

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	First Quarter ended			Cumulative Quarter ended		
	31.03.2022	31.03.2021	Change	31.03.2022	31.03.2021	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Rental and lease income	144,712	96,478	50.0%	144,712	96,478	50.0%
Other operating income	9,258	7,788	18.9%	9,258	7,788	18.9%
<b>Gross revenue</b>	<b>153,970</b>	<b>104,266</b>	<b>47.7%</b>	<b>153,970</b>	<b>104,266</b>	<b>47.7%</b>
Quit rent, assessment and insurance	(3,045)	(3,784)	-19.5%	(3,045)	(3,784)	-19.5%
Other property operating expenses	(32,005)	(33,465)	-4.4%	(32,005)	(33,465)	-4.4%
<b>Property operating expenses</b>	<b>(35,050)</b>	<b>(37,249)</b>	<b>-5.9%</b>	<b>(35,050)</b>	<b>(37,249)</b>	<b>-5.9%</b>
<b>Net property income</b>	<b>118,920</b>	<b>67,017</b>	<b>77.4%</b>	<b>118,920</b>	<b>67,017</b>	<b>77.4%</b>
Interest income	1,268	2,004	-36.7%	1,268	2,004	-36.7%
Other income	18	27	-33.3%	18	27	-33.3%
Changes in fair value of investment properties						
- As per valuation report	18,268	-	N/A	18,268	-	N/A
Net investment income	138,474	69,048	> 100%	138,474	69,048	> 100%
Manager's fees	(10,363)	(8,789)	17.9%	(10,363)	(8,789)	17.9%
Trustee's fees	(190)	(189)	0.5%	(190)	(189)	0.5%
Other trust expenses	(732)	(410)	78.5%	(732)	(410)	78.5%
Finance costs	(20,871)	(22,843)	-8.6%	(20,871)	(22,843)	-8.6%
	(32,156)	(32,231)	-0.2%	(32,156)	(32,231)	-0.2%
<b>Profit before tax</b>	<b>106,318</b>	<b>36,817</b>	<b>&gt; 100%</b>	<b>106,318</b>	<b>36,817</b>	<b>&gt; 100%</b>
Taxation	-	-	N/A	-	-	N/A
<b>Profit for the period</b>	<b>106,318</b>	<b>36,817</b>	<b>&gt; 100%</b>	<b>106,318</b>	<b>36,817</b>	<b>&gt; 100%</b>
Profit for the period comprises the following:						
Realised						
- Unitholders	83,128	31,886	> 100%	83,128	31,886	> 100%
- Perpetual note holders	4,904	4,904	0.0%	4,904	4,904	0.0%
	88,032	36,790	> 100%	88,032	36,790	> 100%
Unrealised	18,286	27	> 100%	18,286	27	> 100%
	106,318	36,817	> 100%	106,318	36,817	> 100%
Basic earnings per unit attributable to unitholders (sen):						
Realised	2.43	0.94	> 100%	2.43	0.94	> 100%
Unrealised	0.53	-	N/A	0.53	-	N/A
	2.96	0.94	> 100%	2.96	0.94	> 100%
<b>Distributable income per unit (sen) <sup>1</sup></b>	<b>2.43</b>	<b>0.93</b>	<b>&gt; 100%</b>	<b>2.43</b>	<b>0.93</b>	<b>&gt; 100%</b>
<b>Distribution per unit (sen) <sup>2</sup></b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>N/A</b>

N/A - Not Applicable

<sup>1</sup> Represents realised income attributable to unitholders and distribution adjustments, if any.

<sup>2</sup> Please refer to Note A12 for details on income distribution.

Sunway REIT has changed its financial year end from 30 June to 31 December in the previous financial period. Accordingly, comparative information for the corresponding interim period of the preceding year is presented.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

	First Quarter ended			Cumulative Quarter ended		
	31.03.2022	31.03.2021	Change	31.03.2022	31.03.2021	Change
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Profit for the period</b>	<b>106,318</b>	<b>36,817</b>	<b>&gt; 100%</b>	<b>106,318</b>	<b>36,817</b>	<b>&gt; 100%</b>
<b>Other comprehensive income:</b>						
Cash flow hedge - fair value of derivative <sup>1</sup>	13,512	9,720	39.0%	13,512	9,720	39.0%
Cash flow hedge reserve recycled to profit or loss	(14,441)	(9,086)	58.9%	(14,441)	(9,086)	58.9%
<b>Total comprehensive income for the period</b>	<b>105,389</b>	<b>37,451</b>	<b>&gt; 100%</b>	<b>105,389</b>	<b>37,451</b>	<b>&gt; 100%</b>

<sup>1</sup> Please refer to Note B16 for further details of the derivative.

**STATEMENT OF INCOME DISTRIBUTION**

	First Quarter ended			Cumulative Quarter ended		
	31.03.2022	31.03.2021	Change	31.03.2022	31.03.2021	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Rental and lease income	144,712	96,478	50.0%	144,712	96,478	50.0%
Interest income	1,268	2,004	-36.7%	1,268	2,004	-36.7%
Other income <sup>2</sup>	9,258	7,788	18.9%	9,258	7,788	18.9%
	155,238	106,270	46.1%	155,238	106,270	46.1%
Less: Expenses	(67,206)	(69,480)	-3.3%	(67,206)	(69,480)	-3.3%
Realised income for the period	88,032	36,790	> 100%	88,032	36,790	> 100%
Less: Amount reserved for distribution to perpetual note holders	(4,904)	(4,904)	0.0%	(4,904)	(4,904)	0.0%
Realised income attributable to unitholders	83,128	31,886	> 100%	83,128	31,886	> 100%
Add: Previous period's undistributed realised income	-	4,933	-100.0%	-	4,933	-100.0%
Total income available for distribution	83,128	36,819	> 100%	83,128	36,819	> 100%
Less: Proposed / Declared income distribution to unitholders	-	-	N/A	-	-	N/A
Balance undistributed realised income	83,128	36,819	> 100%	83,128	36,819	> 100%
<b>Distribution per unit (sen)</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>N/A</b>

N/A - Not Applicable

<sup>2</sup> Included other operating income.

Sunway REIT has changed its financial year end from 30 June to 31 December in the previous financial period. Accordingly, comparative information for the corresponding interim period of the preceding year is presented.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER**

	Current Quarter ended 31.03.2022	Immediate Preceding Quarter ended 31.12.2021	Change
	RM'000	RM'000	%
Rental and lease income			
- Realised	144,712	130,930	10.5%
- Unrealised (in relation to unbilled lease income receivable) <sup>1</sup>	-	19,584	-100.0%
Other operating income	9,258	7,283	27.1%
<b>Gross revenue</b>	<b>153,970</b>	<b>157,797</b>	<b>-2.4%</b>
Quit rent, assessment and insurance	(3,045)	(3,840)	-20.7%
Other property operating expenses	(32,005)	(30,860)	3.7%
<b>Property operating expenses</b>	<b>(35,050)</b>	<b>(34,700)</b>	<b>1.0%</b>
<b>Net property income</b>	<b>118,920</b>	<b>123,097</b>	<b>-3.4%</b>
Interest income	1,268	1,779	-28.7%
Other income	18	26	-30.8%
Changes in fair value of investment properties			
- As per valuation reports	18,268	(57,343)	> 100%
- Unbilled lease income receivable <sup>1</sup>	-	(19,584)	-100.0%
Net investment income	138,474	47,975	> 100%
Manager's fees	(10,363)	(10,037)	3.2%
Trustee's fees	(190)	(155)	22.6%
Other trust expenses	(732)	(1,034)	-29.2%
Finance costs	(20,871)	(21,406)	-2.5%
	(32,156)	(32,632)	-1.5%
<b>Profit before tax</b>	<b>106,318</b>	<b>15,343</b>	<b>&gt; 100%</b>
Taxation	-	850	-100.0%
<b>Profit for the period</b>	<b>106,318</b>	<b>16,193</b>	<b>&gt; 100%</b>
Profit / (Loss) for the period comprises the following:			
Realised			
- Unitholders	83,128	67,649	22.9%
- Perpetual note holders	4,904	5,014	-2.2%
	88,032	72,663	21.2%
Unrealised	18,286	(56,470)	> 100%
	106,318	16,193	> 100%
Basic earnings / (loss) per unit attributable to unitholders (sen):			
Realised	2.43	2.01	20.9%
Unrealised	0.53	(1.70)	> 100%
	2.96	0.31	> 100%
<b>Distributable income per unit (sen) <sup>2</sup></b>	<b>2.43</b>	<b>1.98</b>	<b>22.7%</b>
<b>Distribution per unit (sen) <sup>3</sup></b>	<b>-</b>	<b>2.80</b>	<b>-100.0%</b>

