,675	395,675	1,600,000	1,600,000
Cash flows	-	-	(50,000)	-	(92,341)	(92,341)	290,000	290,000
Non-cash flows:								
- Effect of foreign exchange	-	-	-	-	(16,321)	(16,321)	-	-
- Discount on commercial papers	-	-	-	-	-	-	-	-
- Unamortised transaction costs	73	-	-	-	-	-	-	-
<b>At 31 December 2022</b>	(236)	-	1,360,000	-	287,013	287,013	1,890,000	1,890,000

	Commercial papers (Note 25)		Unrated medium term notes (Note 25)		Revolving loan - USD (Note 25)		Revolving loan (Note 25)	
	Group RM'000	Fund RM'000	Group RM'000	Fund RM'000	Group RM'000	Fund RM'000	Group RM'000	Fund RM'000
<b>At 1 July 2020</b>	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	-	-	-	-	-	-	-
<b>At 31 December 2021</b>	(309)	-	1,410,000	-	395,675	395,675	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 year ended 31 December 2022

## 1. FUND INFORMATION

Sunway Real Estate Investment Trust (“Sunway REIT” or the “Fund”) is a Malaysia-domiciled real estate investment trust constituted pursuant to a deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (collectively referred to as the “Deed”) between Sunway REIT Management Sdn. Bhd. (the “Manager”) and RHB Trustees Berhad (the “Trustee”). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010.

The registered office of the Manager is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal place of business is located at Level 15, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

Sunway REIT is an income and growth fund with the key investment objective to provide unitholders with exposure to a diverse portfolio of authorised investments (pursuant to provisions of the Deed) that will provide stable cash distributions with the potential for sustainable growth in net asset value (“NAV”) per unit. The principal investment policy of Sunway REIT is to invest in retail, hospitality, office and other real estate assets, subject to the Securities Commission’s Guidelines on Listed Real Estate Investment Trusts (“Listed REIT Guidelines”). The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

There has been no significant change in the nature of the principal activity during the financial year.

The consolidated financial statements comprise the Fund and its subsidiaries (the “Group”).

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution by the Board of Directors of the Manager on 9 February 2023.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 1. FUND INFORMATION (CONT'D.)

Sunway REIT has entered into several service agreements in relation to the management of the Fund and its property operations. The fee structures of these services are as follows:

### 1.1 Manager's fees

Pursuant to the Deed, the Manager of Sunway REIT is entitled to receive the following fees from Sunway REIT:

- (a) Base fee of 0.3% per annum of the total asset value;
- (b) Performance fee of 3% per annum of net property income, but before deduction of fees payable to the Property Manager;
- (c) Acquisition fee of 1% of the acquisition price of any Asset of Sunway REIT being Real Estate or a Special Purpose Vehicle acquired by the Trustee for Sunway REIT (pro rated if applicable to the proportion of the interest in Real Estate or Special Purpose Vehicle purchased by the Trustee for Sunway REIT); and
- (d) Divestment fee of 0.5% of the sale price of any Asset of Sunway REIT being Real Estate or a Special Purpose Vehicle sold or divested by the Trustee (pro rated if applicable to the proportion of the interest of Sunway REIT in the Asset of Sunway REIT sold).

The Manager's fee shall be net of all applicable taxes, duties and levies imposed by the relevant authorities in Malaysia. The Manager shall be paid the base fee and performance fee which may be in the form of cash, new units or a combination thereof, with the initial applicable proportion to be 50% in the form of cash and 50% in the form of new units, such proportion which may be varied at the discretion of the Manager. The Manager's fees are payable monthly in arrears.

### 1.2 Property management fees

The Property Manager, Zerin Properties Urus Harta Sdn. Bhd. ("Zerin"), is entitled to receive a fixed fee for managing the retail and office properties owned by Sunway REIT. Zerin 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 Zerin and/or its service providers as provided in the Property Management Agreement dated 1 December 2021. The property management fees and reimbursements are payable monthly in arrears.



## 1. FUND INFORMATION (CONT'D.)

### 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, PBTrustee Services Berhad, is entitled to receive a predetermined annual fixed fee.

The trustee of SUNREIT Unrated Bond Berhad, AmanahRaya Trustees Berhad, is entitled to receive a predetermined annual fixed fee.

The trustee of SUNREIT Perpetual Bond Berhad, Pacific Trustees Berhad, is entitled to receive a predetermined annual fixed fee.

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Fund have been prepared in accordance with the provisions of the Deed, the Listed REIT Guidelines in Malaysia, Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

The financial statements of the Group and of the Fund have been prepared under the historical cost convention, except as otherwise stated in the financial statements and on a going concern basis.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") unless when otherwise stated.

The accounting policies adopted are consistent with those of the previous financial period except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 37(a) to the financial statements.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 3. BASIS OF ACCOUNTING

The Group and the Fund have net current liabilities (excluding derivatives at fair value) of RM1,586,571,000 and RM1,586,621,000 respectively as at 31 December 2022.

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) RM3,536,777,000 relates to borrowings of the Group, of which RM1,646,777,000 are secured by the investment properties as mentioned in Note 14 to the financial statements and borrowings as at 31 December 2022 (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 RM434,987,000 for the financial year ended 31 December 2022. The Manager projects continued profitability and operating cash inflows for the Group and the Fund in the next twelve months.



#### 4. SEGMENT INFORMATION

##### (a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the product and services produced. Secondary information is reported geographically. The investment properties are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

##### (b) Business segments

The Group comprises the following main business segments:

- |                         |   |
|-------------------------|---|
| (i) Retail              | - renting of retail premises to tenants                                 |
| (ii) Hotel              | - leasing of hotel premises to hotel operators                          |
| (iii) Office            | - renting of office premises to tenants                                 |
| (iv) Services           | - leasing of services related premises on long term leases              |
| (v) Industrial & Others | - leasing of industrial and other types of premises on long term leases |

##### (c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. The Group's five main business segments operate in four main geographical areas:

- |                   |  |
|-------------------|--|
| (i) Selangor      | - the operations in this area are principally renting of retail and office premises, leasing of hotel premises to a hotel operator, leasing of a medical premises to a hospital operator, leasing of a purpose-built campus to lessees, leasing of an industrial premises to a lessee and actively looking for a lessee for another industrial premises recently acquired. |
| (ii) Kuala Lumpur | - the operations in this area are principally renting of retail and office premises and leasing of a hotel premises to a hotel operator.   |
| (iii) Penang      | - the operations in this area are principally renting of a retail premises and leasing of hotel premises to hotel operators.   |
| (iv) Perak        | - the operation in this area is principally renting of a retail premises.  |



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 4. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

### Business segments

	31.12.2022					
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000
Revenue						
Rental income	388,878	1,390	76,722	-	-	466,990
Master lease income	-	52,349	-	63,195	6,774	122,318
Car park rental income	25,547	2,115	2,562	-	-	30,224
Other operating income	12,427	7,444	58	-	-	19,929
Gross revenue	426,852	63,298	79,342	63,195	6,774	639,461
Unbilled lease income receivable	-	-	-	11,985	-	11,985
	426,852	63,298	79,342	75,180	6,774	651,446
Segment net property income	307,098	59,439	51,775	75,180	6,746	500,238
Interest income						4,755
Other income						100
Changes in fair value of investment properties						
- As per valuation reports	(47,087)	(24,983)	(7,975)	6,777	267	(73,001)
- As per SPA for non-current asset held for sale	-	-	-	60,000	-	60,000
- Unbilled lease income receivable	-	-	-	(11,985)	-	(11,985)
	(47,087)	(24,983)	(7,975)	54,792	267	(24,986)
Total expenses (excluding finance costs)						(47,182)
Finance costs						(100,050)
Profit before tax						332,875
Taxation						(9,317)
<b>Profit for the financial year</b>						<b>323,558</b>



#### 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.)

	31.12.2022						
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000	Note
<b>Assets</b>							
Segment assets	5,219,106	1,816,023	954,329	1,007,203	161,000	9,157,661	
Unallocated assets						255,710	
<b>Total assets</b>						<b>9,413,371</b>	
<b>Liabilities</b>							
Segment liabilities	207,315	11,241	26,894	30,100	-	275,550	
Unallocated liabilities						3,609,843	
<b>Total liabilities</b>						<b>3,885,393</b>	
<b>Other segment information</b>							
Capital expenditure	136,904	140,983	7,337	223	-	285,447	A
Depreciation	2,558	11	295	-	-	2,864	
Other significant non-cash income/(expenses)	(30,987)	(25,017)	(6,175)	44,015	267	(17,897)	
Unallocated						100	
						(17,797)	B



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 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					
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000
Revenue						
Rental income	371,928	3,057	99,141	-	-	474,126
Master lease income	-	27,480	-	91,241	9,237	127,958
Car park rental income	22,293	2,176	2,476	-	-	26,945
Other operating income	9,826	17,102	17	-	-	26,945
Gross revenue	404,047	49,815	101,634	91,241	9,237	655,974
Unbilled lease income receivable	-	-	-	19,584	-	19,584
	404,047	49,815	101,634	110,825	9,237	675,558
Segment net property income	229,897	40,339	66,778	110,825	9,237	457,076
Interest income						11,307
Other income						180
Changes in fair value of investment properties						
- As per valuation reports	(36,746)	(55,576)	6,983	23,996	4,000	(57,343)
- Unbilled lease income receivable	-	-	-	(19,584)	-	(19,584)
	(36,746)	(55,576)	6,983	4,412	4,000	(76,927)
Total expenses (excluding finance costs)						(60,033)
Finance costs						(136,969)
Profit before tax						194,634
Taxation						850
<b>Profit for the financial period</b>						<b>195,484</b>



#### 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						
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000	Note
<b>Assets</b>							
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	
<b>Liabilities</b>							
Segment liabilities	201,440	7,657	24,707	-	-	233,804	
Unallocated liabilities						3,451,459	
Total liabilities						3,685,263	
<b>Other segment information</b>							
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 year ended 31 December 2022

## 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

	31.12.2022				
	Selangor RM'000	Kuala Lumpur RM'000	Penang RM'000	Perak RM'000	Total RM'000
Gross revenue	516,286	72,677	59,123	3,360	651,446
Segment net property income	426,137	39,601	31,229	3,271	500,238
Capital expenditure	149,919	10,904	124,624	-	285,447
Segment assets	7,145,479	1,111,378	845,686	55,118	9,157,661
Unallocated assets					255,710
					9,413,371

	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



#### 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	
	2022	2021
	RM'000	RM'000
Investment properties (Note 14)	278,276	155,626
Investment property under construction (Note 14)	-	148,096
Plant and equipment (Note 15)	7,171	2,332
	285,447	306,054

B Other significant non-cash (expenses)/income consist of the following items as presented in the respective notes:

	Group/Fund	
	2022	2021
	RM'000	RM'000
Fair value loss on investment properties (Note 14)	(24,986)	(76,927)
Deferred tax expense on fair value loss on investment properties (Note 28)	(9,317)	850
Unrealised foreign exchange loss/(gain) (hedged item)	3,591	(32,977)
Cash flow hedge reserve recycled to profit or loss	(3,591)	32,977
Reversal/(Allowance) of impairment on trade receivables (Note 7)	16,406	(20,294)
Other income	100	153
	(17,797)	(96,218)

#### 5. CAPITAL AND FINANCIAL RISK MANAGEMENT

##### (a) Capital management

The primary objective of the Manager's capital management is to optimise capital structure and cost of capital of the Group and to adopt active interest rate management strategy to manage the risks associated with changes in interest rates. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2022.

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 year ended 31 December 2022

## 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	
	2022 RM'000	2021 RM'000
Non-current assets	8,687,576	8,750,686
Current assets	725,795	399,787
Total asset value	9,413,371	9,150,473
Total gross borrowings (Note 25)	3,537,013	3,405,675
Gearing ratio	37.6%	37.2%

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 31% (2021: 38%) of the Group's borrowings are at fixed rates of interest. There is no fixed rate borrowing for the Fund (2021: 10%) as at the reporting date.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 19, 20 and 25 to the financial statements.



## 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 USD75 million Loan Facility as disclosed in Note 25(c) to the financial statements.

The USD75 million Loan Facility drawn in AUD is hedged with cross currency swap contract. As such, fluctuation in AUD is not expected to have any material effects to the financial performance and position of the Group and of the Fund.

#### Liquidity risk

The Manager manages the Group's and the Fund's debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Fund maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. In addition, the Manager strives to ensure that the Group and the Fund maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Fund raise committed funding from both capital markets and financial institutions and balances their portfolio with some short term funding so as to achieve overall cost effectiveness.

At the reporting date, RM1,637,013,000 (2021: RM1,595,675,000) of the Group's gross 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 25, 26, 27, 29 and 30 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 year ended 31 December 2022

## 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	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
<b>Realised</b>		
Rental income	466,990	474,126
Master lease income	122,318	127,958
Car park rental income	30,224	26,945
Other operating income	19,929	26,945
	639,461	655,974
<b>Unrealised</b>		
Unbilled lease income receivable	11,985	19,584
	651,446	675,558

### (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 Lagoon Hotel (formerly known as 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



## 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 which expired on 30 December 2022 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.

On 29 December 2022, Sunway REIT has entered into a conditional sale and purchase agreement ("SPA") in relation to the proposed disposal of the medical premises ("Proposed Disposal"). Sunway REIT will continue to receive/collect lease income until the disposal becomes unconditional. Further details are disclosed in Note 22 to the financial statements.

### (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.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 6. REVENUE (CONT'D.)

### (f) Car park rental income

Car park rental income is derived from renting of the investment properties' car park space to car park operators and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis. The car park rental income is derived based on the following variable rent formula:

Variable rent = Base rent plus 95% of car park's gross operating profit

(i) Base rent: 20% of the car park's gross operating revenue.

