

IN CONVERSATION WITH OUR CEO

RENEWED OPTIMISM IN 2024

We approach the year ahead with renewed optimism. The US Federal Reserve's pivot suggests that global monetary tightening cycle is coming to an end. A more stable domestic political landscape and the promise of economic reform will be positive to the long-term prospects of the economy.

Sunway REIT is confident that Malaysia's robust domestic consumption will be supported by the low unemployment rate and reasonable economic growth. We are hopeful that stronger tourist arrivals will be another booster to the local economy.

Having said the above, 2024 will still present its own set of challenges and opportunities. The supply of retail malls in Malaysia increased in 2023 and will rise further in 2024. While representing new competition, these new retail malls could add depth and breadth of retail offerings and elevate Malaysia's position as a retail destination. These malls will not only attract local shoppers but also have the potential to draw international visitors, contributing positively to the economy and tourism sector. The evolution of the retail landscape could attract more internationally renowned brands to have their presence in Malaysia which will benefit the overall retail industry. Despite intensifying competition, we strongly believe that established regional malls will continue to be well placed to attract the best tenants provided we evolve with consumers trends and lifestyle.

Parallels can be drawn with the office sector in Malaysia, which is also seeing an immense amount of incoming supply in 2023 and 2024. The overhang of vacant office space especially in Klang Valley will adversely affect rental growth prospects. Nonetheless, the attractive rentals in Malaysia may become an attribute to entice relocations of more regional offices and MNCs here. In ensuring our properties are considered by such tenants, our properties need to be enhanced to meet green building requirements as well as achieve the Malaysia Digital ("MD") status.

Based on the above, it is imperative that Sunway REIT must continue to explore and execute AEs that will enhance the appeal of our properties in order to maintain, if not improve, our property yield. We believe that our ongoing AEs across our portfolio will help us achieve greater asset yields moving forward. However, we are mindful they may result in short term disruptions and closures that may impact profitability growth in FY2024. Management of Sunway REIT will hope to bridge any gaps due to the AEI closures through timely completion of our new acquisitions.

ACKNOWLEDGMENT

I would like to take this opportunity to acknowledge my predecessor, Dato' Jeffrey Ng, for his leadership and contributions to Sunway REIT since our listing in 2010 till his retirement in June 2023, Sunway REIT has grown from strength to strength over this period and Dato' Jeffrey Ng has left behind a solid platform upon which we can continue to build further success.

I also wish to record my sincere appreciation to the Board of Directors for entrusting me with the opportunity to lead Sunway REIT and I look forward to carrying out my responsibilities to my best capability. To that end, I would like to express my gratitude to the Sunway REIT team and Sunway business units teams, who have given me their full support to ensure a seamless handover. I look forward to working together with all of you to bring Sunway REIT to greater heights.

In closing, I would like to express my deepest appreciation to the Board, the Sunway REIT team, my colleagues in the Sunway business units, unitholders, tenants, suppliers, bankers, contractors and the media for your contributions and support of Sunway REIT over the past year. Sunway REIT looks forward to building a long, enduring relationship with all of you.

Yours Sincerely,
Clement Chen Kok Peng
Chief Executive Officer