<sup>1</sup> Represents incremental lease income on straight-line basis over the lease period pursuant to MFRS 16 Leases .

<sup>2</sup> Represents realised income attributable to unitholders and distribution adjustments, if any.

<sup>3</sup> Please refer to Note A12 for details on income distribution.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER (CONT'D)**

	Current Quarter ended 31.03.2022	Immediate Preceding Quarter ended 31.12.2021	Change
	RM'000	RM'000	%
<b>Profit for the period</b>	<b>106,318</b>	<b>16,193</b>	<b>&gt; 100%</b>
<b>Other comprehensive income:</b>			
Cash flow hedge - fair value of derivative <sup>1</sup>	13,512	(1,711)	> 100%
Cash flow hedge reserve recycled to profit or loss	(14,441)	2,090	> -100%
<b>Total comprehensive income for the period</b>	<b>105,389</b>	<b>16,572</b>	<b>&gt; 100%</b>

<sup>1</sup> Please refer to Note B16 for further details of the derivative.

**STATEMENT OF INCOME DISTRIBUTION**

	Current Quarter ended 31.03.2022	Immediate Preceding Quarter ended 31.12.2021	Change
	RM'000	RM'000	%
Rental and lease income	144,712	130,930	10.5%
Interest income	1,268	1,779	-28.7%
Other income <sup>2</sup>	9,258	7,286	27.1%
	155,238	139,995	10.9%
Less: Expenses	(67,206)	(67,332)	-0.2%
Realised income for the period	88,032	72,663	21.2%
Less: Amount reserved for distribution to perpetual note holders	(4,904)	(5,014)	-2.2%
Realised income attributable to unitholders	83,128	67,649	22.9%
Add: Previous period's undistributed realised income	-	45,557	-100.0%
Total income available for distribution	83,128	113,206	-26.6%
Less: Proposed / Declared income distribution to unitholders	-	(95,895)	-100.0%
Balance undistributed realised income	83,128	17,311	> 100%
<b>Distribution per unit (sen)</b>	<b>-</b>	<b>2.80</b>	<b>-100.0%</b>

<sup>2</sup> Included other operating income.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As At</b> <b>31.03.2022</b> <b>(Unaudited)</b>	<b>As At</b> <b>31.12.2021</b> <b>(Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties	8,842,771	8,701,745
Investment properties - accrued lease income	36,514	36,514
Plant and equipment	11,842	11,556
Right-of-use asset	852	871
	<b>8,891,979</b>	<b>8,750,686</b>
<b>Current assets</b>		
Trade receivables	30,636	39,788
Other receivables	15,850	8,277
Derivatives	11,970	11,188
Short term investment	49,978	49,991
Cash and bank balances	163,075	290,543
	<b>271,509</b>	<b>399,787</b>
<b>Total assets</b>	<b>9,163,488</b>	<b>9,150,473</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Unitholders' capital	3,433,864	3,433,864
Undistributed income	1,696,219	1,691,629
Total unitholders' funds	5,130,083	5,125,493
Perpetual note holders' funds	339,717	339,717
Total equity	5,469,800	5,465,210
<b>Non-current liabilities</b>		
Borrowings	1,700,000	1,810,000
Long term liabilities	60,499	57,072
Deferred tax liability	13,091	13,091
Lease liability	861	861
	<b>1,774,451</b>	<b>1,881,024</b>
<b>Current liabilities</b>		
Borrowings	1,704,754	1,595,366
Trade payables	6,489	5,150
Other payables	207,971	203,693
Lease liability	23	30
	<b>1,919,237</b>	<b>1,804,239</b>
Total liabilities	3,693,688	3,685,263
<b>Total equity and liabilities</b>	<b>9,163,488</b>	<b>9,150,473</b>
Units in circulation ('000 units)	3,424,808	3,424,808
<b>Net Asset Value ("NAV") attributable to unitholders:</b>		
Before income distribution	5,130,083	5,125,493
After income distribution <sup>1</sup>	5,046,955	5,029,598
<b>NAV per unit attributable to unitholders (RM):</b>		
Before income distribution	1.4979	1.4966
After income distribution <sup>1</sup>	1.4736	1.4686

<sup>1</sup> After distributable income for 1Q2022 of 2.43 sen per unit is assumed for income distribution (31 December 2021: final income distribution of 2.80 sen per unit).

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE**

	Unitholders' Capital	Undistributed Income	Total Unitholders' Funds	Perpetual Note Holders' Funds	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As 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 period	-	106,318	106,318	-	106,318
Other comprehensive income:					
- Cash flow hedge - fair value of derivative	-	13,512	13,512	-	13,512
- Cash flow hedge reserve recycled to profit or loss	-	(14,441)	(14,441)	-	(14,441)
Total comprehensive income, representing the increase in net assets resulting from operations	-	105,389	105,389	-	105,389
<b>Unitholders' transactions</b>					
Distribution to unitholders:					
- Income distribution proposed in prior period but paid in current year	-	(95,895)	(95,895)	-	(95,895)
Decrease in net assets resulting from unitholders' transactions	-	(95,895)	(95,895)	-	(95,895)
<b>Perpetual Note Holders' transactions</b>					
Amount reserved for distribution to perpetual note holders	-	(4,904)	(4,904)	-	(4,904)
Decrease in net assets resulting from perpetual note holders' transactions	-	(4,904)	(4,904)	-	(4,904)
<b>As at 31 March 2022 (Unaudited)</b>	3,433,864	1,696,219	5,130,083	339,717	5,469,800

The unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the accompanying explanatory notes attached to these financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE (CONT'D)**