(ii) Gross operating profit: Car park's gross operating revenue less base rent and operating expenses.

### (g) Other operating income

Other operating income mainly comprises rental from common area of the retail properties for promotional events and is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

### (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	
	1.1.2022	1.7.2020
	to 31.12.2022	to 31.12.2021
	RM'000	RM'000
Quit rent, assessment and insurance	15,837	23,202
Property management fees and reimbursements	56,214	59,583
Utilities	32,194	33,065
Service contracts and maintenance	32,565	41,326
Advertising and promotion	18,329	25,469
(Reversal)/Allowance of impairment on trade receivables (Note 17)	(16,406)	20,294
Depreciation of plant and equipment (Note 15)	2,864	3,576
Administrative and other operating expenses	9,611	11,967
	151,208	218,482



**8. INTEREST INCOME**

	Group/Fund	
	1.1.2022	1.7.2020
	to	to
	31.12.2022	31.12.2021
	RM'000	RM'000
Interest income from deposits with licensed financial institutions	3,934	9,283
Interest income from short term investment	821	2,024
	4,755	11,307

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.

**9. MANAGER'S FEES**

	Group/Fund	
	1.1.2022	1.7.2020
	to	to
	31.12.2022	31.12.2021
	RM'000	RM'000
Base fee	27,737	40,781
Performance fee	14,651	13,131
	42,388	53,912
Acquisition fee	942	4,500

The acquisition fee was capitalised as part of the acquisition cost of investment properties.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 10. FINANCE COSTS

	Group		Fund	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Interest paid/payable:				
- subsidiaries	-	-	62,086	93,626
- revolving loans and interest rate swap	56,814	74,395	56,814	74,395
- commercial papers	619	404	-	-
- unrated medium term notes	41,577	63,305	-	-
Amortisation of transaction costs	3,223	4,834	3,150	4,725
Others	2	1	2	1
	102,235	142,939	122,052	172,747
Less: Interest expense capitalised in investment properties (Note 14)	(2,185)	(5,970)	(2,185)	(5,970)
	100,050	136,969	119,867	166,777

## 11. TAXATION

	Group/Fund	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Deferred tax (Note 28):		
Relating to origination or reversal of temporary differences	(1,460)	(850)
Real property gains tax arising from Proposed Disposal	10,777	-
	9,317	(850)

### Taxation of the Real Estate Investment Trust ("REIT")

The tax transparency system under Section 61A of the Malaysian Income Tax Act 1967, exempts the REIT from income tax in a year of assessment if the REIT distributes at least 90% of its total taxable income in the same year of assessment.

Sunway REIT will not incur any tax expense during the financial year as it will distribute at least 90% of its total taxable income for the financial year ended 31 December 2022.



## 11. TAXATION (CONT'D.)

Reconciliation of the tax expense is as follows:

	Group		Fund	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Profit before tax	332,875	194,634	312,985	164,717
Income tax at Malaysian statutory tax rate of 24% (2021: 24%)	79,890	46,712	75,116	39,532
Fair value loss on investment properties not deductible	3,120	13,762	3,120	13,762
Income not subject to tax	(77,906)	(66,957)	(73,132)	(59,777)
Expenses not deductible for tax purposes	4,213	5,633	4,213	5,633
Taxation	9,317	(850)	9,317	(850)

### Taxation of the Unitholders

Pursuant to Section 109D(2) of the Malaysian Income Tax Act 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders	Tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	24%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24%.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 12. BASIC EARNINGS PER UNIT ATTRIBUTABLE TO UNITHOLDERS

Basic earnings per unit amounts are calculated by dividing realised/unrealised total profit for the year/period attributable to unitholders of the Fund by the weighted average number of units in issue during the financial year/period.

	Fund	
	1.1.2022	1.7.2020
	to	to
	31.12.2022	31.12.2021
	Unit '000	Unit '000
Weighted average number of units in issue	3,424,808	3,320,823

	Group/Fund	
	1.1.2022	1.7.2020
	to	to
	31.12.2022	31.12.2021
	RM'000	RM'000
<b>Realised</b>		
Total realised profit for the year/period attributable to unitholders of the Fund	328,228	221,907
Realised basic earnings per unit (sen)	9.58	6.68
<b>Unrealised</b>		
Total unrealised loss for the year/period attributable to unitholders of the Fund	(24,560)	(56,340)
Unrealised basic loss per unit (sen)	(0.72)	(1.70)

Diluted earnings per unit equals basic earnings per unit as there were no potential dilutive unit in issue as at 31 December 2022 and 31 December 2021.



### 13. DISTRIBUTION PER UNIT

Distribution to unitholders is from the following sources:

	Group/Fund	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Net property income	500,238	457,076
Interest income	4,755	11,307
Other income	100	180
Changes in fair value of investment properties (Note 14)	(24,986)	(76,927)
Net investment income	480,107	391,636
Less: Expenses	(147,232)	(197,002)
Less: Taxation	(9,317)	850
Profit for the financial year/period	323,558	195,484
Add: Unrealised loss	24,560	56,340
Less: Amount reserved for distribution to perpetual note holders	(19,890)	(29,917)
Add: Brought forward undistributed income available for distribution	30,339	-
Total income available for distribution	358,567	221,907
Less: Income distributed	(144,527)	(108,701)
Less: Proposed final income distribution (Note 31)	(171,240)	(95,895)
Balance undistributed income	42,800	17,311
Distribution per unit (sen)	9.22	6.10

### 14. INVESTMENT PROPERTIES

	Group/Fund	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Investment properties		
- As per valuation reports	8,671,000	8,486,000
- Accrued lease income (Note 18)	(48,499)	(36,514)
	8,622,501	8,449,486
Investment property under construction	-	252,259
	8,622,501	8,701,745



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 14. INVESTMENT PROPERTIES (CONT'D.)

	Group/Fund	
	1.1.2022	1.7.2020
	to	to
	31.12.2022	31.12.2021
	RM'000	RM'000
<b>At valuation</b>		
At beginning of financial year/period	8,449,486	7,916,070
Additions from acquisition	94,150	450,000
Incidental costs on acquisition	3,316	4,717
Additions from subsequent expenditure (Note 4)	278,276	155,626
Transfer from investment property under construction	252,259	-
Changes in fair value (Note 4)		
- As per valuation reports, net of subsequent expenditure	(73,001)	(57,343)
- As per SPA for non-current asset held for sale	60,000	-
- Unbilled lease income receivable	(11,985)	(19,584)
Transfer to non-current asset held for sale (Note 22)	(430,000)	-
At end of financial year/period	8,622,501	8,449,486

During the financial year, Sunway REIT acquired two investment properties, namely Sunway Pier and Sunway REIT Industrial – Petaling Jaya 1 for a purchase consideration of RM34,100,000 and RM60,050,000 respectively, which was financed through drawdown of borrowings.

Investment properties of the Group and of the Fund amounting to RM8,555,000,000 (2021: RM8,486,000,000) are pledged as securities for borrowings as disclosed in Note 25 to the financial statements.

### Investment property under construction

	Group/Fund	
	1.1.2022	1.7.2020
	to	to
	31.12.2022	31.12.2021
	RM'000	RM'000
<b>At cost</b>		
At beginning of financial year/period	252,259	104,163
Additions from subsequent expenditure (Note 4)	-	148,096
Transfer to investment properties	(252,259)	-
At end of financial year/period	-	252,259



#### 14. INVESTMENT PROPERTIES (CONT'D.)

##### Investment property under construction (cont'd.)

The investment property under construction consists of the following:

	Group/Fund	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Long term leasehold land	-	17,200
Building	-	235,059
	-	252,259

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	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Investment properties	2,185	2,220
Investment property under construction	-	3,750
	2,185	5,970

The following are recognised in profit or loss in respect of investment properties:

	Group/Fund	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Revenue (Note 6)	651,446	675,558
Property operating expenses (Note 7)	(151,208)	(218,482)
Net property income	500,238	457,076



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 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 <sup>1</sup> as at 31.12.2022 RM'000	Carrying value as at 31.12.2022 RM'000	Fair value as at 31.12.2022 RM'000	Percentage of net asset value attributable to unitholders as at 31.12.2022 %
Sunway Pyramid Mall	Selangor	8 July 2010	Leasehold	99 years	75/80/83 years	2,263,567	3,840,000	3,840,000 *	74.0
Sunway Carnival Mall	Penang	8 July 2010	Leasehold	99 years	70 years	609,143	700,000	700,000 **	13.5
SunCity Ipoh Hypermarket	Perak	8 July 2010	Leasehold	99 years	78 years	46,348	55,000	55,000 **	1.1
Sunway Putra Mall	Kuala Lumpur	19 April 2011	Freehold	-	-	482,020	525,000	525,000 ***	10.1
Sunway Pier	Selangor	17 January 2022	Leasehold	99 years	86 years	36,732	55,000	55,000 **	1.1
<b>Total Retail</b>						<b>3,437,810</b>	<b>5,175,000</b>	<b>5,175,000</b>	<b>99.8</b>
Sunway Resort Hotel	Selangor	8 July 2010	Leasehold	99 years	75 years	843,105	695,000	695,000 *	13.4
Sunway Pyramid Hotel	Selangor	8 July 2010	Leasehold	99 years	80 years	334,284	345,000	345,000 *	6.6
Sunway Hotel Seberang Jaya	Penang	8 July 2010	Leasehold	99 years	70 years	65,653	55,000	55,000 **	1.1
Sunway Putra Hotel	Kuala Lumpur	19 April 2011	Freehold	-	-	339,687	330,000	330,000 ***	6.4
Sunway Hotel Georgetown	Penang	28 January 2015	Freehold	-	-	76,993	80,000	80,000 **	1.5
Sunway Lagoon Hotel	Selangor	9 February 2018	Leasehold	99 years	86 years	345,583	307,000	307,000 ***	5.9
<b>Total Hotel</b>						<b>2,005,305</b>	<b>1,812,000</b>	<b>1,812,000</b>	<b>34.9</b>
Menara Sunway	Selangor	8 July 2010	Leasehold	99 years	75 years	152,738	174,000	174,000 ^	3.4
Sunway Tower	Kuala Lumpur	8 July 2010	Freehold	-	-	176,894	115,000	115,000 ^^	2.2
Sunway Putra Tower	Kuala Lumpur	19 April 2011	Freehold	-	-	105,279	133,000	133,000 ***	2.6
Wisma Sunway	Selangor	23 March 2015	Leasehold	99 years	72 years	63,148	60,000	60,000 ^^	1.2
Sunway Pinnacle	Selangor	20 November 2020	Leasehold	99 years	75 years	457,317	466,000	466,000 **	9.0
<b>Total Office</b>						<b>955,376</b>	<b>948,000</b>	<b>948,000</b>	<b>18.4</b>
Sunway university & college campus	Selangor	15 April 2019	Leasehold	99 years	75 years	562,112	526,501 <sup>2</sup>	575,000 ^	11.1
<b>Total Services</b>						<b>562,112</b>	<b>526,501</b>	<b>575,000</b>	<b>11.1</b>
Sunway REIT Industrial - Shah Alam 1	Selangor	1 August 2017	Leasehold	99 years	76 years	92,499	100,000	100,000 ^^	1.9
Sunway REIT Industrial - Petaling Jaya 1	Selangor	10 November 2022	Freehold	-	-	60,734	61,000	61,000 *	1.2
<b>Total Industrial &amp; Others</b>						<b>153,233</b>	<b>161,000</b>	<b>161,000</b>	<b>3.1</b>
<b>Total Investment Properties</b>						<b>7,113,836</b>	<b>8,622,501</b>	<b>8,671,000</b>	<b>167.3</b>

<sup>1</sup> Cost of investment comprises purchase consideration and capital expenditure incurred and accrued from inception date up to the end of the reporting date.

<sup>2</sup> After accounting for cumulative unbilled lease income receivable of RM48,499,000.

\* Based on valuation carried out by an independent professional valuer, CBRE WTW Valuation & Advisory Sdn. Bhd. on 31 December 2022

\*\* Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd. on 31 December 2022

\*\*\* Based on valuation carried out by an independent professional valuer, Savills (Malaysia) Sdn. Bhd. on 31 December 2022

^ Based on valuation carried out by an independent professional valuer, Jones Lang Wootton (Proprietor: Singham Sulaiman Sdn Bhd) on 31 December 2022

^^ Based on valuation carried out by an independent professional valuer, VPC Alliance (KL) Sdn. Bhd. on 31 December 2022

^^^ Based on valuation carried out by an independent professional valuer, First Pacific Valuers Property Consultants Sdn. Bhd. on 31 December 2022



## 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 <sup>1</sup> 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 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 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
<b>Total Retail</b>						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 Lagoon Hotel	Selangor	9 February 2018	Leasehold	99 years	87 years	345,576	307,000	307,000 **	6.0
<b>Total Hotel</b>						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
Sunway Pinnacle	Selangor	20 November 2020	Leasehold	99 years	76 years	456,077	466,000	466,000 *	9.1
<b>Total Office</b>						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 <sup>2</sup>	568,000 *	11.1
<b>Total Services</b>						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
<b>Total Industrial &amp; Others</b>						92,499	100,000	100,000	2.0
<b>Total Investment Properties</b>						6,805,721	8,449,486	8,486,000	165.6

<sup>1</sup> Cost of investment comprises purchase consideration and capital expenditure incurred and accrued from inception date up to the end of the reporting date.<sup>2</sup> After accounting for 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



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 14. INVESTMENT PROPERTIES (CONT'D.)

- (a) Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

If the Group and the Fund determine that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group and the Fund shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group and the Fund are able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group and the Fund shall measure that property at its fair value.

