

CHAIRMAN'S LETTER TO SHAREHOLDERS



TAN SRI DATO' SRI
ZAMZAMZAIRANI MOHD ISA
Chairman

Dear Shareholders,

It gives me pleasure to present this annual report. Last year, I had mentioned how I was attracted to UEM Sunrise because of the Company's strong fundamentals and astute management. After a full year at its helm, my beliefs have been reinforced. Despite ongoing challenges in the property market here in Malaysia as well as, to an extent, in Melbourne, Australia, where we also have developments, the Company has surpassed its sales target of RM1.2 billion by achieving RM1.4 billion in sales while growing its revenue by 10% to RM2.0 billion.

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Puteri Harbour International Ferry Terminal

GROWING
REVENUE BY

10%

TO

RM 2.0 billion

A key contributing factor to this encouraging performance has been the ability of management to anticipate market expectations. Having identified a shift in demand from premium properties to the more affordable mid-market landed type in Johor, the focus in our stronghold over the last few years has been on such properties where interest is still intact. Since launching Almās@Puteri Harbour and Estuari Gardens also in Puteri Harbour in 2014 and 2015, respectively, we have temporarily suspended the launches of premium high-rise products in Iskandar Puteri. Recent launches in the Southern region are mainly mid-market products, the likes of Serimbun, which has been very well received and, just in January this year, Aspira ParkHomes, which I am confident will attract the same positive response.

Meanwhile, in the Central region, and especially in cosmopolitan, sought-after Mont'Kiara, the take up of more up-market property is still good. We have leveraged on the demand for such value propositions by introducing a number of attractive developments, including the region's first Hyatt House.

Our entry into the Australian market has also been validated as we see our projects, Aurora Melbourne Central and Conservatory, completing progressively with settlement very much on track.

Sales for the year was partly supported by inventory monetisation efforts. Two highly successful campaigns were held in which we offered a range of completed properties from both the Southern and Central regions. These garnered a total of RM311.2 million in sales and bookings for seven completed properties as at 12 April 2019. Sales from new project launches have also been encouraging.

In addition to positive sales, it has been very reassuring to see UEM Sunrise strengthen its operational efficiencies through enhanced processes and systems in order to optimise cost and improve margins. Our focus on operational excellence will go a long way towards further entrenching the sustainability of the Company.

Overall, it is evident that UEM Sunrise has been building a high-performance culture supported not only by operational efficiencies but also a highly skilled and motivated workforce. The Company is investing significantly in growing its talent and building a strong leadership pipeline which are essential to assure continuity in what has proven to be effective strategic plans. During the year, a Talent Council and an Advisory Council were set up which will contribute towards shaping UEM Sunrise's talent management policies and procedures to support our organisational goals.



UEM Sunrise's Denai Nusantara - Rumah Mampu Biaya Johor

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VALUE CREATION

For the nation at large, we continue to contribute towards ongoing socio-economic development. As a developer, one of the most significant ways we can do this is to use our resources and capacity to help Malaysians from the lower income brackets to own their own homes. I'm proud to share that this is one of our focus areas, and we are continuing to make dreams of home ownership come true with the launch of Kondominium Kiara Kasih, our first Residensi Wilayah in Segambut, neighbouring Mont'Kiara, Kuala Lumpur in March last year, 3-bedroom 2-bathroom apartment unit with a built-up size of 850 square feet and priced at RM300,000 per unit while delivering 1,217 units comprising 1,109 units of residences sized at 1,000 square feet and priced at RM150,000 each, and 108 shop lots priced at RM200,000 per unit with a built-up of 1,200 square feet in Denai Nusantara, IskandarPuteri, in January

this year. We also plan to launch Rumah Selangorku in Serene Heights and Phase 1 of Gerbang Nusantara in Gerbang Nusajaya, Iskandar Puteri before the end of 2019.

In our local communities, we place great emphasis on education and have been focusing on elevating standards in underserved schools through the PINTAR school adoption programme initiated by Khazanah Nasional Berhad. Since getting involved in the programme in 2008, we have adopted 25 schools, 11 of which have seen marked improvement in their academic outcomes and thus graduated, leaving us with 14 schools still under our care. It is fantastic to see how the children respond so well to the interventions provided. Our hope is to inspire in these children a passion for excellence – not just academic but in every sphere of life – so that they go on to make a real difference within their communities as well as the nation.



Fun time with the kids from the Siddharthan Home, Petaling Jaya

Our commitment to serving our stakeholders in ways that are meaningful to them is reflected by the fact that we have undertaken a materiality assessment and use of the material matters that surfaced to guide our sustainability actions. For more details on this, please read our Sustainability Report, which is available on our website at www.uemsunrise.com.

GOVERNANCE

Governance continues to be a key concern for the Board, and is being accorded greater prominence in line with the recommendations of the Malaysian Code on Corporate Governance ("MCCG"). On 1 June 2018, we renamed our Board Risk Committee to Board Risk & Governance Committee to reflect an expanded scope of oversight which now includes governance and compliance. On 28 November 2018, the Committee's name was changed again, this time to Board Governance & Risk Committee to underscore greater emphasis on governance review matters.

Also in line with the recommendations of MCCG, we have increased the number of women Directors on our Board, from two out of nine at end 2017 (22.2%) to four out of ten (40%) as at end 2018. This was achieved by welcoming Datin Teh Ija Mohd Jalil on 1 March 2018, and Christina Foo on 23 November 2018 – both as Independent Non-Executive Directors.

OUTLOOK

The property sector looks set to continue in much the same vein as it did in 2018, hence we will maintain our current focus on mid-market landed developments accentuated by more up-market projects in the right locations.

More significantly, there seems to be a marked shift taking place at deeper levels in the property landscape. The emergence of a new generation with vastly different priorities compared to before is not to be ignored. Very mobile and more interested in short-term gratification, members of this generation are already exerting their influence in work space sharing, which I'm proud to say we have also ventured into via WOTSO Workspace in Mercu Summer Suites, Kuala Lumpur. Now, we need to align our strategies to cater for a similar sharing concept for every-day living.

Our goal is to be a property specialist that caters to the needs of all the different demographics in our markets. It is an exciting time for us, and I have every confidence that UEM Sunrise has what it takes to continue to deliver, enticing homebuyers and community tenants with our unique value propositions.

APPRECIATION

That UEM Sunrise continues to achieve robust and sustainable financial numbers is undoubtedly the result of the support and contributions of various parties. The group includes our shareholders, customers, suppliers and business partners – whom I would like to thank for their beliefs in our ability to deliver. Internally, it encompasses the Board of Directors, who have guided the Company with their wise counsel and diligence in maintaining the highest level of governance; our management, who continues to lead with keen insight as well as foresight; and all our employees, who are our true heroes, putting in the hours to ensure we achieve our shared goals. My heartfelt gratitude goes to all our Titans, as the UEM Sunrise family members are known. It is a privilege to see the way you translate the strength inferred in this name into our everyday actions geared at building sustainable communities of the future.