	Unitholders' Capital	Undistributed Income	Total Unitholders' Funds	Perpetual Note Holders' Funds	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As 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 period	-	195,484	195,484	-	195,484
Other comprehensive income:					
- Cash flow hedge - fair value of 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>					
Unit issuance expenses	710,000	-	710,000	-	710,000
Distribution to unitholders:	(3,965)	-	(3,965)	-	(3,965)
- Income distribution declared and paid in current period	-	(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>As at 31 December 2021 (Audited)</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 unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the accompanying explanatory notes attached to these financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Cumulative Quarter ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	160,619	133,454
Refundable security deposits from customers	1,230	30
Cash paid for operating expenses	(53,104)	(43,201)
Net cash from operating activities	<u>108,745</u>	<u>90,283</u>
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(626)	(266)
Balance payment for acquisition of investment property	(30,690)	-
Incidental costs on acquisition of investment property	(2,632)	500
Subsequent expenditure of investment properties	(83,498)	(74,642)
Investment in short term money market instrument	(150,000)	-
Redemption of short term money market instrument	150,000	-
Net cash flows from licensed financial institutions with maturity of over 3 months	-	(25,000)
Interest received	1,697	2,096
Net cash used in investing activities	<u>(115,749)</u>	<u>(97,312)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of commercial papers	90,000	-
Proceeds from issuance of unrated medium term notes	-	200,000
Drawdown of revolving loan - USD	292,552	384,893
Drawdown of revolving loan	90,000	-
Repayment of commercial papers	(90,000)	-
Repayment of unrated medium term notes	-	(200,000)
Repayment of revolving loan - USD	(384,893)	(373,680)
Interest paid	(22,228)	(23,778)
Payment of unit issuance expenses	-	(88)
Distribution paid to unitholders	(95,895)	(26,371)
Net cash used in financing activities	<u>(120,464)</u>	<u>(39,024)</u>
Net decrease in cash and cash equivalents	(127,468)	(46,053)
Cash and cash equivalents at beginning of year	290,543	444,502
<b>Cash and cash equivalents at end of period</b>	<b><u>163,075</u></b>	<b><u>398,449</u></b>
Cash and bank balances	163,075	423,449
Deposits with licensed financial institutions with maturity of over 3 months	-	(25,000)
Cash and cash equivalents	<u>163,075</u>	<u>398,449</u>
Cash and bank balances at end of period comprise:		
Cash on hand and at banks	38,075	43,449
Deposits placed with licensed financial institutions	125,000	380,000
Cash and bank balances	<u>163,075</u>	<u>423,449</u>

Sunway REIT has changed its financial year end from 30 June to 31 December in the previous financial period. Accordingly, comparative information for the corresponding interim period of the preceding year is presented.

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
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**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134**

**A1. Corporate 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 supplementary 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 unaudited condensed consolidated financial statements comprise Sunway REIT and its subsidiaries (the "Group").

**A2. Significant Accounting Policies and Basis of Preparation**

The unaudited condensed consolidated financial statements of the Group for the financial period ended 31 March 2022 have been prepared in accordance with MFRS 134: *Interim Financial Reporting*, paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deed and the Securities Commission's Guidelines on Listed Real Estate Investment Trusts (the "REIT Guidelines"). These unaudited condensed consolidated financial statements of the Group also comply with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standards Board.

The unaudited condensed consolidated financial statements of the Group should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2021 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements. The audited financial statements of the Group for the financial period ended 31 December 2021 were prepared under MFRS and are available upon request from the Manager's registered office at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The accounting policies adopted by the Group in this unaudited condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the financial period ended 31 December 2021, except for the adoption of the following amendments to MFRSs that are effective for annual periods beginning on or after 1 January 2022:

- Annual Improvements to MFRS Standards 2018 - 2020
- Amendments to MFRS 3 *Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*

The adoption of the above amendments to MFRSs did not have material effect on the financial performance or position of the Group.

**A3. Audit Report of Preceding Financial Year**

The auditors have expressed an unqualified opinion on Sunway REIT's financial statements for the preceding financial period ended 31 December 2021.

**A4. Changes in Estimates**

This is not applicable as no estimates were previously reported.

**A5. Unusual Items**

There were no material unusual items affecting the amounts reported for the current quarter ended 31 March 2022, except for the material event as disclosed in Note A17 and for the following:

	<b>First Quarter ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the period	106,318	36,817
Less: Fair value changes	(18,286) <sup>1</sup>	(27)
<b>Realised profit for the period</b>	<b>88,032</b>	<b>36,790</b>

<sup>1</sup> Mainly in relation to the valuation gain of RM18.3 million for Kompleks Dato' Shaari Jihin based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn Bhd. Further details of the investment property are explained in Note A13.

**A6. Issuance, Repurchases and Repayments of Debt and Equity Securities**

There were no issuance, repurchases and repayments of debt and equity securities for the current quarter ended 31 March 2022, except as disclosed in Note A15.

**A7. Changes in the Composition / Fund Size of the Trust**

There was no change to Sunway REIT's fund size of 3,424.8 million units for the current quarter ended 31 March 2022.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**A8. Segmental Reporting**

Segmental revenue and results for the first / cumulative quarter ended 31 March 2022 and 31 March 2021 are as follows:

Business segments	First / Cumulative Quarter ended 31.03.2022						First / Cumulative Quarter ended 31.03.2021					
	Retail	Hotel	Office	Services	Industrial & Others	Total	Retail	Hotel	Office	Services	Industrial & Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue and results</b>												
Gross revenue	98,444	18,521	19,478	15,833	1,694	153,970	53,651	14,403	19,337	15,335	1,540	104,266
Net property income	70,282	17,443	13,668	15,833	1,694	118,920	23,946	12,818	13,378	15,335	1,540	67,017
Interest income						1,268						2,004
Other income						18						27
Changes in fair value of investment properties						18,268						-
Trust and other expenses						(11,285)						(9,388)
Finance costs						(20,871)						(22,843)
Profit before tax						106,318						36,817
Taxation						-						-
Profit for the period						106,318						36,817

Sunway REIT has changed its financial year end from 30 June to 31 December in the previous financial period. Accordingly, comparative information for the corresponding interim period of the preceding year is presented.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**A8. Segmental Reporting (Cont'd)**

Segmental assets and liabilities as at 31 March 2022 and 31 December 2021 are as follows:

Business segments	As at 31.03.2022						As at 31.12.2021					
	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000	Retail RM'000	Hotel RM'000	Office RM'000	Services RM'000	Industrial & Others RM'000	Total RM'000
<b>Assets</b>												
Segment assets	5,165,353	1,746,001	958,070	940,422	100,000	8,909,846	5,106,699	1,702,199	953,023	940,129	100,000	8,802,050
Unallocated assets						253,642						348,423
Total assets						9,163,488						9,150,473
<b>Liabilities</b>												
Segment liabilities	207,081	6,115	23,430	-	-	236,626	201,440	7,657	24,707	-	-	233,804
Unallocated liabilities						3,457,062						3,451,459
Total liabilities						3,693,688						3,685,263

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**A8. Segmental Reporting (Cont'd)**