- (b) Fair value is determined in accordance with the Deed, the Listed REIT Guidelines and the Guidelines on Asset Valuation issued by the Securities Commission which require the investment properties to be valued by independent qualified valuers, having appropriate recognised professional qualifications and recent experience in the location and category of investment properties being valued, on annual basis. In determining the fair value, the valuers used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates reflect the current market conditions.
- (c) The Group and the Fund measure fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair values of investment properties of the Group and of the Fund are categorised as Level 3. Level 3 fair value is estimated using unobservable inputs for the investment properties. Changes in Level 3 fair value are assessed by the Manager annually after obtaining the valuation reports from the independent professional valuers. There is no transfer between levels in the fair value hierarchy during the financial year.

The following table shows a reconciliation of Level 3 fair value:

	Group/Fund	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
At beginning of financial year/period	8,449,486	7,916,070
Additions	375,742	610,343
Transfer from investment property under construction	252,259	-
Changes in fair value		
- As per valuation reports, net of subsequent expenditure	(73,001)	(57,343)
- As per SPA for non-current asset held for sale	60,000	-
- Unbilled lease income receivable	(11,985)	(19,584)
Transfer to non-current asset held for sale	(430,000)	-
At end of financial year/period	8,622,501	8,449,486



#### 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% (2021: 2.50% to 10.00%)	Higher allowance for void, lower fair value
	- Term yield rates ranging from 5.75% to 9.25% (2021: 5.75% to 9.25%)	Higher term yield rates, lower fair value
	- Reversionary yield rates ranging from 6.25% to 7.25% (2021: 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 RM165 per room to RM535 per room (2021: RM160 per room to RM535 per room)	Higher average room rates, higher fair value
	- Average occupancy rates during holding year ranging from 8.40% to 92.50% (2021: 45.00% to 92.50%)	Higher average occupancy rates, higher fair value
	- Capitalisation rate ranging from 6.00% to 7.50% (2021: 6.00% to 7.50%)	Higher capitalisation rate, lower fair value
	- Discount rate of 8.00% to 8.50% over 10 years holding year (2021: 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 offices) and other potential revenues during the holding year, 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 15. PLANT AND EQUIPMENT

At 31 December 2022

Group/Fund	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
<b>Cost</b>			
At beginning of financial year	14,398	9,737	24,135
Additions (Note 4)	3,765	3,406	7,171
Disposal	(124)	(122)	(246)
At end of financial year	18,039	13,021	31,060
<b>Accumulated depreciation</b>			
At beginning of financial year	8,296	4,283	12,579
Depreciation charge for the year (Note 7)	1,633	1,231	2,864
Disposal	(82)	(82)	(164)
At end of financial year	9,847	5,432	15,279
<b>Net carrying amount</b>	8,192	7,589	15,781

At 31 December 2021

Group/Fund	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
<b>Cost</b>			
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
<b>Accumulated depreciation</b>			
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
<b>Net carrying amount</b>	6,102	5,454	11,556



## 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	
	2022 RM'000	2021 RM'000
<b>At cost</b>		
Unquoted ordinary shares	100	100



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activity	2022 %	2021 %
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	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.



## 17. TRADE RECEIVABLES

	Group/Fund	
	2022 RM'000	2021 RM'000
Third parties	25,761	58,738
Amounts due from parties related to the Manager	7,036	6,769
	32,797	65,507
Less: Allowance for impairment	(7,641)	(25,719)
Total trade receivables	25,156	39,788

- (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	
	2022 RM'000	2021 RM'000
Sunway Berhad Group	7,030	6,769
Sunway Technology Sdn. Bhd. Group	6	-

The amounts due from parties related to the Manager are unsecured and bear fixed interest rates ranging from 8% to 18% per annum (2021: 8% to 18% per annum) and the credit period ranges from 7 days to 30 days (2021: 7 days to 30 days). The relationship with the parties related to the Manager is as disclosed in Note 34 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 ranges from 7 days to 30 days (2021: 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 (2021: 8% to 18% per annum).



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 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.

The reconciliation of movements in allowance for impairment accounts in trade receivables is as follows:

	Group/Fund Credit impaired RM'000
<b>At 1 January 2022</b>	25,719
Reversal for the year (Note 7)	(16,406)
Written off	(1,672)
<b>At 31 December 2022</b>	7,641

	Group/Fund Credit impaired RM'000
<b>At 1 July 2020</b>	6,047
Charge for the period (Note 7)	20,294
Written off	(622)
<b>At 31 December 2021</b>	25,719

Trade receivables that are individually determined to be credit impaired at the financial year/period end relate to trade receivables who are in significant financial difficulties and have defaulted on payments.



**17. TRADE RECEIVABLES (CONT'D.)**

(d) (cont'd.)

As at the end of each reporting year, the credit risks exposures relating to trade receivables of the Group and of the Fund are RM25,156,000 (2021: RM39,788,000) and they are collateralised with cash deposits received from tenants amounting to RM83,560,000 (2021: RM86,279,000). Hence, there is no exposure to credit risk.

(e) Ageing analysis of the trade receivables is as follows:

	Group/Fund 2022		
	Gross RM'000	Impaired RM'000	Total RM'000
Current	10,041	184	9,857
1 to 30 days	6,662	584	6,078
31 to 60 days	2,473	193	2,280
61 to 90 days	1,827	257	1,570
91 to 120 days	1,441	514	927
More than 120 days	10,353	5,909	4,444
	22,756	7,457	15,299
	32,797	7,641	25,156

	Group/Fund 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



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 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			
	2022		2021	
	RM'000	%	RM'000	%
Retail	17,289	68.7	33,561	84.3
Hotel	4,008	15.9	3,452	8.7
Office	1,656	6.6	646	1.6
Services	2,203	8.8	2,129	5.4
Industrial & Others	-	0.0	-	0.0
	25,156	100.0	39,788	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 year, the interest rate profile of the interest-bearing trade receivables was:

	Group/Fund	
	2022	2021
	RM'000	RM'000
Fixed rate	22,756	54,443

Sensitivity analysis for fixed rate trade receivables at the end of the reporting year is not presented as it is not affected by changes in interest rates.



## 18. OTHER RECEIVABLES

	Group/Fund	
	2022 RM'000	2021 RM'000
<b>Non-current</b>		
Investment properties - accrued lease income (Note 14)	48,499	36,514
<b>Current</b>		
Deposits	11,203	4,238
Prepayments	3,056	1,462
Sundry receivables	5,142	2,577
<b>Total other receivables</b>	<b>19,401</b>	<b>8,277</b>

- (a) Included in other receivables is the following amounts due from parties related to the Manager:

	Group/Fund	
	2022 RM'000	2021 RM'000
Sunway Berhad Group	264	2,169

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 34 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 year ended 31 December 2022

## 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.

Upon assessment on the estimated impact, no expected credit loss from other receivables is recognised during the year as it is not material.

(e) Included in deposits was 2% earnest deposit paid for a proposed acquisition for the current financial year.

(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	
	2022 RM'000	2021 RM'000
Commercial paper	-	50,000
Less: Discount on commercial paper	-	(9)
	-	49,991

In the previous financial period, 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.

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.



## 20. CASH AND BANK BALANCES

	Group		Fund	
	1.1.2022	1.7.2020	1.1.2022	1.7.2020
	to	to	to	to
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	29,238	19,543	29,075	19,383
Deposits with licensed financial institutions	222,000	271,000	222,000	271,000
	251,238	290,543	251,075	290,383

- (a) Cash at banks earn interest rates ranging from 1.40% to 2.73% per annum (2021: 1.45% to 1.89% per annum).

The weighted average interest rate and range of maturities of deposits with licensed financial institutions of the Group and of the Fund in current financial year are 2.45% per annum (2021: 2.02% per annum) and between 7 to 110 days (2021: 16 to 93 days) respectively.

- (b) At the reporting date, the interest rate profile of the cash and bank balances was:

	Group		Fund	
	1.1.2022	1.7.2020	1.1.2022	1.7.2020
	to	to	to	to
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate	222,000	271,000	222,000	271,000
Variable rate	29,171	19,481	29,008	19,321

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.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 21. DERIVATIVES

		Group/Fund		
		Contract/ Notional amount RM'000	Asset RM'000	Liability RM'000
	Note			
At 31 December 2022				
Current				
Cross currency swap	(b)(i)	292,552	-	5,610
		292,552	-	5,610
At 31 December 2021				
Current				
Cross currency swap	(b)(i)	384,893	11,188	-
		384,893	11,188	-

(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 year, Sunway REIT has entered into a 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 year and changes in the fair value is recognised in equity due to the application of hedge accounting.

(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 year.



## 22. NON-CURRENT ASSET HELD FOR SALE

On 29 December 2022, Sunway REIT had entered into a conditional SPA with Sunway Medical Centre Sdn. Bhd., a party controlled by Sunway Berhad, for the sale of 2 parcels of leasehold lands held under PN 12549 Lot 38160, Bandar Sunway, Daerah Petaling, Negeri Selangor and PN 12550 Lot 45, Bandar Sunway, Daerah Petaling, Negeri Selangor together with a 7-storey medical centre with a lower ground floor car park, an elevated car park and a convention centre known as “Sunway Medical Centre (Tower A & B)”, located at No. 5, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, for a total cash consideration of RM430 million. The transaction is expected to be completed within the next twelve (12) months.

The investment property is pledged as security for borrowings as disclosed in Note 25 to the financial statements until discharge prior to completion of sale.

## 23. UNITHOLDERS' CAPITAL

	Group/Fund			
	2022 Unit '000	2021 Unit '000	2022 RM'000	2021 RM'000
<b>Issued and fully paid</b>				
At beginning of financial year/period	3,424,808	2,945,078	3,505,372	2,795,372
New units issued via private placement (2021: 479,729,700 units at RM1.48/unit)	-	479,730	-	710,000
Manager's fees paid in units	-	-	-	-
Total issued and fully paid	3,424,808	3,424,808	3,505,372	3,505,372
Less: Unit issuance expenses	-	-	(71,508)	(71,508)
At end of financial year/period	3,424,808	3,424,808	3,433,864	3,433,864

As at 31 December 2022, 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	
	2022 Unit '000	2021 Unit '000	2022 RM'000	2021 RM'000
<b>Direct unitholdings of parties related to the Manager:</b>				
Sunway REIT Holdings Sdn. Bhd.	1,400,294	1,400,294	2,044,429	1,974,415
<b>Indirect unitholdings of parties related to the Manager:</b>				
Sunway Berhad <sup>^</sup>	1,400,294	1,400,294	2,044,429	1,974,415

<sup>^</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway City Sdn. Bhd. and Sunway REIT Holdings Sdn. Bhd..



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 24. 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 34 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.



## 25. BORROWINGS

		Group		Fund	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short term borrowings					
Secured:					
Commercial papers	(a)	-	-	-	-
Revolving loan - USD	(c)	287,013	395,675	287,013	395,675
Unrated medium term notes	(d)	1,350,000	1,200,000	-	-
		1,637,013	1,595,675	287,013	395,675
Less: Unamortised transaction costs	(a)	(236)	(309)	-	-
Discount on commercial papers	(a)	-	-	-	-
		1,636,777	1,595,366	287,013	395,675
Long term borrowings					
Secured:					
Unrated medium term notes	(d)	10,000	210,000	-	-
Unsecured:					
Revolving loan	(b)	1,890,000	1,600,000	1,890,000	1,600,000
		1,900,000	1,810,000	1,890,000	1,600,000
Total borrowings		3,536,777	3,405,366	2,177,013	1,995,675

## (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") 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.

The CPs can be issued for tenures ranging from 1, 2, 3, 6, 9, 12 months or any other tenures not exceeding 12 months as the Issuer may elect. Any amount that has been issued may be reissued or rolled over within the limit and the tenure of the CP Programme. In view that the tenures of the CPs are less than 12 months, the outstanding CPs will be classified as current liabilities.

The CP Programme may be partly or fully underwritten by underwriter(s).

The unamortised transaction costs in relation to the establishment of the CP Programme of RM236,000 (2021: RM309,000) are amortised throughout the duration of the CP Programme.

## (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.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 25. BORROWINGS (CONT'D.)

### (b) Revolving loan (cont'd.)

Subsequently, Sunway REIT had obtained additional revolving loan facilities of RM0.25 billion on 17 September 2019 and another RM0.25 billion on 4 July 2022 respectively (collectively, referred to as "Additional RL Facilities") from the same institution. With the Additional RL Facilities, the total limit from the financial institution shall be RM2.0 billion. The Additional RL Facilities are not underwritten.

The RL Facility and Additional RL Facilities are classified as non-current based on the tenor/repayment terms of 7 years due in March 2026.

### (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 USD75 million.

In the previous financial period, the USD RL Facility has been drawn in USD95 million and was hedged with cross currency swap ("CCS") contracts for a period of 12 months at the rate equivalent to RM384.9 million until February 2022 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 contracts during the financial year, the USD RL Facility was drawn in AUD97 million and hedged with CCS contract which equates to RM292.6 million for a period of 12 months until February 2023.

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").

In December 2021, SUNREIT Unrated Bond had issued its first Sustainability-Linked Bond ("SLB") under the MTN Programme and the SLB framework has been accorded a Silver Impact Bond Assessment 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 RM8,555,000,000 (2021: RM8,486,000,000) as disclosed in Note 14 to the financial statements.



## 25. BORROWINGS (CONT'D.)

- (f) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting year/period were as follows:

	Group		Fund	
	2022 %	2021 %	2022 %	2021 %
Commercial papers	-	-	-	-
Revolving loans	3.53	2.41	3.53	2.41
Unrated medium term notes	3.42	2.80	-	-

- (g) At the reporting date, the interest rate profile of the gross borrowings was:

	Group		Fund	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate	1,100,000	1,307,838	-	197,838
Variable rate	2,437,013	2,097,837	2,177,013	1,797,837

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.