Properties	Gross Revenue			Net Property Income		
	First / Cumulative Quarter ended			First / Cumulative Quarter ended		
	31.03.2022	31.03.2021	Change	31.03.2022	31.03.2021	Change
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Retail</b>						
Sunway Pyramid Shopping Mall	77,571	38,563	> 100%	60,062	19,060	> 100%
Sunway Carnival Shopping Mall	9,418	6,716	40.2%	4,671	2,679	74.4%
SunCity Ipoh Hypermarket	933	770	21.2%	899	743	21.0%
Sunway Putra Mall	10,522	7,602	38.4%	4,650	1,464	> 100%
	<b>98,444</b>	<b>53,651</b>	<b>83.5%</b>	<b>70,282</b>	<b>23,946</b>	<b>193.5%</b>
<b>Hotel</b>						
Sunway Resort Hotel <sup>1</sup>	541	200	> 100%	535	(195)	> 100%
Sunway Pyramid Hotel	287	193	48.7%	137	14	> 100%
Sunway Hotel Seberang Jaya	109	9	> 100%	64	(37)	> 100%
Sunway Putra Hotel	1,115	601	85.5%	776	245	> 100%
Sunway Hotel Georgetown	2,720	1,938	40.4%	2,668	1,887	41.4%
Sunway Clio Property	13,749	11,462	20.0%	13,263	10,904	21.6%
	<b>18,521</b>	<b>14,403</b>	<b>28.6%</b>	<b>17,443</b>	<b>12,818</b>	<b>36.1%</b>
<b>Office</b>						
Menara Sunway	4,433	4,302	3.0%	2,718	2,938	-7.5%
Sunway Tower	807	1,184	-31.8%	819	350	> 100%
Sunway Putra Tower	3,165	3,037	4.2%	2,084	1,955	6.6%
Wisma Sunway	1,735	1,762	-1.5%	958	955	0.3%
The Pinnacle Sunway	9,338	9,052	3.2%	7,089	7,180	-1.3%
	<b>19,478</b>	<b>19,337</b>	<b>0.7%</b>	<b>13,668</b>	<b>13,378</b>	<b>2.2%</b>
<b>Services</b>						
Sunway Medical Centre (Tower A & B)	6,610	6,386	3.5%	6,610	6,386	3.5%
Sunway university & college campus	9,223	8,949	3.1%	9,223	8,949	3.1%
	<b>15,833</b>	<b>15,335</b>	<b>3.2%</b>	<b>15,833</b>	<b>15,335</b>	<b>3.2%</b>
<b>Industrial &amp; Others</b>						
Sunway REIT Industrial - Shah Alam 1	1,694	1,540	10.0%	1,694	1,540	10.0%
	<b>1,694</b>	<b>1,540</b>	<b>10.0%</b>	<b>1,694</b>	<b>1,540</b>	<b>10.0%</b>
<b>Total Revenue / NPI</b>	<b>153,970</b>	<b>104,266</b>	<b>47.7%</b>	<b>118,920</b>	<b>67,017</b>	<b>77.4%</b>

<sup>1</sup> Closed for refurbishment commencing from July 2020 with expected phased reopening from 2Q2022.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2022**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)**

**A8. Segmental Reporting (Cont'd)**

The Group comprises the following major 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

There have been no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

**a) Review of First / Cumulative Quarter Results**

Retail segment

The retail segment recorded gross revenue of RM98.4 million for the first quarter ended 31 March 2022 ("1Q2022"), an increase of 83% or RM44.8 million compared the same period last year ("1Q2021"), mainly due to the improved performance across all retail properties, primarily contributed by Sunway Pyramid Mall which has doubled its revenue to RM77.6 million in 1Q2022.

The improved performance of the retail properties was supported by the higher retail footfall and encouraging tenant sales in 1Q2022 in conjunction with the strong pent-up demand, festive spending and relaxation of COVID-19 safety measures. Hence, marginal rental support was granted as compared to 1Q2021.

Property operating expenses for retail segment reduced by 5% or RM1.5 million y-o-y to RM28.2 million, mainly due to adjustment in doubtful debts provision arising from the improvement in rental collection.

Correspondingly, net property income of the retail segment for 1Q2022 ended at RM70.3 million, more than doubled compared RM23.9 million in 1Q2021.

Hotel segment

All hotels were open during the quarter, except for Sunway Resort Hotel which was closed for refurbishment since July 2020. The hotel segment recorded gross revenue of RM18.5 million in 1Q2022, an increase of 29% or RM4.1 million from 1Q2021, mainly due to better performance of the hotels for the current quarter. The hotel segment showed an overall improved occupancy with the increased domestic leisure and business travels and gradual increase in MICE activities during NRP Phase 4 in 1Q2022 as compared to MCO 2.0 in 1Q2021.

Net property income of the hotel segment similarly increased by 36% or RM4.6 million y-o-y to RM17.4 million in 1Q2022.

Note 1: The hotel properties are under hotel master leases and hence, incurred minimum property operating expenses which comprise mainly quit rent, assessment and insurance. The revenue represents the hotel lease income.

Note 2: The revenue and net property income of Sunway Clio Property include the contribution from the retail component in addition to the hotel lease rental income.

Office segment

The office segment recorded gross revenue of RM19.5 million in 1Q2022, a marginal increase of 1% or RM0.1 million compared to 1Q2021, indicating a marginally improved performance from Menara Sunway, Sunway Putra Tower and The Pinnacle Sunway, supported by commencement of new tenants and stable occupancy rate.

Property operating expenses for 1Q2022 was lower by 3% or RM0.1 million y-o-y to RM5.8 million primarily contributed by the vacancy allowances received for Sunway Tower.

Correspondingly, net property income of the office segment was higher by 2% or RM0.3 million y-o-y to RM13.7 million.

## A8. Segmental Reporting (Cont'd)

### a) Review of First / Cumulative Quarter Results (Cont'd)

#### Services segment

The services segment contributed stable gross revenue and net property income of RM15.8 million for 1Q2022, marginally increased by 3% or RM0.5 million compared to 1Q2021 due to annual rental reversion of Sunway Medical Centre (Tower A & B) and Sunway university & college campus in accordance with the master lease agreements.

#### Industrial & Others segment

The industrial & others segment comprising Sunway REIT Industrial - Shah Alam 1 also delivered stable gross revenue and net property income of RM1.7 million per quarter, an increase of 10% or RM0.2 million, in accordance with the master lease agreement. During the latest rent review in January 2022, the rent has been increased to the greater of the then prevailing fair market value and CPI adjustment subject to a cap on the increase of 10%. The next rent review will be in January 2025.

Note: Further details on the master leases of the above properties can be found in pages 18-23 and 29-31 of Sunway REIT Annual Integrated Report 2021.

#### Results for the quarter

In addition to the gross revenue and net property income discussed above, the following were the material movement to derive at the results for the first quarter ended 31 March 2022:

Changes in fair value of investment properties in 1Q2022 was pursuant to valuation gain for Kompleks Dato' Shaari Jihin acquired in January 2022. Further details of the acquisition are disclosed in Note A13.

Manager's fees for 1Q2022 was higher by RM1.6 million in line with the increase in net property income as discussed above. The fee structure of the Manager is disclosed in Note B8.

Finance costs for 1Q2022 was lower by RM2.0 million mainly due to lower average interest rate of 2.66% for 1Q2022 vs 2.83% for 1Q2021.

Sunway REIT ended with profit for 1Q2022 of RM106.3 million (1Q2021: RM36.8 million) comprising of realised profit of RM88.0 million (1Q2021: RM36.8 million) and unrealised profit of RM18.3 million (1Q2021: minimal profit of less than RM0.1 million).

Realised profit for 1Q2022 was higher by RM51.2 million mainly contributed by higher net property income and lower finance costs, partially mitigated by higher Manager's fees as explained above.

Unrealised profit for 1Q2022 was largely due to the valuation gain of RM18.3 million.

## A9. Seasonality of Operations

The quarterly results were not materially affected by seasonal or cyclical factors.

## A10. Profit Before Tax

Included in the profit before tax are the following items:

	<u>First / Cumulative Quarter ended</u>	
	<u>31.03.2022</u>	<u>31.03.2021</u>
	<u>RM'000</u>	<u>RM'000</u>
Interest income	(1,268)	(2,004)
Net changes in fair value of long term liabilities	(18)	(27)
Unrealised foreign exchange loss (hedged item)	14,441	9,086
Cash flow hedge reserve recycled to profit or loss	(14,441)	(9,086)
(Reversal) / Allowance of impairment on trade receivables	(2,108)	2,994
Depreciation of plant and equipment	615	585
Loss / (Gain) on disposal of plant and equipment	21	(7)

## A11. Taxation

### Taxation of the 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 should not incur any tax expense in the current financial year as it will distribute at least 90% of its distributable income which translates to more than 90% of its total taxable income.