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 (lower)/higher by RM6,093,000 (2021: RM5,245,000) and RM5,443,000 (2021: RM4,495,000) respectively.

- (h) Maturity of the gross borrowings is as follows:

	Group		Fund	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Not later than 1 year	1,637,013	1,595,675	287,013	395,675
Later than 1 year and not later than 2 years	10,000	200,000	-	-
Later than 2 years and not later than 3 years	-	10,000	-	-
Later than 3 years and not later than 4 years	1,890,000	-	1,890,000	-
Later than 4 years and not later than 5 years	-	1,600,000	-	1,600,000
Later than 5 years	-	-	-	-
	3,537,013	3,405,675	2,177,013	1,995,675



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 25. 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
<b>Group</b>				
As at 31 December 2022	1,659,401	2,110,490	-	3,769,891
As at 31 December 2021	1,612,759	1,977,969	-	3,590,728
<b>Fund</b>				
As at 31 December 2022	288,610	2,099,723	-	2,388,333
As at 31 December 2021	396,959	1,760,777	-	2,157,736

- (j) The carrying amounts of the borrowings of the Group and of the Fund as at reporting date were as follows:

	<b>Group</b>		<b>Fund</b>	
	Carrying amount RM'000	Fair value at Level 3 RM'000	Carrying amount RM'000	Fair value at Level 3 RM'000
<b>Borrowings</b>				
As at 31 December 2022	3,537,013	3,534,061	2,177,013	2,176,914
As at 31 December 2021	3,405,675	3,401,605	1,995,675	1,995,580

- (k) There is no transfer between levels in the hierarchy during the financial year.

## 26. AMOUNTS DUE TO SUBSIDIARIES

- (a) The amounts due to subsidiaries (non-current) are as per below:
- (i) Unsecured, bears interest rate of 5.85% (2021: 5.85%) per annum and has no fixed term of repayment.
  - (ii) Unsecured, bears an average interest rate of 3.98% (2021: 2.68%) 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 RM1,350,000,000 (2021: RM1,200,000,000) which is unsecured, bears an average interest rate of 3.42% (2021: 2.82%) per annum and is repayable within 1 year.



## 27. LONG TERM LIABILITIES

- (a) Long term liabilities are in respect of refundable deposits received from tenants for tenancy contracts with tenure of two to twenty-six 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
<b>Long term liabilities</b>		
As at 31 December 2022	84,964	64,719
As at 31 December 2021	57,072	39,253

There is no transfer between levels in the hierarchy during the financial year.

- (c) The maturity profile of the Group's and Fund's long term liabilities at the reporting date based on contractual undiscounted repayment obligations is summarised in the table below:

	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group/Fund</b>			
As at 31 December 2022	78,130	6,834	84,964
As at 31 December 2021	50,176	6,896	57,072



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 28. DEFERRED TAX LIABILITY

	Group/Fund	
	2022	2021
	RM'000	RM'000
<b>Non-current</b>		
At beginning of financial year/period	13,091	13,941
Recognised in profit or loss (Note 11)	(1,460)	(850)
At end of financial year/period	11,631	13,091
<b>Current</b>		
At beginning of financial year/period	-	-
Recognised in profit or loss (Note 11)	10,777	-
At end of financial year/period	10,777	-

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 and real property gains tax arising from Proposed Disposal.

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.

## 29. TRADE PAYABLES

	Group/Fund	
	2022	2021
	RM'000	RM'000
Total trade payables	16,746	5,150

(a) Included in trade payables is the following amounts due to parties related to the Manager:

	Group/Fund	
	2022	2021
	RM'000	RM'000
Sunway Berhad Group	11	142

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 34 to the financial statements.



**29. TRADE PAYABLES (CONT'D.)**

- (b) The normal trade credit terms granted to the Group and the Fund range from 1 day to 90 days (2021: 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.

**30. OTHER PAYABLES**

	Group		Fund	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sundry payables	25,399	8,715	25,399	8,715
Accruals	99,960	113,471	87,785	103,090
Deferred income	659	253	659	253
Refundable deposits	92,009	81,254	92,009	81,254
	218,027	203,693	205,852	193,312

- (a) Included in other payables is the following amounts due to parties related to the Manager:

	Group/Fund	
	2022 RM'000	2021 RM'000
Sunway Berhad Group	26,617	15,096

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 34 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 31. MANAGEMENT EXPENSE RATIO

	Group	
	2022 RM'000	2021 RM'000
Total trust expenses	47,182	60,033
Net asset value at end of financial year/period	5,527,978	5,465,210
Less: Proposed final income distribution (Note 13)	(171,240)	(95,895)
Net asset value at end of financial year/period, after proposed final income distribution	5,356,738	5,369,315
Annualised Management Expense Ratio ("MER")	0.88%	0.74%

The calculation of MER is based on the total fees and expenses incurred by the Group in the financial year/period, including Manager's fees, Trustee's fees, auditors' remuneration, tax agent's fee, valuation fees and other trust expenses to the net asset value (after proposed final income distribution) at end of financial year/period.

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.

## 32. 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	
	2022 RM'000	2021 RM'000
Not later than 1 year	358,458	308,740
Later than 1 year and not later than 5 years	613,299	410,453
Later than 5 years	1,112,035	1,215,307
	2,083,792	1,934,500



### 33. CAPITAL COMMITMENTS

	Group/Fund	
	2022 RM'000	2021 RM'000
<b>Capital expenditure</b>		
Subsequent expenditure of investment properties:		
Approved and contracted for	178,714	310,074
Approved but not contracted for	333,427	202,107
	512,141	512,181

### 34. SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER

During the financial year/period, other than those disclosed elsewhere in the financial statements, the Group and the Fund transacted with certain parties related to the Manager as follows:

		Group/Fund	
		1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Name of companies related to the Manager	Nature of transactions		
(a) Sunway Berhad Group *	Rental income and utilities charges	143,752	133,050
	Interest income from investment in money market instrument	820	2,024
	Property management and related services	(43,330)	(58,412)
	Construction and related services	(209,136)	(251,598)
	Acquisition of investment properties	-	(405,000)
	Subscription of commercial paper	50,000	130,000
	Others	(30,739)	(31,972)
Structured entities controlled by Sunway Berhad Group ^	Distribution to perpetual note holders	(19,890)	(29,917)
(b) Sunway Technology Sdn. Bhd. Group ("STSB Group") #	Rental income and utilities charges	2,798	3,451
	Others	(991)	(1,067)

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.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 34. SIGNIFICANT TRANSACTIONS WITH PARTIES RELATED TO THE MANAGER (CONT'D.)

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.

Information regarding outstanding balances arising from transactions with parties related to the Manager as at 31 December 2022 are disclosed in Notes 17, 18, 29 and 30 to the financial statements.

## 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) ("Chattels and Movable Items") which Metroplex alleged the Chattels and Movable Items were acquired and owned by them and were not removed 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 Chattels and Movable Items were worth in excess of RM80 million as at September 2011.

On 3 November 2017, the High Court allowed Metroplex's claim on liability in which the damages to be awarded to Metroplex shall be assessed ("High Court's Decision").

Subsequently, the Defendants appealed 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.



### 35. MATERIAL LITIGATION (CONT'D.)

#### **Metroplex Holdings Sdn. Bhd. ("Metroplex") v RHB Trustees Berhad (as trustees for Sunway REIT) and Sunway REIT Management Sdn. Bhd. (collectively, the "Defendants") (cont'd.)**

On 31 March 2021, the Federal Court allowed Metroplex's appeal by setting aside the Court of Appeal's Decision, restoring the High Court's Decision and ordered the assessment of damages against the Defendants to proceed before the High Court. In Metroplex's claim, Metroplex is claiming for the Chattels and Movable Items amounting to approximately RM402 million. The Defendants are strenuously objecting to the amount claimed as being overly excessive and have appointed subject matter experts to dispute the quantum of claim.

During the case management hearing on 24 June 2022, the original trial dates of 3 to 6 October 2022 for the assessment of damages have been vacated. The trial for the said assessment held on 4, 5, 6, 12 and 13 January 2023 has been concluded. Upon conclusion of the trial, the High Court judge directed the Defendants and Metroplex to appear before the High Court for oral submission on 9 May 2023. At this stage, the financial impact cannot be determined pending the outcome of the said assessment proceedings and decision of the High Court.

### 36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

#### Proposed disposal

On 29 December 2022, Sunway REIT had entered into a conditional SPA with Sunway Medical Centre Sdn. Bhd., a party controlled by Sunway Berhad, for the sale of 2 parcels of leasehold lands held under PN 12549 Lot 38160, Bandar Sunway, Daerah Petaling, Negeri Selangor and PN 12550 Lot 45, Bandar Sunway, Daerah Petaling, Negeri Selangor together with a 7-storey medical centre with a lower ground floor car park, an elevated car park and a convention centre known as "Sunway Medical Centre (Tower A & B)", located at No. 5, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, for a total cash consideration of RM430 million. The transaction is expected to be completed within the next twelve (12) months and the investment properties had been classified as non-current assets held for sale as disclosed in Note 22 to the financial statements.

### 37. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs

#### **(a) New MFRSs adopted during the financial year**

The accounting policies adopted are consistent with those of the previous financial period except as follows:

On 1 January 2022, the Group and the Fund adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2022.

<b>Title</b>	<b>Effective date</b>
<i>Annual Improvements to MFRS Standards 2018-2020</i>	1 January 2022
<i>Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)</i>	1 January 2022
<i>Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)</i>	1 January 2022
<i>Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)</i>	1 January 2022

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Fund.



# Notes to the Financial Statements

For the financial year ended 31 December 2022

## 37. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

### (b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Fund are disclosed below. The Group and the Fund intend to adopt these Standards, if applicable, when they become effective.

Title	Effective date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contract</i> )	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i> )	1 January 2023
<i>Lease liability in a sale and leaseback</i> (Amendments to MFRS 16 <i>Leases</i> )	1 January 2024
<i>Classification of Liabilities as Current or Non-current</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2024
<i>Non-current Liabilities with Covenants</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2024
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures</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.



# Corporate Information

## MANAGER

Sunway REIT Management Sdn Bhd  
(Registration No. 200801005046  
(806330-X))

## 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

## 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

## 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@rhbgroupp.com

## 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

## 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

## BOARD OF DIRECTORS OF THE MANAGER

**CHAIRMAN, INDEPENDENT  
NON-EXECUTIVE DIRECTOR**  
Tan Sri Amirsham Bin A Aziz

**CHIEF EXECUTIVE OFFICER,  
NON-INDEPENDENT EXECUTIVE  
DIRECTOR**

Dato' Jeffrey Ng Tiong Lip

**SENIOR INDEPENDENT  
NON-EXECUTIVE DIRECTOR**  
Datuk Christopher Martin Boyd

**INDEPENDENT NON-EXECUTIVE  
DIRECTORS**

Tengku Nurul Azian Binti Tengku  
Shahriman  
Yeo Kar Peng

**NON-INDEPENDENT NON-EXECUTIVE  
DIRECTORS**

Ng Sing Hwa  
Sarena Cheah Yean Tih, *S.M.S.*

## AUDIT COMMITTEE

**Datuk Christopher Martin Boyd  
(Chairman)**

Tengku Nurul Azian Binti Tengku  
Shahriman  
Yeo Kar Peng

**NOMINATION AND REMUNERATION  
COMMITTEE**

**Tengku Nurul Azian Binti Tengku  
Shahriman (Chairperson)**  
Datuk Christopher Martin Boyd  
Yeo Kar Peng

## RISK MANAGEMENT COMMITTEE

**Ng Sing Hwa (Chairman)**  
Datuk Christopher Martin Boyd  
Tengku Nurul Azian Binti Tengku  
Shahriman  
Yeo Kar Peng

## SUSTAINABILITY COMMITTEE

**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)**  
Clement Chen Kok Peng  
Ng Bee Lien  
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: Kington Koh Keng Guan)  
Clement Chen Kok Peng  
Ng Bee Lien  
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)  
Ng Bee Lien  
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

Crystal Teh Lay Ling  
Tel No: +603 5639 8889  
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



# Analysis of Unitholdings

As at 18 January 2023

Total number of units issued : 3,424,807,700 units

Voting rights : One vote per unit

Number of unitholders : 29,566

## DISTRIBUTION OF UNITHOLDINGS

Unitholdings	No. of Unitholders	%	No. of Units Held	%
Less than 100	60	0.20	1,095	0.00
100 – 1,000	7,826	26.47	4,986,316	0.14
1,001 – 10,000	15,959	53.98	71,462,015	2.09
10,001 – 100,000	5,074	17.16	146,186,667	4.27
100,001 to less than 5% of the total number of units issued	641	2.17	1,522,047,942	44.44
5% and above of the total number of units issued	6	0.02	1,680,123,665	49.06
	29,566	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	442,889,000	12.93
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.	Kumpulan Wang Persaraan (Diperbadankan)	176,039,900	5.14
6.	Sunway REIT Holdings Sdn Bhd	173,104,765	5.05
7.	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	151,140,200	4.41
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