### Taxation of the Unitholders

Pursuant to Section 109D 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:

Category / Type of unitholders	Withholding 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 corporate tax return and subject to the prevailing corporate tax rate of 24%.

## A12. Income Distribution

In accordance to the Deed, the Manager will make regular distributions of all (or such lower percentage as determined by the Manager) of the distributable income of Sunway REIT.

The Manager intends to distribute at least 90% of the distributable income to the unitholders of Sunway REIT in each financial year on a semi-annual basis, for each six-month period ending 30 June and 31 December, unless varied by the Manager.

Distribution reinvestment scheme ("DRS") of Sunway REIT was established following the approval of the unitholders at the Eighth Annual General Meeting ("AGM") on 2 October 2020 and the renewal of DRS authority granted to the Board has been approved by unitholders at the Ninth AGM on 7 April 2022. The Manager may, at its absolute discretion, determine whether to pay a particular income distribution declared in cash or to offer the unitholders of Sunway REIT the option to reinvest all or part of their cash income distribution in new units of Sunway REIT.

No income distribution was proposed for the current quarter ended 31 March 2022. The next income distribution will be for the semi-annual period from 1 January 2022 to 30 June 2022.

## A13. Investment Properties

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Investment properties	8,553,065	8,449,486
Investment property under construction	289,706	252,259
Investment property - accrued lease income	36,514	36,514
	<u>8,879,285</u>	<u>8,738,259</u>

On 26 January 2022, Sunway REIT through its wholly owned subsidiary, SUNREIT Hartanah Sdn Bhd, has acquired an investment property namely Kompleks Dato' Shaari Jihin for a cash consideration of RM34.1 million. The property is planned for redevelopment into a tourist destination and shall include amongst others, variety of retail, food and beverage offerings.

Sunway Resort Hotel has been undergoing refurbishment since July 2020, to modernise its offerings with technology-enhanced features and family-friendly amenities, with the expected phased reopening from 2Q2022. Total property development costs incurred to-date of RM156.3 million has been capitalised as investment properties.

### A13. Investment Properties (Cont'd)

Investment property under construction relates to the property development activities for the expansion of Sunway Carnival Shopping Mall. The new wing of Sunway Carnival Shopping Mall is expected to open in 2Q2022.

Investment properties - accrued lease income is in relation to the 30-year non-cancellable lease agreements for Sunway university & college campus, commencing on 15 April 2019 and expiring on 30 November 2048, with in-built incremental lease rental of 2.3% every year. The lease income has been recognised on a straight-line based over the lease period of 30 years pursuant to MFRS 16 Leases, with a total accrued lease income of RM36.5 million as at 31 March 2022.

### A14. Trade Receivables

	<b>As at 31.03.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
Third parties	54,190	58,738
Amount due from parties related to the Manager	-	6,769
	<hr/> 54,190	<hr/> 65,507
Less: Allowance for impairment	(23,554)	(25,719)
Total trade receivables	<hr/> <b>30,636</b>	<hr/> <b>39,788</b>

Trade receivables was lower by RM9.2 million mainly due to improved rental collection from the retail segment.

The ageing analysis of Sunway REIT's trade receivables was as follows:

	<b>As at 31.03.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
Neither past due nor impaired	4,228	11,063
Past due but not impaired		
1 to 30 days	2,947	2,385
31 to 60 days	7,066	7,363
61 to 90 days	4,209	830
91 to 120 days	2,649	5,558
More than 120 days	9,537	12,589
	<hr/> 26,408	<hr/> 28,725
Impaired	23,554	25,719
	<hr/> <b>54,190</b>	<hr/> <b>65,507</b>

The trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>As at 31.03.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
At beginning of financial year / period	25,719	6,047
(Reversal) / Charge for the financial period	(2,108)	20,294
Written off	(57)	(622)
At end of financial period	<hr/> <b>23,554</b>	<hr/> <b>25,719</b>

## A15. Borrowings and Debt Securities

	As at 31.03.2022 RM'000	As at 31.03.2021 RM'000
<u>Short term borrowings</u>		
Secured		
- Revolving loan (USD)	305,045	393,870
- Unrated medium term notes	1,400,000	600,000
	<hr/> 1,705,045	<hr/> 993,870
Less: Unamortised transaction costs	(291)	(363)
Total short term borrowings	<hr/> 1,704,754	<hr/> 993,507
<u>Long term borrowings</u>		
Secured - Unrated medium term notes	10,000	800,000
Unsecured - Revolving loan (RM)	1,690,000	1,600,000
Total long term borrowings	<hr/> 1,700,000	<hr/> 2,400,000
Total borrowings	<hr/> 3,404,754	<hr/> 3,393,507

Borrowings of Sunway REIT is denominated in Ringgit Malaysia ("RM"), except for the revolving loan (USD) which is denominated in Australian Dollar ("AUD").

During the current quarter, the revolving loan (USD) was drawn in AUD97.0 million (equivalent to RM292.6 million) to partially refinance the existing revolving loan (USD) drawn in USD95.0 million (equivalent to RM384.9 million). The revolving loan (USD) is fully hedged with 1-year AUD-MYR cross currency swap ("CCS") contract until February 2023 (31 March 2021: 1-year USD-MYR CCS contracts until February 2022) to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period.

The revolving loan (USD) of AUD97.0 million was translated at an exchange rate of 3.1448 on 31 March 2022 (31 March 2021: USD95.0 million at an exchange rate of 4.1460) with cumulative unrealised foreign exchange translation loss of RM12.5 million (31 March 2021: loss of RM9.0 million) since the drawdown.

The unamortised transaction costs of RM0.3 million as at 31 March 2022 relates to upfront expenses incurred for establishment of the 7-year CP Programme of up to RM3.0 billion commencing from April 2019.

The revolving loan (RM) is classified as long term borrowings based on the tenor / repayment terms of 7 years due in March 2026.

Total borrowings of Sunway REIT stood at RM3.4 billion as at 31 March 2022 and 31 March 2021.

The weighted average interest rate of borrowings as at 31 March 2022 was 2.66% (31 March 2021: 2.92%) and the percentage proportion of debt that is based on fixed interest rate and floating interest rate was 32 : 68 (31 March 2021: 38 : 62).

## A16. Fair Value Hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - Quoted market prices in an active market for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

#### A16. Fair Value Hierarchy (Cont'd)

The following table provides the fair value hierarchy of the Group's assets and financial instruments:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 31 March 2022</b>				
<u>Financial assets</u>				
Investment properties	-	-	8,541,000	8,541,000
Derivatives	-	11,970	-	11,970
<b>At 31 December 2021</b>				
<u>Financial assets</u>				
Investment properties	-	-	8,486,000	8,486,000
Derivatives	-	11,188	-	11,188

No transfers between any levels of the fair value hierarchy took place during the current financial period and the preceding financial period.

#### A17. Material Event

##### a) COVID-19 Pandemic and Malaysia Movement Control Order

On 11 March 2020, World Health Organisation declared COVID-19 outbreak as a pandemic. The Movement Control Order, commonly referred to as the "MCO", is implemented as a preventive measure by the Government of Malaysia in response to the COVID-19 pandemic in the country since 18 March 2020. Sunway REIT continued to be affected by the different phases of MCO, albeit in varying degrees.

Effective 1 April 2022, Malaysia entered into the 'Transition to Endemic' phase of COVID-19, with restrictions on business operating hours, limits on number of people allowed in the workplace and 50% capacity being removed. Interstate travel is allowed for all regardless of their vaccination status. Under a further relaxed SOP effective 1 May 2022, physical distancing between individuals is no longer required and all economic sectors is allowed to operate beginning from 15 May 2022.

##### i) Impact on financials

Rental income from malls and hotels has been adversely impacted during the implementation of the MCO, while the impact on Sunway REIT's rental income from office, services and industrial properties has not been material. However, with the recent relaxation measures and recovery in progress, the financials for 1Q2022 has improved against the same period last year as discussed in Note A8a) above.

##### ii) Impact on liquidity

The Manager has taken pre-emptive measures to increase the liquidity position of Sunway REIT, both for ongoing business needs as well as for the purposes of averting any liquidity crunch in the credit market that could potentially arise. As at 31 March 2022, Sunway REIT has cash and bank balances and short term investment amounting to RM213 million.

On 12 August 2020, Securities Commission Malaysia announced that it will temporarily increase the gearing limit for Malaysian real estate investment trusts from 50.0% to 60.0%, effective immediately until 31 December 2022. This temporary increase in gearing limit provides Sunway REIT with cash flow flexibility in light of the challenging operating environment during the COVID-19 pandemic, if required. As at 31 March 2022, the gearing of Sunway REIT stood at 37.2%, providing sufficient debt headroom to fund planned capital expenditure and investment opportunities.

## **A17. Material Event (Cont'd)**

### **a) COVID-19 Pandemic and Malaysia Movement Control Order (Cont'd)**

#### iii) Impact on occupancies

Average occupancy rate of the retail and office segments remained relatively stable at 97% and 84% for 1Q2022 comparing to the preceding year corresponding period. Excluding Sunway Resort Hotel which was closed for refurbishment commencing from July 2020, the hotel segment registered average occupancy rate of 42% for 1Q2022. Demand for hotel segment will continue to be supported primarily by domestic leisure and business travelers in the near term as well as gradual resumption of MICE business.

Services and industrial & other segments under long term master leases remained stable in term of occupancy rate.

#### iv) Strategies and steps taken

The Manager has provided rental rebates and/or rental deferment on a case-to-case basis to eligible lessees'/tenants' ("Rental Support"), in efforts to mitigate the adverse impact of the COVID-19 pandemic on the lessees'/tenants' business operations. The Manager believes that by providing the Rental Support, this will further strengthen its relationship with the lessees/tenants and enable it to maintain a higher retention rate for the properties of Sunway REIT, defending occupancy rate in the near term and paving the way for recovery in the medium term. The Manager has also provided other tenant support measures such as flexible operating hours, promotional space and marketing support such as online order and collection drive-through stations.

The Manager has also put in place strict standard operating procedures such as installing thermal scanners, sanitising stations, frequent fogging disinfection at public areas, screening MySejahtera for risk status and vaccination proof and maintaining social distancing protocols for all the properties of Sunway REIT during the MCO, CMCO and RMCO period, particularly in Sunway REIT's retail properties as they are necessary to build retail confidence. The Manager has achieved full vaccination of its entire front-facing operation workforce.

From the liquidity management aspect, the Manager has implemented certain cost containment initiatives such as reducing, cancelling and/or deferring non-essential operational and capital spending during the MCO, CMCO and RMCO period to preserve its cash flow and liquidity in view of the Rental Support granted to eligible lessees/tenants and slower collection pace. The Manager has also incorporated pre-emptive measures to conserve cash such as varying income distribution frequency from quarterly to semi-annual basis, adjustment in income distribution payout ratio and establishment of a distribution reinvestment scheme to provide flexibility to unitholders to receive future income distribution in cash, units or a combination of both.

In addition, Sunway REIT's capital base was strengthened following the completion of the private placement exercise in October 2020, raising gross proceeds of approximately RM710.0 million to fund the acquisition of The Pinnacle Sunway and the expansion of Sunway Carnival Shopping Mall. Status of utilisation of the proceeds is disclosed in Note B11 below.

The Manager has initiated a comprehensive review of the strategic roadmap of Sunway REIT, TRANSCEND 2025, to analyse the impact of COVID-19 pandemic to Sunway REIT's recovery prospects and opportunities arising from the pandemic fallout. The refreshed TRANSCEND 2027 is underpinned by opportunities arising from global megatrends and Sunway Group's synergistic ecosystem and strong track record.

## **A18. Material Event Subsequent to the end of the Current Quarter**

There was no material event subsequent to the current quarter ended 31 March 2022.

#### A19. Capital Commitments

The amount of commitments for investment properties not provided for in the unaudited condensed consolidated financial statements were as follows:

	<b>As at 31.03.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
Approved and contracted for	239,899	310,074
Approved but not contracted for	217,079	202,107
	<u>456,978</u>	<u>512,181</u>

The capital commitment mainly relates to the ongoing works for the expansion of Sunway Carnival Shopping Mall and the refurbishment of Sunway Resort Hotel.

#### A20. Contingent Liabilities and Assets

There was no contingent assets as at 31 March 2022. The contingent liabilities as at 31 March 2022 are in respect to the material litigation as disclosed in Note B12.

#### A21. Transactions with Parties Related to the Manager

The following table provides information on the transactions which have been entered into with parties related to the Manager during the period ended 31 March 2022:

	<b>First / Cumulative Quarter ended</b>	
	<b>31.03.2022 RM'000</b>	<b>31.03.2021 RM'000</b>
<u>(Sales to)/purchases from parties related to the Manager</u>		
(a) Sunway Berhad Group		
- Sales	(39,850)	(38,066)
- Purchases	86,887	80,198
(b) Sunway Technology Sdn. Bhd. Group		
- Sales	(694)	(770)
- Purchases	157	312
<u>Other transactions with parties related to the Manager</u>		
(a) Sunway Berhad Group		
Structured entities controlled by Sunway Berhad Group		
- Distribution to perpetual note holders	4,904	4,904

The distribution to perpetual note holders relates to the amount reserved and/or paid for semi-annual distribution to the subscribers of the perpetual note, which are wholesale funds regarded as structured entities controlled by Sunway Berhad.

The following table provides information on the balances with the parties related to the Manager as at 31 March 2022 and 31 December 2021:

	<b>As at 31.03.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
<u>Amount owed by parties related to the Manager:</u>		
(a) Sunway Berhad Group	1,800	8,938
<u>Amount owed to parties related to the Manager:</u>		
(a) Sunway Berhad Group	7,963	15,097

**Part B - Additional Information Pursuant to Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of Performance**

**a) Statement of Comprehensive Income**

Explanatory comments are provided in Note A8a) above.

**b) Statement of Financial Position**

The increase in investment properties of RM141.0 million was mainly pursuant to the completion of the acquisition of Kompleks Dato' Shaari Jihin on 26 January 2022 and the capital expenditure for the expansion of Sunway Carnival Shopping Mall and the refurbishment of Sunway Resort Hotel.

Investment properties - accrued lease income is explained in Note A13.

Right-of-use asset and lease liability were pursuant to a 12-year land lease from State Government of Penang for car park purposes and recognised in accordance to MFRS 16 Leases .

The decrease in trade receivables is explained in Note A14.

Other receivables was higher by RM8.0 million primarily due to the prepayment for quit rent, assessment and insurance for 2022.

Derivatives of RM12.0 million was in relation to 1-year AUD-MYR CCS contract for the revolving loan (USD). Further details and movement of the derivatives are explained in Notes A15 and B16.

Short term investment relates to investment in 1-month commercial paper issued by Sunway Berhad Group at the nominal value of RM50.0 million.

The decrease in cash and bank balances of RM127.5 million was largely due to funding of investment properties mentioned above.