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)	67,013,700	1.96
13.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T20	60,000,000	1.75
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.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AHAM AM)	40,912,700	1.19
16.	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT OD67)	31,708,300	0.93
17.	Amanahraya Trustees Berhad - Amanah Saham Malaysia	30,000,000	0.88
18.	Permodalan Nasional Berhad	29,370,500	0.86
19.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	28,162,200	0.82
20.	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account for Sunway REIT Holdings Sdn Bhd-T15	28,000,000	0.82
21.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	27,683,500	0.81
22.	Amanahraya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	25,045,000	0.73
23.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	24,085,814	0.70
24.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd	21,781,700	0.64
25.	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 19)	20,995,000	0.61
26.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (CIMB Prin)	19,046,000	0.56
27.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd For Zurich Life Insurance Malaysia Berhad (NP-Other-REITs)	17,143,700	0.50
28.	Citigroup Nominees (Asing) Sdn Bhd - CBNY For DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	16,591,200	0.48
29.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for SMAM Asia REIT Sub Trust	15,893,400	0.46
30.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (Life Par)	14,895,500	0.43



# Analysis of Unitholdings

As at 18 January 2023

## SUBSTANTIAL UNITHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL UNITHOLDERS AS AT 18 JANUARY 2023

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	521,846,800	15.24	-	-
Kumpulan Wang Persaraan (Diperbadankan)	176,380,900	5.15	22,020,700	0.64
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling <sup>AO</sup>	-	-	1,400,294,765 <sup>(1)</sup>	40.89
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	1,400,294,765 <sup>(2)</sup>	40.89
Sarena Cheah Yean Tih, <sup>S.M.S.</sup>	-	-	1,400,297,765 <sup>(3)</sup>	40.89
Evan Cheah Yean Shin	-	-	1,400,294,765 <sup>(1)</sup>	40.89
Adrian Cheah Yean Sun	-	-	1,400,294,765 <sup>(1)</sup>	40.89
Active Equity Sdn Bhd	-	-	1,400,294,765 <sup>(4)</sup>	40.89
Sungei Way Corporation Sdn Bhd	-	-	1,400,294,765 <sup>(5)</sup>	40.89
Sunway Berhad	-	-	1,400,294,765 <sup>(6)</sup>	40.89

### Notes:

- <sup>(1)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway REIT Holdings Sdn Bhd.
- <sup>(2)</sup> Deemed interest held through spouse.
- <sup>(3)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway REIT Holdings Sdn Bhd and spouse.
- <sup>(4)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway REIT Holdings Sdn Bhd.
- <sup>(5)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway Berhad and Sunway REIT Holdings Sdn Bhd.
- <sup>(6)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sunway REIT Holdings Sdn Bhd.

## UNITHOLDING OF DIRECTOR

Name of Unitholders	Direct		Indirect	
	No. of Units Held	%	No. of Units Held	%
Sarena Cheah Yean Tih, <sup>S.M.S.</sup>	-	-	1,400,297,765 <sup>(a)</sup>	40.89

### Notes:

- <sup>(a)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway REIT Holdings Sdn Bhd and spouse.



# Notice of Tenth Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Tenth Annual General Meeting (**10<sup>th</sup> AGM**) of Sunway Real Estate Investment Trust (**Sunway REIT**) will be held virtually 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 (**Broadcast Venue**) on Thursday, 27 April 2023 at 3:00 p.m., for the following purposes:

## AS ORDINARY BUSINESS:

1. To receive the Integrated Annual Report 2022 comprising the Audited Financial Statements for the financial year ended 31 December 2022 of Sunway REIT together with the Reports of Manager, Trustee and Auditors thereon.

## AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following as Ordinary Resolutions:

### 2. **Proposed Authority to Allot and Issue 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 (**Manager**) and RHB Trustees Berhad (**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 (**Board**), to allot and issue units in Sunway REIT (**New Units**), at any time at such price to any such persons and upon such terms and conditions as the Board may in its 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:

- (i) 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;
- (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 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 allotment and issuance, 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 allotment and issuance of such New Units;

**THAT** authority be and is hereby given to the Board 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 regulatory authorities;

**AND THAT** the Board 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.”



# Notice of Tenth Annual General Meeting

## 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 2023, 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 Board 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 regulatory 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 of Sunway REIT (**DRS**) approved at the AGM held on 2 October 2020, and subject to the approvals of the relevant regulatory authorities being obtained, authority be and is hereby given to the Board to allot and issue New Units (**DRS New Units**) from time to time as may be required to be allotted and issued pursuant to the DRS until the conclusion of the next AGM of Sunway REIT, 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 regulatory 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 2023

**Notes:**

- (1) The 10<sup>th</sup> AGM will be conducted virtually through livestreaming and online remote voting using Digital Ballot Form provided by the appointed Poll Administrator for the 10<sup>th</sup> AGM, Mega Corporate Services Sdn Bhd. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the chairperson to be present at the main venue of the meeting. **No unitholders/proxies** from the public will be physically present at the Broadcast Venue. Unitholders who wish to participate in the 10<sup>th</sup> AGM will therefore have to register via the link <https://vps.megacorp.com.my/tXah2D>. Kindly refer to the Administrative Notes for 10<sup>th</sup> AGM for further information.
- (2) For the purpose of determining a unitholder who shall be entitled to participate and vote remotely at the 10<sup>th</sup> AGM, Sunway REIT shall be requesting the Record of Depositors as at 19 April 2023. Only a depositor whose name appears on the Record of Depositors as at 19 April 2023 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 10<sup>th</sup> AGM and subsequently he/she participates in the 10<sup>th</sup> AGM, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to participate in the 10<sup>th</sup> 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.



# Notice of Tenth Annual General Meeting

- (9) The instrument appointing a proxy and/or representative (Proxy Form) 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](mailto:AGM-support.SunwayREIT@megacorp.com.my) not later than Wednesday, 26 April 2023 at 3:00 p.m., being 24 hours before the time appointed for holding the 10<sup>th</sup> AGM or any adjournment thereof. You also have the option to register directly at <https://vps.megacorp.com.my/tXah2D> to submit the proxy appointment electronically not later than Wednesday, 26 April 2023 at 3:00 p.m. For further information on the submission of proxy appointment electronically, kindly refer to the Administrative Notes for 10<sup>th</sup> AGM.
- (10) Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly. If no name is inserted in the space for the name of your proxy, the Chairman of the 10<sup>th</sup> AGM will act as your proxy.

## **Integrated Annual Report 2022 comprising the Audited Financial Statements for the financial year ended 31 December 2022 of Sunway REIT together with the Reports of Manager, Trustee and Auditors thereon**

- (11) The Integrated Annual Report 2022 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 1, if passed, will give a mandate to the Board to allot and issue New Units 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 comprising 3,424,807,700 units. 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 9<sup>th</sup> AGM held on 7 April 2022 and which will lapse at the conclusion of the 10<sup>th</sup> AGM.

With this Proposed Authority, Sunway REIT will have the flexibility to allot and issue 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 Mandate are set out in the Circular to Unitholders dated 28 February 2023, which is available on Sunway REIT's website at <https://www.sunwayreit.com/investor-relations/annual-general-meetings>.

### **(14) Ordinary Resolution 3 - Proposed Renewal of DRS Authority**

The proposed Ordinary Resolution 3, if passed, will give authority to the Board to allot and issue DRS New Units in respect of income distribution to be declared, if any, under the DRS, until the conclusion of the next AGM of Sunway REIT.



## 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 of the Manager 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 10<sup>th</sup> AGM and any adjournment thereof, a unitholder is hereby:
- (i) consenting to the collection, use and disclosure of the unitholder'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 10<sup>th</sup> AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 10<sup>th</sup> 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

PLANET

Indicator	Unit of Measurement	FY2016	FY2017	FY2018	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)	FY2022
<b>Emissions</b>									
<b>i. GHG Emissions</b>									
<b>Scope 1</b>									
Company vehicles	tonnes CO <sub>2</sub> e	0.9	0.6	0.2	0.0	80	82	52	63
	tonnes CO <sub>2</sub>	0.9	0.6	0.2	0.0	80	82	52	63
	tonnes CH <sub>4</sub>	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
	tonnes N <sub>2</sub> O	0.0	0.0	0.0	0.0	0.3	0.2	0.1	0.1
Total Scope 1*	tonnes CO <sub>2</sub> e	0.9	0.6	0.2	0.02	80	82	52	63
	tonnes CO <sub>2</sub>	0.9	0.6	0.2	0.02	80	82	52	63
	tonnes CH <sub>4</sub>	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
	tonnes N <sub>2</sub> O	0.0	0.0	0.0	0.0	0.3	0.2	0.1	0.1
<b>Scope 2</b>									
Purchase electricity	tonnes CO <sub>2</sub> e	-	-	-	-	-	19,650	12,622	19,371
Total Scope 2*	tonnes CO <sub>2</sub> e	-	-	-	-	-	19,650	12,622	19,371
	tonnes CO <sub>2</sub>	-	-	-	-	-	19,650	12,622	19,371
<b>Scope 3</b>									
Business travel*	tonnes CO <sub>2</sub> e	92	126	158	198	336	58	43	353
	tonnes CO <sub>2</sub>	76	100	124	158	267	46	34	278
	tonnes CH <sub>4</sub>	0.2	0.1	0.2	0.2	0.4	0.1	0.1	0.6
	tonnes N <sub>2</sub> O	0.4	0.7	0.5	0.9	0.7	0.2	0.2	1.2
Employee commuting*	tonnes CO <sub>2</sub> e	-	-	-	-	-	-	-	24
Downstream leased assets	tonnes CO <sub>2</sub> e	144,181	125,104	123,660	123,508	113,195	113,994	81,007	105,395
Waste generated in operations	tonnes CO <sub>2</sub> e	-	-	848	868	3,933	4,246	3,250	4,923
Total Scope 3*	tonnes CO <sub>2</sub> e	144,273	125,230	124,666	124,574	117,464	118,298	84,300	110,695
	tonnes CO <sub>2</sub>	76	100	124	158	267	46	34	278
	tonnes CH <sub>4</sub>	0.2	0.1	0.2	0.2	0.4	0.1	0.1	0.6
	tonnes N <sub>2</sub> O	0.4	0.7	0.5	0.9	0.7	0.2	0.2	1.2
Total GHG emission (Scope 1 and 2)	tonnes CO <sub>2</sub> e	0.9	0.6	0.2	0.0	80	19,732	12,674	19,434
	tonnes CO <sub>2</sub>	0.9	0.6	0.2	0.0	80	82	52	63
	tonnes CH <sub>4</sub>	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
	tonnes N <sub>2</sub> O	0.0	0.0	0.0	0.0	0.3	0.2	0.1	0.1
Total GHG emission (Scope 1, 2 and 3)	tonnes CO <sub>2</sub> e	144,274	125,231	124,666	124,574	117,545	138,030	96,974	130,129
	tonnes CO <sub>2</sub>	77	100	124	158	347	127	86	341
	tonnes CH <sub>4</sub>	0.2	0.1	0.2	0.2	0.6	0.3	0.2	0.7
	tonnes N <sub>2</sub> O	0.4	0.7	0.5	0.9	1.0	0.4	0.3	1.4
<b>ii. GHG Emissions Avoidance</b>									
<b>Scope 3</b>									
Downstream leased assets (Renewable Energy)	tonnes CO <sub>2</sub> e	-	-	-	-	634	1,810	1,310	1,589
Purchased electricity (Renewable energy)	tonnes CO <sub>2</sub> e	-	-	-	-	-	-	-	171
Purchased goods and services	tonnes CO <sub>2</sub> e	-	-	-	-	-	209	209	0.57
Waste generated in operations	tonnes CO <sub>2</sub> e	-	-	387	413	364	543	495	393
Total Scope 3	tonnes CO <sub>2</sub> e	-	-	387	413	998	2,561	2,013	2,154
Total GHG emission avoidance	tonnes CO <sub>2</sub> e	-	-	387	413	998	2,561	2,013	2,154

**Notes:**

- Figures stated may not add up to rounding of decimals.
- '-' refers to data not available.
- '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
- The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



Indicator	Unit of Measurement	FY2016	FY2017	FY2018	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)	FY2022
Energy									
i. Purchased Electricity Consumption									
Managed Assets									
Office	MWh	11,587	10,984	11,396	11,242	19,955	24,953	15,690	19,887
Retail		132,411	130,157	127,648	126,385	107,713	116,735	87,558	120,491
Hotel		40,247	41,807	42,797	40,583	36,245	33,443	21,468	32,955
Total		184,245	182,948	181,841	178,210	163,913	175,131	124,716	173,333
Leased Assets									
Services	MWh	31,919	30,906	29,544	32,915	29,584	53,320	35,333	39,942
Total		31,919	30,906	29,544	32,915	29,584	53,320	35,333	39,942
Total Purchased Electricity Consumption		216,163	213,854	211,385	211,126	193,497	228,451	160,049	213,275
ii. Renewable Energy Consumption - Solar Energy									
Managed Assets									
Office	MWh	-	-	-	-	-	-	-	89
Retail		-	-	-	-	533	1,740	1,168	1,481
Hotel		-	-	-	-	-	-	-	292
Total		-	-	-	-	533	1,740	1,168	1,862
Leased Assets									
Services	MWh	-	-	-	336	550	1,354	1,071	1,146
Total		-	-	-	336	550	1,354	1,071	1,146
Total Renewable Energy Consumption - Solar Energy		-	-	-	336	1,084	3,094	2,240	3,008
Total Electricity Consumption (Purchased Electricity + Solar Energy)									
Managed Assets									
Office	MWh	11,587	10,984	11,396	11,242	19,955	24,953	15,690	19,976
Retail		132,411	130,157	127,648	126,385	108,246	118,475	88,726	121,972
Hotel		40,247	41,807	42,797	40,583	36,245	33,443	21,468	33,247
Total		184,245	182,948	181,841	178,210	164,446	176,871	125,884	175,195
Leased Assets									
Services	MWh	31,919	30,906	29,544	33,251	30,134	54,674	36,404	41,088
Total		31,919	30,906	29,544	33,251	30,134	54,674	36,404	41,088
Total Electricity Consumption*		216,163	213,854	211,385	211,462	194,580	231,545	162,288	216,283
% of Renewable Energy from Total Electricity Consumption	%	-	-	-	0.16%	0.56%	1.34%	1.38%	1.39%