Perpetual note holders' funds represent proceed from an issuance of perpetual note of RM340.0 million by SUNREIT Perpetual Bond Berhad in April 2019, net of transaction costs incurred for establishment of the Perpetual Note Programme of RM0.3 million. 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 A21 above.

Total net asset value as at 31 March 2022 was RM5,469.8 million, comprised unitholders' funds of RM5,130.1 million and perpetual note holders' funds of RM339.7 million. The increase in unitholders' funds of RM4.6 million was derived from the total comprehensive income for the financial period of RM105.4 million, partially reduced by distribution to unitholders of RM95.9 million and amount reserved for distribution to perpetual note holders of RM4.9 million. There was no movement in the perpetual note holders' funds during the financial period.

Net asset value per unit, after income distribution, increased marginally to RM1.47 as at 31 March 2022 primarily due to the valuation gain for Kompleks Dato' Shaari Jihin of RM18.3 million.

**c) Statement of Cash Flows**

Net cash from operating activities for YTD 1Q2022 of RM108.7 million was contributed by the collection from tenants and lessees and the refundable deposits received, partially used for operating expenses.

Net cash used in investing activities for YTD 1Q2022 of RM115.7 million was predominantly due to the acquisition of Kompleks Dato' Shaari Jihin, progress payments for refurbishment works at Sunway Resort Hotel and expansion works at Sunway Carnival Shopping Mall.

Net cash used in financing activities for YTD 1Q2022 of RM120.5 million was mainly for income distribution to unitholders of RM95.9 million paid in February 2022 and interest paid of RM22.2 million.

Cash and bank balances as at 31 March 2022 and 31 March 2021 stood at RM163.1 million and RM423.4 million respectively. The decrease in cash and bank balances was mainly due to investing activities above.

## B2. Maintenance Costs and Major Capital Expenditure

There was no unusual nor material maintenance costs during the quarter under review.

Sunway REIT incurred capital expenditure of RM86.0 million for 1Q2022, substantially in regards to the ongoing works for the expansion of Sunway Carnival Shopping Mall and the refurbishment works for Sunway Resort Hotel, details as disclosed in Note A13.

## B3. Material Changes in Quarterly Results

	Current Quarter ended 31.03.2022 RM'000	Immediate Preceding Quarter ended 31.12.2021 RM'000	Change %
Realised profit	88,032	72,663	21.2%
Unrealised profit / (loss)	18,286	(56,470)	> 100%
Profit for the quarter	106,318	16,193	> 100%

Realised profit for current quarter was higher by RM15.4 million compared to the immediate preceding quarter (6Q2021), contributed by higher net property income from all segments, especially from the guaranteed income of Sunway Clio Property and Sunway Hotel Georgetown received in current quarter.

The unrealised profit in current quarter was largely contributed by the valuation gain pursuant to the acquisition of Kompleks Dato' Shaari Jihin in January 2022 while the unrealised loss for 6Q2021 was mainly in relation to the revaluation exercise on all investment properties held by Sunway REIT as at the financial period ended 31 December 2021.

## B4. Commentary on Prospects

International Monetary Fund (IMF) projected the global economic growth to moderate from 6.1% in 2021 to 3.6% in 2022 (January 2022 forecast: 4.4%). The downward revision reflects the anticipated impact caused by Ukraine-war which may result in spillover effects globally on commodity prices, supply chain and financial markets.

Rising inflationary pressure in developed economies has prompted tightening of monetary policy. The United States central bank's policy-setting Federal Open Market Committee (FOMC) raised the Federal Funds rate by 50bps on 4 May 2022, shortly after a 25bps hike in March 2022. The Federal Reserve's hawkish stance was following inflation spiked to 8.5% in March 2022, the highest level in four decades. Inflationary pressure is expected to remain elevated on the back of war-induced supply chain disruptions and commodity price increases.

Uncertainties surrounding the geopolitical tensions, a sharper-than-anticipated deceleration in China's economic growth due to strict imposition of zero-COVID-19 strategy and potential emergence of new virus strain will pose further downside risks to the global growth.

The Malaysian economy expanded by 3.1% in 2021, from a contraction of 5.6% in 2020. Growth was primarily supported by resumption of economic activity following the easing of containment measures under the National Recovery Plan.

Malaysia registered a gross domestic product (GDP) growth of 5.0% in 1Q 2022, underpinned by improving domestic demand as economic activity continued to normalise with the easing of containment measures and strong external demand. Bank Negara Malaysia (BNM) expects the pace of economic recovery in Malaysia to gain traction in 2022. Growth trajectory is supported by expansion in stronger domestic demand, further improvement in the labour market, easing of restrictions, reopening of international borders and implementation of investment projects.

BNM maintained Malaysia's economic growth forecast for 2022 in the range of 5.3% to 6.3%. Downside risks to Malaysian economy growth stem from weaker-than-expected global growth, a worsening in supply chain disruptions, adverse development surrounding COVID-19 and heightened financial market volatility.

#### **B4. Commentary on Prospects (Cont'd)**

Headline Consumer Price Index (CPI) averaged at 2.2% in 1Q 2022, reflecting dissipating base effect from lower domestic fuel price in 2021 and the absence of the base effect from electricity tariff rebates in 2020. In an environment of high input costs and improving demand, headline inflation is projected to average between 2.2% and 3.2% in 2022. Further inflationary pressure may stem from commodity price movements and prolonged supply-related disruptions.

On 11 May 2022, the Monetary Policy Committee (MPC) of BNM raised the Overnight Policy Rate (OPR) by 25bps to 2.00%. MPC cited that the degree of monetary policy tightening shall be implemented in a measured and gradual manner in order to ensure that the monetary policy is supportive of sustaining economic growth. The Manager continues to optimise its capital management strategy and monitor the interest rate environment to mitigate the impact of potential interest rate increase.

The Manager expects the financial performance of Sunway REIT to improve significantly in FY2022, supported by stronger domestic economic growth, reopening of international borders, new income contribution from Sunway Carnival Mall (new wing) and resumption of income from Sunway Resort Hotel which has commenced operations in phases since May 2022.

The Manager continues to optimise its capital management strategy and monitor the interest rate environment to mitigate the impact of potential interest rate increase.

The Manager expects the financial performance of Sunway REIT to improve significantly in FY2022, supported by stronger domestic economic growth, reopening of international borders, new income contribution from Sunway Carnival Mall (new wing) and resumption of income from Sunway Resort Hotel upon the commencement of operations.

##### Review of retail market

According to Retail Group Malaysia (RGM), Malaysia's retail industry recorded a spike in growth of 26.5% in 4Q 2021, boosted by festive spending. Despite that, Malaysia's retail sales contracted by 2.3% for the full year of 2021.

The RGM projected Malaysia' retail sales growth of 6.3% in 2022, an upward revision from the earlier forecast of 6.0% in November 2021. The revision in projection was attributed to the less severe impact of the Omicron variant.

The MIER's Consumer Sentiment Index (CSI) rose 11.7 points quarter-on-quarter (q-o-q) to 108.9 points in 1Q CY2022 from 97.2 points in 4Q CY2021, above the 100-point optimism level, attributed to the improved confidence among the consumers on the back of positive job and financial expectations in the near-term.

Retail sales for the retail mall portfolio of Sunway REIT has recovered to near 100% normalcy in 1Q FY2022, compared to same period of pre-pandemic in 2019. The encouraging performance was mainly contributed by stronger consumption during festive seasons, improved labour market sentiment and high percentage of fully vaccinated population.

The Manager expects the retail segment to record strong improvement in its financial performance in FY2022, underpinned by stronger domestic economic growth, improved consumer sentiment on the back of stable employment prospects and new income contribution from Sunway Carnival Mall (new wing) upon commencement of operation.