**Notes:**

- Figures stated may not add up to rounding of decimals.
- '-' refers to data not available.
- '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
- The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



# Sustainability Key Performance Indicators

Indicator	Unit of Measurement	FY2016	FY2017	FY2018	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)	FY2022
Water									
i. Municipal Water Consumption									
Managed Assets									
Office	m³	155,960	141,962	110,140	98,818	99,368	154,033	96,786	66,240
Retail		1,007,072	1,465,187	424,794	1,402,335	1,380,075	779,641	477,077	619,313
Hotel		171,604	648,169	722,107	779,319	779,945	352,420	217,354	346,718
Total		1,334,636	2,255,318	1,257,041	2,280,472	2,259,388	1,286,218	791,341	1,032,271
ii. Water Treatment Plant									
Managed Assets									
Office	m³	-	-	-	14,519	0	105,743	89,169	150,875
Retail		-	-	-	23,446	0	861,571	587,602	757,819
Hotel		-	-	-	33,191	0	188,984	132,797	318,690
Total		-	-	-	71,156	0	1,156,298	809,568	1,227,384
iii. Rainwater Harvesting									
Managed Assets									
Office	m³	-	-	-	-	1,504	6,196	4,913	6,356
Retail		-	-	-	-	0	0	0	0
Hotel		-	-	-	-	36	268	255	293
Total		-	-	-	-	1,540	6,464	5,168	6,649
Total Water Consumption (Municipal Water + Water Treatment Plant + Rainwater Harvesting)									
Managed Assets									
Office	m³	155,960	141,962	110,140	113,337	100,872	266,097	190,993	223,471
Retail		1,007,072	1,465,187	424,794	1,425,781	1,380,075	1,641,212	1,064,679	1,377,132
Hotel		171,604	648,169	722,107	812,510	779,981	541,672	350,406	665,701
Total Water Consumption*		1,334,636	2,255,318	1,257,041	2,351,628	2,260,928	2,448,981	1,606,078	2,266,304

**Notes:**

1. The environmental data for FP2021 and CY2021 has been restated to enhance completeness of data
2. The water treatment plant was shut down in FY2020 due to technical work
3. Figures stated may not add up to rounding of decimals.
4. '-' refers to data not available.
5. '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
6. The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



Indicator	Unit of Measurement	FY2016	FY2017	FY2018	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)	FY2022
Waste									
i. Disposed Waste									
Managed Assets									
Office	tonnes	-	-	450	513	382	1,124	879	364
Retail		-	-	5,816	6,059	5,782	7,619	4,780	8,108
Hotel		-	-	2,143	2,032	2,401	2,245	1,412	2,052
Total*		-	-	7,959	8,091	8,183	9,864	6,192	10,524
ii. Diverted Waste									
Managed Assets									
Office	tonnes	-	-	9	15	17	29	16	28
Retail		-	-	301	308	345	473	232	349
Hotel		-	-	130	155	55	142	110	65
Total*		-	-	440	478	416	645	358	442
Total Waste									
Managed Assets									
Office	tonnes	-	-	459	528	399	1,154	895	392
Retail		-	-	6,117	6,367	6,127	8,092	5,012	8,457
Hotel		-	-	2,273	2,187	2,456	2,387	1,522	2,117
Total Waste (Disposed waste + Diverted waste)		-	-	8,849	9,082	8,981	11,633	7,429	10,966
Disposed waste	%	-	-	95%	95%	95%	94%	95%	96%
Diverted waste		-	-	5%	5%	5%	6%	5%	4%

**Notes:**

- Figures stated may not add up to rounding of decimals.
- '-' refers to data not available.
- '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
- The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



# Sustainability Key Performance Indicators

## PEOPLE

Indicator		FY2019		FY2020		FP2021 (Jul 2020 - Dec 2021)		CY2021 (Jan 2020 - Dec 2021)		FY2022	
		2019		2020		2021		2021		2022	
		Number	%	Number	%	Number	%	Number	%	Number	%
i. Board Diversity											
Total Board Members		7		7		7		7		7	
Gender*											
Male		4	57%	4	57%	4	57%	4	57%	4	57%
Female		3	43%	3	43%	3	43%	3	43%	3	43%
TOTAL		7	100%	7	100%	7	100%	7	100%	7	100%
Age Group*											
<40 years old		0	0%	0	0%	0	0%	0	0%	0	0%
40-50 years old		1	14%	1	14%	1	14%	1	14%	1	14%
>50 years old		6	86%	6	86%	6	86%	6	86%	6	86%
TOTAL		7	100%	7	100%	7	100%	7	100%	7	100%
Ethnicity											
Malay		2	29%	2	29%	2	29%	2	29%	2	29%
Chinese		4	57%	4	57%	4	57%	4	57%	4	57%
Others		1	14%	1	14%	1	14%	1	14%	1	14%
TOTAL		7	100%	7	100%	7	100%	7	100%	7	100%
ii. Employee Count											
Total employees		22		22		27		22		21	
Employee Diversity											
Gender*											
Executives	Male	4	18%	4	18%	5	19%	5	23%	6	29%
	Female	17	77%	17	77%	21	78%	16	73%	13	62%
Non-executives	Male	0	0%	0	0%	0	0%	0	0%	0	0%
	Female	1	5%	1	5%	1	4%	1	5%	2	10%
TOTAL		22	100%	22	100%	27	100%	22	100%	21	100%
Age Group*											
Executives	Below 30 years old	1	5%	2	9%	7	26%	6	27%	5	24%
	Between 30 to 40 years old	11	50%	11	50%	12	44%	11	50%	7	33%
	Between 40 to 50 years old	6	27%	6	27%	5	19%	3	14%	5	24%
	More than 50 years old	3	14%	2	9%	2	7%	1	5%	2	10%
Non-executives	Below 30 years old	0	0%	0	0%	0	0%	0	0%	0	0%
	Between 30 to 40 years old	0	0%	0	0%	0	0%	0	0%	1	5%
	Between 40 to 50 years old	0	0%	0	0%	0	0%	0	0%	0	0%
	More than 50 years old	1	5%	1	5%	1	4%	1	5%	1	5%
TOTAL		22	100%	22	100%	27	100%	22	100%	21	100%

### Notes:

- Figures stated may not add up to rounding of decimals.
- '-' refers to data not available.
- '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
- The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



Indicator		FY2019		FY2020		FP2021 (Jul 2020 - Dec 2021)		CY2021 (Jan 2020 - Dec 2021)		FY2022	
		2019		2020		2021		2021		2022	
		Number	%	Number	%	Number	%	Number	%	Number	%
<b>Ethnicity</b>											
Executives	Malay	0	0%	0	0%	0	0%	0	0%	1	5%
	Chinese	21	95%	21	95%	26	96%	21	95%	17	81%
	Indian	0	0%	0	0%	0	0%	0	0%	1	5%
	Others	0	0%	0	0%	0	0%	0	0%	0	0%
	Non-Malaysian	0	0%	0	0%	0	0%	0	0%	0	0%
Non-executives	Malay	0	0%	0	0%	0	0%	0	0%	0	0%
	Chinese	0	0%	0	0%	0	0%	0	0%	1	5%
	Indian	1	5%	1	5%	1	4%	1	5%	1	5%
	Others	0	0%	0	0%	0	0%	0	0%	0	0%
	Non-Malaysian	0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL</b>		22	100%	22	100%	27	100%	22	100%	21	100%
<b>Years of Service</b>											
Executives	Less than 1 year	0	0%	0	0%	8	30%	8	36%	3	14%
	Between 1 to 5 years	9	41%	11	50%	11	41%	8	36%	7	33%
	Between 5 to 10 years	11	50%	9	41%	6	22%	4	18%	4	19%
	Between 10 to 15 years	1	5%	1	5%	1	4%	1	5%	2	10%
	Between 15 to 20 years	0	0%	0	0%	0	0%	0	0%	3	14%
	More than 20 years	0	0%	0	0%	0	0%	0	0%	0	0%
Non-executives	Less than 1 year	0	0%	0	0%	0	0%	0	0%	1	5%
	Between 1 to 5 years	0	0%	0	0%	0	0%	0	0%	0	0%
	Between 5 to 10 years	1	5%	1	5%	1	4%	1	5%	0	0%
	Between 10 to 15 years	0	0%	0	0%	0	0%	0	0%	0	0%
	Between 15 to 20 years	0	0%	0	0%	0	0%	0	0%	0	0%
	More than 20 years	0	0%	0	0%	0	0%	0	0%	1	5%
<b>TOTAL</b>		22	100%	22	100%	27	100%	22	100%	21	100%
<b>iii. New Hires</b>											
Total new hires		4		1		8		7		6	
<b>Gender</b>											
Male		1	25%	0	0%	1	13%	1	14%	3	50%
Female		3	75%	1	100%	7	88%	6	86%	3	50%
<b>TOTAL</b>		4	100%	1	100%	8	100%	7	100%	6	100%
<b>Age Group</b>											
Below 30 years old		2	50%	1	100%	4	50%	3	43%	2	33%
Between 30 to 40 years old		1	25%	0	0%	3	38%	3	43%	2	33%
Between 40 to 50 years old		1	25%	0	0%	1	13%	1	14%	1	17%
More than 50 years old		0	0%	0	0%	0	0%	0	0%	1	17%
<b>TOTAL</b>		4	100%	1	100%	8	100%	7	100%	6	100%

**Notes:**

- Figures stated may not add up to rounding of decimals.
- '-' refers to data not available.
- '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
- The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



# Sustainability Key Performance Indicators

Indicator		FY2019		FY2020		FP2021 (Jul 2020 - Dec 2021)		CY2021 (Jan 2020 - Dec 2021)		FY2022	
		2019		2020		2021		2021		2022	
		Number	%	Number	%	Number	%	Number	%	Number	%
<b>Ethnicity</b>											
Malay		0	0%	0	0%	0	0%	0	0%	1	17%
Chinese		4	100%	0	0%	8	100%	7	100%	4	67%
Indian		0	0%	1	100%	0	0%	0	0%	1	17%
Other races		0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL</b>		4	100%	1	100%	8	100%	7	100%	6	100%
<b>Employee Category</b>											
Senior Management		0	0%	0	0%	1	13%	1	14%	2	33%
Manager & Senior Manager		2	50%	0	0%	3	38%	3	43%	0	0%
Senior Executive & Assistant Manager		1	25%	0	0%	1	13%	1	14%	1	17%
Executive		1	25%	1	100%	3	38%	2	29%	2	33%
Non-Executive		0	0%	0%	0%	0%	0%	0%	0%	1	17%
<b>TOTAL</b>		4	100%	1	100%	8	100%	7	100%	6	100%
<b>Region</b>											
Domestic	Male	1	25%	0	0%	1	13%	1	14%	3	50%
	Female	3	75%	1	100%	7	88%	6	86%	3	50%
Overseas	Male	0	0%	0	0%	0	0%	0	0%	0	0%
	Female	0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL</b>		4	100%	1	100%	8	100%	7	100%	6	100%
Domestic	Below 30 years old	2	50%	1	100%	4	50%	3	43%	2	33%
	Between 30 to 40 years old	1	25%	0	0%	3	38%	3	43%	2	33%
	Between 40 to 50 years old	1	25%	0	0%	1	13%	1	14%	1	17%
	More than 50 years old	0	0%	0	0%	0	0%	0	0%	1	17%
Overseas	Below 30 years old	0	0%	0	0%	0	0%	0	0%	0	0%
	Between 30 to 40 years old	0	0%	0	0%	0	0%	0	0%	0	0%
	Between 40 to 50 years old	0	0%	0	0%	0	0%	0	0%	0	0%
	More than 50 years old	0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL</b>		4	100%	1	100%	8	100%	7	100%	6	100%

## Notes:

- Figures stated may not add up to rounding of decimals.
- '-' refers to data not available.
- '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
- The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



Indicator		FY2019		FY2020		FP2021 (Jul 2020 - Dec 2021)		CY2021 (Jan 2020 - Dec 2021)		FY2022	
		2019		2020		2021		2021		2022	
		Number	%	Number	%	Number	%	Number	%	Number	%
<b>iv. Employment Status</b>											
<b>Gender</b>											
Permanent	Male	3	14%	3	14%	4	15%	4	18%	5	24%
	Female	17	77%	17	77%	21	78%	17	77%	15	71%
Contract	Male	1	5%	1	5%	1	4%	1	5%	1	5%
	Female	1	5%	1	5%	1	4%	0	0%	0	0%
<b>TOTAL</b>		22	100%	22	100%	27	100%	22	100%	21	100%
Part-time/ Non-guaranteed	Male	0	0%	0	0%	0	0%	0	0%	0	0%
	Female	0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL</b>		0	0%	0	0%	0	0%	0	0%	0	0%
Full-time	Male	4	18%	4	18%	5	19%	5	23%	6	29%
	Female	18	82%	18	82%	22	81%	17	77%	15	71%
<b>TOTAL</b>		22	100%	22	100%	27	100%	22	100%	21	100%
<b>Region</b>											
Permanent	Domestic	20	91%	20	91%	25	93%	21	95%	20	95%
	Overseas	0	0%	0	0%	0	0%	0	0%	0	0%
Contract	Domestic	2	9%	2	9%	2	7%	1	5%	1	5%
	Overseas	0	0%	0	0%	0	0%	0	0%	0	0%
Part-time	Domestic	0	0%	0	0%	0	0%	0	0%	0	0%
	Overseas	0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL</b>		22	100%	22	100%	27	100%	22	100%	21	100%
Non-guaranteed hours	Domestic	0	0%	0	0%	0	0%	0	0%	0	0%
	Overseas	0	0%	0	0%	0	0%	0	0%	1	100%
<b>TOTAL</b>		0	0%	0	0%	0	0%	0	0%	1	0%
Full-time	Domestic	22	100%	22	100%	27	100%	22	100%	21	100%
	Overseas	0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL</b>		22	100%	22	100%	27	100%	22	100%	21	100%

**Notes:**

- Figures stated may not add up to rounding of decimals.
- '-' refers to data not available.
- '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
- The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



# Sustainability Key Performance Indicators

Indicator	FY2019		FY2020		FP2021 (Jul 2020 - Dec 2021)		CY2021 (Jan 2020 - Dec 2021)		FY2022	
	2019		2020		2021		2021		2022	
	Number	%	Number	%	Number	%	Number	%	Number	%
<b>v. Employee Turnover</b>										
Turnover rate		18%		18%		30%		23%		33%
<b>Gender</b>										
Male	2	50%	0	0%	1	13%	0	0%	2	29%
Female	2	50%	4	100%	7	88%	5	100%	5	71%
<b>TOTAL</b>	4	100%	4	100%	8	100%	5	100%	7	100%
<b>Age Group</b>										
Below 30 years old	1	25%	2	50%	1	13%	1	20%	2	29%
Between 30 to 40 years old	1	25%	2	50%	4	50%	2	40%	4	57%
Between 40 to 50 years old	2	50%	0	0%	2	25%	2	40%	0	0%
More than 50 years old	0	0%	0	0%	1	13%	0	0%	1	14%
<b>TOTAL</b>	4	100%	4	100%	8	100%	5	100%	7	100%
<b>Ethnicity</b>										
Malay	1	25%	0	0%	0	0%	0	0%	0	0%
Chinese	3	75%	3	75%	8	100%	5	100%	7	100%
Indian	0	0%	1	25%	0	0%	0	0%	0	0%
Other races	0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL</b>	4	100%	4	100%	8	100%	5	100%	7	100%
<b>Employee Category</b>										
Senior Management	0	0%	0	0%	2	25%	2	40%	1	14%
Manager & Senior Manager	2	50%	0	0%	1	13%	1	20%	2	29%
Senior Executive & Assistant Manager	0	0%	1	25%	3	38%	1	20%	1	14%
Executive	2	50%	3	75%	2	25%	1	20%	3	43%
Non-Executive	0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL</b>	4	100%	4	100%	8	100%	5	100%	7	100%
<b>vi. Women / Minority Groups</b>										
Women in workforce (% of total workforce)		82%		82%		81%		77%		71%
Number of women in senior management	3		3		3		2		2	
Number of women in executive management	3		3		3		3		3	
% of total junior management positions		67%		83%		57%		57%		50%
% of total STEM positions		0%		0%		0%		0%		0%
Total number of ethnic minority employees	0		0		0		0		0	

## Notes:

- Figures stated may not add up to rounding of decimals.
- '-' refers to data not available.
- '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
- The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



Indicator		July 2018 - June 2019		July 2019 - June 2020		July 2020 - Dec 2021		Jan 2021 - Dec 2021		Jan 2022 - Dec 2022	
		2019		2020		2021		2021		2022	
		Number	%	Number	%	Number	%	Number	%	Number	%
<b>vii. Others</b>											
Proportion of senior management hired from local community			100%		100%		100%		100%		100%
Percentage of global staff with a disability			0%		0%		0%		0%		0%
Ratio of basic salary of women to men	Excluding Non-Malaysian workers	1:7.09		1:6.91		1:4.63		1:4.09		1:3.30	
	Including Non-Malaysian workers	1:7.09		1:6.91		1:4.63		1:4.09		1:3.30	
Average years employed by the company	Female	6.3		5.6		3.9		3.3		6.9	
	Male	5.7		5.7		4.8		4.8		6.3	
<b>viii. Learning and Development</b>											
Total learning and development hours		101		410		1,474		1,402		625	
Average training and development hours per employee		7		27		98		93		30	
<b>Average Hours - Gender</b>											
Male		5		29		59		55		35	
Female		7		27		112		107		28	
<b>Average Hours - Employee Category*</b>											
Senior Management		2		32		22		19		24	
Manager & Senior Manager		7		34		94		88		26	
Senior Executive & Assistant Manager		6		30		158		151		33	
Executive		8		14		115		111		55	
<b>Cost (RM)</b>											
Total Expenditure		764		7,831		3,730		3,037		15,616	
Average amount spent per employee		51		522		249		249		744	
<b>Average amount spent per employee - Age Group</b>											
Below 30 years old		64		58		0		0		980	
Between 30 to 40 years old		127		656		50		50		864	
Between 40 to 50 years old		0		829		758		758		952	
More than 50 years old		0		0		400		400		0	
<b>Average amount spent per employee - Gender</b>											
Male		0		1,099		100		100		408	
Female		69		312		303		303		878	

## Notes:

- Figures stated may not add up to rounding of decimals.
- '-' refers to data not available.
- '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
- The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



# Sustainability Key Performance Indicators

Indicator	July 2018 - June 2019		July 2019 - June 2020		July 2020 - Dec 2021		Jan 2021 - Dec 2021		Jan 2022 - Dec 2022	
	2019		2020		2021		2021		2022	
	Number	%	Number	%	Number	%	Number	%	Number	%
<b>Average amount spent per employee - Employee Category</b>										
Senior Management	0		1,105		167		167		167	
Manager & Senior Manager	25		787		306		306		1,058	
Senior Executive & Assistant Manager	0		0		33		33		940	
Executive	159		145		0		0		1,275	
<b>Average amount spent per employee - Ethnicity</b>										
Malay	0		0		0		0		0	
Chinese	51		522		249		249		771	
Indian	0		0		0		0		200	
Other Races	0		0		0		0		0	
<b>x. Performance Review</b>										
<b>Completion of Performance Review - Gender</b>										
Male		100%		100%		100%		100%		100%
Female		100%		100%		100%		100%		100%
<b>Completion of Performance Review - Employee Category</b>										
Senior Management		100%		100%		100%		100%		100%
Manager & Senior Manager		100%		100%		100%		100%		100%
Senior Executive & Assistant Manager		100%		100%		100%		100%		100%
Executive		100%		100%		100%		100%		100%
<b>xi. Family-friendly Leave</b>										
Number of parental/childcare leave applications	8		8		7		8		10	
Number of days applied for parental/childcare leave	13		8		7		8		15	
Number of maternity leave applications	3		2		0		0		1	
Number of days applied for maternity leave	180		120		0		0		60	
Number of paternity leave applications	0		0		3		4		0	
Number of days applied for paternity leave	0		0		3		6		0	

**Notes:**

1. Figures stated may not add up to rounding of decimals.
2. '-' refers to data not available.
3. '\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
4. The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



Indicator	Unit of Measurement	FY2019	FY2020	FP2021 (Jul 2020 - Dec 2021)	CY2021 (Jan 2021 - Dec 2021)	FY2022
<b>Work-related Injuries - Employees</b>						
Total hours worked	Number	-	1,728,088	6,372,426	4,644,338	2,816,526
Fatalities*	Number	-	0	0	0	0
	Rate <sup>1</sup>	-	0	0	0	0
High-consequence work-related injuries	Number	-	0	0	0	0
	Rate <sup>1</sup>	-	0	0	0	0
Lost time injury*	Number	-	6	14	8	0
	Rate <sup>1</sup>	-	3.47	2.20	1.72	0
Recordable work-related injuries	Number	-	6	14	8	2
	Rate <sup>1</sup>	-	3.47	2.20	1.72	0.71
Main types of work-related injury	Description	-	Slips, trips and missteps	Slips, trips and missteps	Slips, trips and missteps	Slips, trips and missteps

<b>Work-related Injuries - Non-employees<sup>2</sup></b>						
Total hours worked	Number	-	954,796	2,777,597	1,822,801	511,186
Fatalities	Number	-	0	0	0	0
	Rate <sup>1</sup>	-	0	0	0	0
High-consequence work-related injuries	Number	-	0	0	0	0
	Rate <sup>1</sup>	-	0	0	0	0
Lost time injury	Number	-	0	0	0	0
	Rate <sup>1</sup>	-	0	0	0	0
Recordable work-related injuries	Number	-	0	0	0	4
	Rate <sup>1</sup>	-	0	0	0	7.82
Main types of work-related injury	Description	-	-	-	-	Slips, trips and missteps

Work-related III Health - Employees						
Number of fatalities	Number	-	0	0	0	0
Number of recordable work-related injuries		-	0	0	0	0
Work-related III Health - Non-employees						
Number of fatalities	Number	-	0	0	0	0
Number of recordable work-related injuries		-	0	0	0	0

## Notes:

1. The rates are calculated based on 1,000,000 hours worked.
2. This data excludes part-timers and interns since they are hired on an ad-hoc basis.
3. Figures stated may not add up to rounding of decimals.
4. '-' refers to data not available.
5. '\*\*' refers to Bursa Malaysia Common and/or Sector-Specific Sustainability Matters.
6. The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.



# GRI Content Index

Sunway REIT has reported in accordance with the GRI Standards for the period from 1 January 2022 - 31 December 2022.

GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable	Externally Assured
GENERAL DISCLOSURES								
GRI 2: General Disclosures 2021	The organisation and its reporting practices							
	2-1	Organisational details	-	-	-	-	8-31	N/A
	2-2	Entities included in the organisation's sustainability reporting					2-3	N/A
	2-3	Reporting period, frequency and contact point					2-3	Y
	2-4	Restatements of information					Restatements were made in Energy Management, Water Management, Pollution Management and employee data in Key Performance Indicators.	Y
	2-5	External assurance					337-339	Y
	Activities and workers							
	2-6	Activities, value chain and other business relationships	Labour Standards	5, 8	-	Principle 6	4-7, 12-31, 157	Y
	2-7	Employees					165-187	Y
	2-8	Workers who are not employees					165-187	Y
	Governance							
	2-9	Governance structure and composition	Corporate Governance	5, 16	-	-	190	Y
	2-10	Nomination and selection of the highest governance body					196-202	N/A
	2-11	Chair of the highest governance body					196-202	N/A
	2-12	Role of the highest governance body in overseeing the management of impacts					202	Y
	2-13	Delegation of responsibility for managing impacts					202	N/A
	2-14	Role of the highest governance body in sustainability reporting					138, 303	Y
	2-15	Conflicts of interest					171, 222	Y
	2-16	Communication of critical concerns					192-195	Y
	2-17	Collective knowledge of the highest governance body					191	N/A
	2-18	Evaluation of the performance of the highest governance body					196-202	N/A
	2-19	Remuneration policies					194, 207	N/A

**Notes:**

1. '-' means that disclosures is not required for the respective index or framework.
2. '\*' refers to Bursa Malaysia Common and/or Sector-Specific.
3. External assurance is not applicable (N/A) due to limitations in the scope of assurance work as indicated on page 337-339.



GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable	Externally Assured
GRI 2: General Disclosures 2021	Governance							
	2-20	Process to determine remuneration	Corporate Governance	5, 16	-	-	139, 212	N/A
	2-21	Annual total compensation ratio					Information not disclosed due to confidentiality constraints	N/A
	Strategy, policies and practices							
	2-22	Statement on sustainable development strategy	Anti-Corruption, Human Rights & Community, Risk Management	16	-	Principle 1, 2, 10	32-42	Y
	2-23	Policy commitments					190-195	Y
	2-24	Embedding policy commitments					190-195	Y
	2-25	Processes to remediate negative impacts					190-195	Y
	2-26	Mechanisms for seeking advice and raising concerns					190-195	Y
	2-27	Compliance with laws and regulations					190-195	Y
	2-28	Membership associations					118	Y
	Stakeholder engagement							
	2-29	Approach to stakeholder engagement	Labour Standards	16	-	Principle 3	116-120, 122-129	Y
	2-30	Collective bargaining agreements		8	-		162, 169	Y
MATERIAL TOPICS								
GRI 3: Material Topics 2021	3-1	Process to determine material topics	-	-	-	Principle 3	122-129	Y
	3-2	List of material topics					122-129	Y
ECONOMIC								
Economic Performance								
GRI 3: Material Topics 2021	3-3	Management of material topics	-	1, 3, 5, 8, 9, 10, 17	-	-	108-115	N/A
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed					4-7, 80-83, 106-107	N/A
	201-2	Financial implications and other risks and opportunities due					106-107, 108-115, 122-129	N/A
	201-3	Defined benefit plan obligations and other retirement plans					Not applicable to Sunway REIT's business	N/A
	201-4	Financial assistance received from government						
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage					165-175	N/A
	202-2	Proportion of senior management hired from the local community					327	Y

## Notes:

1. '-' means that disclosures is not required for the respective index or framework.
2. '\*' refers to Bursa Malaysia Common and/or Sector-Specific.
3. External assurance is not applicable (N/A) due to limitations in the scope of assurance work as indicated on page 337-339.



# GRI Content Index

GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable	Externally Assured
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	N/A
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	136	Y
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions*					145-146	Y
	305-2	Energy indirect (Scope 2) GHG emissions*					145-146	Y
	305-3	Other indirect (Scope 3) GHG emissions*					145-146	Y
	305-4	GHG emissions intensity					145-146	Y
	305-5	Reduction of GHG emission					145-146	Y
	305-6	Emissions of ozone-depleting substances (ODS)					Information Unavailable. Steps are taken to include the information in the next Report.	N/A
	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	136	Y
GRI 302: Energy 2016	302-1	Energy consumption within the organisation*			IF-RE-130a.2 IF-RE-130a.3		149-152	Y
	302-2	Energy consumption outside of the organisation*			-		149-152	Y
	302-3	Energy intensity			-		149-152	Y
	302-4	Reduction of energy consumption			IF-RE-130a.5		149-152	Y
	302-5	Reductions in energy requirements of products and services			-		149-152	Y

## Notes:

1. '-' means that disclosures is not required for the respective index or framework.
2. '\*' refers to Bursa Malaysia Common and/or Sector-Specific.
3. External assurance is not applicable (N/A) due to limitations in the scope of assurance work as indicated on page 337-339.



GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable	Externally Assured			
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	136	Y			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts			-		156-160	Y			
	306-2	Management of significant waste-related impacts			-		156-160	Y			
	306-3	Waste generated*			-		156-160	Y			
	306-4	Waste diverted from disposal*			-		156-160	Y			
	306-5	Waste diverted to disposal*			-		156-160	Y			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource			IF-RE-140a.4		153-155	Y			
	303-2	Management of water discharge-related impacts			-		153-155	Y			
	303-3	Water withdrawal			-		153-155	Y			
	303-4	Water discharge			-		153-155	Y			
	303-5	Water consumption*			IF-RE-140a.2 IF-RE-140a.3		153-155	Y			
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations			-		193	Y			
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	N/A			
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)							161	Y
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers*								161-164	Y
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria*								161-164	Y
	308-2	Negative environmental impacts in the supply chain and actions taken								161-164	Y
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria								161-164	Y
	414-2	Negative social impacts in the supply chain and actions taken								161-164	Y

## Notes:

1. '-' means that disclosures is not required for the respective index or framework.
2. '\*' refers to Bursa Malaysia Common and/or Sector-Specific.
3. External assurance is not applicable (N/A) due to limitations in the scope of assurance work as indicated on page 337-339.



# GRI Content Index

GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable	Externally Assured
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	165	Y
GRI 401: Employment 2016	401-1	New employee hires and employee turnover*					166-175	Y
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employee					166-175	Y
	401-3	Parental leave					166-175	Y
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes					166-175	Y
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					162, 169	Y
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labor					161-164	Y
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor					161-164	Y
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures					170-171	Y
GRI 411: Rights of indigenous people 2016	411-1	Incidents of violations involving rights of indigenous peoples					Not applicable to Sunway REIT's business	N/A
Human Capital Development								
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee*	Labour Standards	4, 5, 8	-	-	170-171	Y
	404-2	Programs for upgrading employee skills and transition assistance programs					171	Y
	404-3	Percentage of employees receiving regular performance and career development reviews					170	Y
Diversity & Inclusion								
GRI 3: Material Topics 2021	3-3	Management of material topics	Labour Standards, Corporate Governance	5, 10	-	-	165	Y
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees					167	Y
	405-2	Ratio of basic salary and remuneration of women to men					327	Y
GRI 405: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken					169	Y

## Notes:

1. '-' means that disclosures is not required for the respective index or framework.
2. '\*' refers to Bursa Malaysia Common and/or Sector-Specific.
3. External assurance is not applicable (N/A) due to limitations in the scope of assurance work as indicated on page 337-339.



GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable	Externally Assured
Employee Health & Safety								
GRI 3: Material Topics 2021	3-3	Management of material topics	Health & Safety	3, 8	-	-	165	Y
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system					176-181	Y
	403-2	Hazard identification, risk assessment, and incident investigation					176-181	Y
	403-3	Occupational health services					176-181	Y
	403-4	Worker participation, consultation, and communication on occupational health and safety					176-181	Y
	403-5	Worker training on occupational health and safety					176-181	Y
	403-6	Promotion of worker health					176-181	Y
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships					176-181	Y
	403-8	Workers covered by an occupational health and safety management system					176-181	Y
	403-9	Work-related injuries					176-181	Y
	403-10	Work-related ill health					176-181	Y
Community Enrichment								
GRI 3: Material Topics 2021	3-3	Management of material topics	Human Rights & Community	11	-	-	165	Y
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs					182-189	Y
	413-2	Operations with significant actual and potential negative impacts on local communities					182-189	Y
Customer Welfare								
GRI 3: Material Topics 2021	3-3	Management of material topics	Risk Management	12, 16	-	-	165	Y
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories					192-193	Y
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services					192-193	Y
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling					Not applicable to Sunway REIT's business	N/A
	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					189	Y

## Notes:

1. '-' means that disclosures is not required for the respective index or framework.
2. '\*' refers to Bursa Malaysia Common and/or Sector-Specific.
3. External assurance is not applicable (N/A) due to limitations in the scope of assurance work as indicated on page 337-339.



# GRI Content Index

GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Themes	UN SDG	SASB	UNGC	Page reference and reasons for omissions, if applicable	Externally Assured
Indirect Economic Impact								
GRI 3: Material Topics 2021	3-3	Management of material topics	-	1, 3, 5, 8, 9, 10, 17	-	-	165	Y
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported					192-193	Y
	203-2	Significant indirect economic impacts					161-164, 182-189	Y
GOVERNANCE								
Business Ethics								
GRI 3: Material Topics 2021	3-3	Management of material topics	Anti-Corruption	16	-	Principle 10	190	Y
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption					193	Y
	205-2	Communication and training about anti-corruption policies and procedures					193	Y
	205-3	Confirmed incidents of corruption and actions taken					193	Y
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices (Business code of conduct)					193	Y

## Notes:

1. '-' means that disclosures is not required for the respective index or framework.
2. '\*' refers to Bursa Malaysia Common and/or Sector-Specific.
3. External assurance is not applicable (N/A) due to limitations in the scope of assurance work as indicated on page 337-339.



# Independent Assurance Statement



## SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

**To Board of Directors, Stakeholders, and Interested Parties,**

SIRIM QAS International Sdn. Bhd. 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 2022. The main objective of the verification process is to provide assurance to Sunway REIT and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to specific sustainability performance information (subject matter) within the assurance scope which is included in Sunway REIT Sustainability Statement 2022.

The management of Sunway REIT was responsible for the preparation of the Sustainability Statement. The objective and impartiality of this 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 Annual Report 2022.

The assurance engagement was designed to provide limited assurance in reference to International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of Sunway REIT Sustainability Statement and its overall presentation against respective framework such as UN-SDGs, GRI Standards requirement, TCFD, CDP and other relevant frameworks. The assurance process involves verification of the following subject matter. Details provided in Appendix 1 of this statement.

The verification was carried out by SIRIM QAS International between January and February 2022, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Statement includes a detailed review of the sampled of data.
- Interviewing of key personnel responsible for collating information and writing various parts of the report in order to substantiate the veracity of the claims.



# Independent Assurance Statement

## Focus in 2022

The Sunway REIT's Universal Accessibility Policy endorsed by the management underlines Sunway REIT's endeavor to further improve physical accessibility for their owned and managed properties, as well as new acquisitions and projects, where practicable and feasible. With regards to Sunway REIT's GHG emissions reporting and quantification, it is carried out internally in accordance with the requirements of the Greenhouse Gas Protocol, A 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. This year, as guided by directive made by Bursa Malaysia, Sunway REIT has incorporated the emission for employee commuting into their Scope 3 – Other Indirect GHG Emissions. Sunway REIT has maintained the control of Sustainability Reporting process through an internal procedure with a group of competent personnel to manage their overall sustainability data collections and compilations on the environmental and social performance data. In 2022, the process of data collection and reporting is further enhanced with the involvement of the internal audit team conducting an internal audit review on selected subject matter.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in Sunway REIT's Integrated Annual Report 2022.
- 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.

## Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO 17021-1:2015 and ISO 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. 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 information contained in the report. In response to the raised findings, the Sustainability Statement was subsequently reviewed and revised by Sunway REIT. It is confirmed that changes that have been incorporated into the final version of the report has satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Sunway REIT Sustainability Statement 2022 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;



- The sustainability report provides a reasonable and balanced presentation of the sustainability performance of Sunway REIT.

List of Assessors.

- |    |                         |   |             |
|----|-------------------------|---|-------------|
| 1) | Ms. Aernida Abdul Kadir | : | Team Leader |
| 2) | Ms. Kamini Sooriamorthy | : | Team Member |
| 3) | Ms. Farhana Md Shah     | : | Team Member |

Statement Prepared by:

Statement Approved by:



**AERNIDA BINTI ABDUL KADIR**

Team Leader  
Management System Certification Department  
SIRIM QAS International Sdn. Bhd.  
Date: 10 February 2023



**MOHD HAMIM BIN IMAM MUSTAIN**

Senior General Manager  
Management System Certification Department  
SIRIM QAS International Sdn. Bhd.  
Date: 15 February 2023

Note 1:

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 (15 February 2023).







**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

## 10<sup>TH</sup> ANNUAL GENERAL MEETING

(Before completing this form please refer to the notes below)

<b>Number of Units Held</b>	
<b>CDS Account No.</b>	

**SUNWAY REIT MANAGEMENT SDN BHD**

Registration No. 200801005046 (806330-X)

Manager of Sunway Real Estate Investment Trust

Registered Office:

Level 16, Menara Sunway, Jalan Lagoon Timur

Bandar Sunway, 47500 Subang Jaya

Selangor Darul Ehsan, Malaysia

Tel: (603) 5639 8889 Fax: (603) 5639 9507

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:

### 1<sup>ST</sup> PROXY 'A'

Full Name (in Block)	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			
Email Address			
Mobile Phone No.			

and / or\*

### 2<sup>ND</sup> PROXY 'B'

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 Tenth Annual General Meeting of Sunway REIT (**10<sup>th</sup> AGM**) as \*my/our proxy/proxies to participate and vote remotely for \*me/us and on \*my/our behalf at the 10<sup>th</sup> AGM to be conducted virtually 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 (**Broadcast Venue**) on Thursday, 27 April 2023 at 3:00 p.m. or at any adjournment thereof.

\*My/our proxy/proxies shall vote as follows:

Please indicate with an "X" in the appropriate spaces how you wish your votes to be casted. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/her/their discretion.

ORDINARY RESOLUTIONS		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
1.	Proposed Authority to Allot and Issue 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				

\* strike out whichever is not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Signature of Unitholder(s) / Common Seal



Notes:-

1. The 10<sup>th</sup> AGM will be conducted virtually through livestreaming and online remote voting using Digital Ballot Form provided by the appointed Poll Administrator for the 10<sup>th</sup> AGM, Mega Corporate Services Sdn Bhd. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the chairperson to be present at the main venue of the meeting. **No unitholders/proxies/corporate representatives** from the public will be physically present at the Broadcast Venue on the day of 10<sup>th</sup> AGM. Unitholders who wish to participate and vote remotely at the 10<sup>th</sup> AGM will therefore have to register via the link <https://vps.megacorp.com.my/tXah2D>. Kindly refer to the Administrative Notes for 10<sup>th</sup> AGM for further information.
2. For the purpose of determining a unitholder who shall be entitled to participate and vote remotely at the 10<sup>th</sup> AGM, Sunway REIT shall be requesting the Record of Depositors as at 19 April 2023. Only a depositor whose name appears on the Record of Depositors as at 19 April 2023 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 in the 10<sup>th</sup> AGM and subsequently he/she participates in the 10<sup>th</sup> AGM, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to participate in the 10<sup>th</sup> 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 instrument appointing a proxy and/or representative (**Proxy Form**) 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, Wilayah Persekutuan, Malaysia or email to [AGM-support.SunwayREIT@megacorp.com.my](mailto:AGM-support.SunwayREIT@megacorp.com.my) not later than Wednesday, 26 April 2023 at 3:00 p.m., being 24 hours before the time appointed for holding the 10<sup>th</sup> AGM or any adjournment thereof. You also have the option to register directly at <https://vps.megacorp.com.my/tXah2D> to submit the proxy appointment electronically not later than Wednesday, 26 April 2023 at 3:00 p.m. For further information on the submission of proxy appointment electronically, kindly refer to the Administrative Notes for 10<sup>th</sup> AGM.
10. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly. If no name is inserted in the space for the name of your proxy, the Chairman of the 10<sup>th</sup> AGM will act as your proxy.



<p>Printed with <b>ECO INK</b> 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>▲</p>	<p>The total carbon footprint for the Sunway REIT Integrated Annual Report 2022 is <b>8,365kgCO<sub>2</sub>e</b>. 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>▲</p>	<p>Paper and printing <b>WASTES ARE BEING RESPONSIBLY HANDLED</b> to recycle and up-cycle materials in order to reduce the burden on landfills.</p> <p>▲</p>
		
		
<p>▼</p> <p>Printed with <b>CARBON NEUTRAL</b> press machines, eco materials and managed under and certified with <b>ISO14001:2015</b> environmental management system to minimise environmental impact.</p>	<p>▼</p> <p>Eco design is both a principle and an approach. It consists of <b>INTEGRATING ENVIRONMENTAL PROTECTION CRITERIA</b> over a service or a product's lifecycle.</p>	<p>▼</p> <p>Paper sourced from <b>RESPONSIBLY MANAGED FORESTS</b> that provide environmental benefits. Cover is printed on FSC® Certified Mix Credit 250gsm Xper Premium White; Inner pages are printed on FSC® Certified Mix Credit 120gsm Xper Premium White and FSC Mix Credit UPM Fine Woodfree Printing Paper 100gsm.</p>

**DISCLAIMER:** This Integrated Annual Report 2022 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)

Manager for Sunway REIT

Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway,  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia.

Tel : +603 5639 8889

Fax : +603 5639 9507

Website : [www.sunwayreit.com](http://www.sunwayreit.com)

E-mail : [irsunreit@sunway.com.my](mailto:irsunreit@sunway.com.my)



Printed on FSC certified paper