In addition, rental rebate is anticipated to decline significantly on the back of strong recovery in retail sales to close to pre-pandemic level.

##### Review of hotel market

On 1 April 2022, Malaysia reopened its borders to all countries for quarantine-free travel with no mandatory quarantine requirements for fully vaccinated individuals, which augur well to support the recovery of the hotel industry. That said, Malaysian Association of Hotels (MAH) reported that the hotel industry has not seen a significant increase in occupancy since the reopening. MAH expects the hotel industry's average occupancy rate to hover between 30% and 40% in the short term.

#### **B4. Commentary on Prospects (Cont'd)**

##### Review of hotel market (Cont'd)

The MIER Business Conditions Index fell 21.0 points to 101.0 points in 1Q CY2022, albeit above 100-point optimism threshold, as a result of the decline in both domestic and external demand as well as capital investment, owing to the geopolitical uncertainty in the near-term.

Moving forward, the Manager expects domestic leisure and business travel to remain the key driver for the hotel segment in the near term. Meanwhile, international leisure and business travel are expected to gradually pick up. The Manager expects the hotel segment to gradually improve in FY2022, supported by the factors mentioned. In addition, the phased re-opening of Sunway Resort Hotel since May 2022 is anticipated to contribute positively to the performance of the hotel segment in FY2022.

##### Review of office market

All sectors of the economy are allowed to operate and 100% of the workforce are able to return to the workplace with the lifting of capacity and operating hours limit for business premises. These relaxations is supportive of business activities.

Despite that, the existing office environment continues to face challenging situation in staying relevant to the current trend against a competitive supply of office market which had further exert pressure on office rents, which is more prevalent to aged and not-well-maintained office buildings with outdated infrastructures.

The pandemic has also brought about a change to flexible work arrangements such as work-from-home and split-team arrangements. Notwithstanding that, office occupiers still value the physical office space which is more conducive for interactions, engagements and collaborations.

The Manager expects the office segment within Sunway REIT's asset portfolio to remain resilient with a largely stable average occupancy rate for office in FY2022.

##### Review of industrial market

Malaysia's Industrial Production Index (IPI) grew 5.1% y-o-y in March 2022, largely owing to increase in Manufacturing (+6.9%) and Electricity (+0.8%) index. The rise in manufacturing index was mainly contributed by growth in Electrical & Electronics products (+18.6%), Basic Metal & Fabricated Metal products (+5.6%) and Food, Beverages & Tobacco products (+4.1%).

The headline IHS Markit Malaysia Manufacturing Purchasing Managers' Index (PMI) registered 50.9 in February 2022 from 50.5 in January 2022, pointing to a stronger improvement in the health of the Malaysian manufacturing sector. The economic growth experienced in 4Q CY2021 is expected to continue its trajectory into CY2022 albeit at a softer pace as the demand-side conditions are limited by supply-side constraints, with prevalent issues of raw material shortages and shipment delays, which are expected to put higher pressure on cost.

The Manager continues to actively pursue opportunities within this segment to diversify its income base as well as to capitalise on the strong demand for higher-value industries.

#### **B5. Investment Objectives**

The Manager's key investment objective for Sunway REIT is to provide the unitholders with an exposure to a diversified 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 per unit. The principal investment policy of Sunway REIT is to invest in commercial, office, industrial and other real estate assets, subject to the REIT Guidelines.

The Manager will continue to distribute the income of Sunway REIT on a semi-annual basis and will endeavour to grow the net asset value of Sunway REIT over a longer period of time. There was no change in the investment objectives during the period under review.

**B6. Performance Benchmark**

Performance indicators	Period ended 31.03.2022	Period ended 31.12.2021
a) Management expense ratio *	0.85%	0.74%
b) Total return *	7.0%	-10.1%
c) Average annual total return (5 years) *	0.7%	1.8%
d) Distribution yield *	7.0%	2.9%
e) NAV per unit (after income distribution) (RM)	1.4736	1.4686

\* The performance indicators for the period ended 31 March 2022 was based on annualised results.

- The ratio of annualised trust expenses in operating Sunway REIT to the NAV of Sunway REIT.
- Total return represents the change in unit price from beginning of financial year plus annualised distribution yield for the financial year.
- Average annual total return is the sum of the return rates of Sunway REIT over a given number of years divided by that number of years.
- Annualised distributable income of 9.86 sen per unit (based on distributable income for 1Q2022 of 2.43 sen per unit) divided by the closing unit price as at 31 March 2022 of RM1.41 (31 December 2021: Annualised DPU of 4.06 sen (based on DPU of 6.10 sen for financial period ended 31 December 2021) divided by the closing unit price as at 31 December 2021 of RM1.41).
- NAV of Sunway REIT as determined by deducting the value of total liabilities from the total assets as at the period-end and after distributable income for 1Q2022 of 2.43 sen per unit is assumed for income distribution (31 December 2021: final income distribution of 2.80 sen per unit), divided by total issued units.

**B7. Strategies and Policies**

The Manager's strategies can be broadly categorised as:

- active asset management strategy
- acquisition growth strategy
- capital and risk management strategy
- asset enhancement initiatives, including property development activities

There was no change in the strategies and policies employed during the period under review.

**B8. Manager's Fees**

Pursuant to the Deed constituting Sunway REIT, the Manager is entitled to receive the following fees from Sunway REIT:

- Base fee of 0.3% per annum on the total assets value;
- Performance fee of 3% per annum of net property income, but before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement;
- Acquisition fee of 1% of the acquisition price of any future assets of Sunway REIT or a Single-Purpose Company acquired by the Trustee for Sunway REIT (pro rated if applicable to the proportion of the interest in Real Estate or Single-Purpose Company purchased by the Trustee for Sunway REIT); and
- Divestment fee of 0.5% of the sale price of any future assets of Sunway REIT or a Single-Purpose Company sold or divested by the Trustee (pro rated if applicable to the proportion of the interest of Sunway REIT in the assets of Sunway REIT sold).

The base fee and performance fee may be in the forms of cash, new units or a combination thereof, such proportion which may be varied at the discretion of the Manager. The Manager's fee is fully paid in cash since FY2017.

Base and performance fees were discussed in Note A8a) above. In 1Q2022, there was acquisition fee of RM0.3 million paid to the Manager for the acquisition of Kompleks Dato' Shaari Jihin, which was capitalised as part of the acquisition cost of investment properties.

**B9. Trustee's Fees**

Pursuant to the Deed constituting Sunway REIT, the fee payable to the Trustee is up to 0.015% per annum of the net asset value of Sunway REIT, subject to a maximum of RM700,000 per annum and is calculated on a monthly accrual basis based on a year of 12 months.

The trustee of SUNREIT Capital Berhad, PB Trustee Services Berhad, is entitled to receive a predetermined annual fixed fee.

The trustee of SUNREIT Unrated Bond Berhad, AmanahRaya Trustees Berhad, is entitled to receive a predetermined annual fixed fee.

The trustee of SUNREIT Perpetual Bond Berhad, Pacific Trustees Berhad, is entitled to receive a predetermined annual fixed fee.

The trustee's fees for current / cumulative quarter ended 31 March 2022 was RM0.2 million in line with preceding year corresponding quarter.

**B10. Status of Corporate Proposals**

There was no corporate proposal that has been announced but not completed as at the date of this report.

**B11. Status of Utilisation of Proceeds**

As at 31 March 2022, the status of utilisation of the gross proceeds from the private placement was as follows:

<b>Proposed utilisation</b>	<b>Proposed amount for utilisation</b>	<b>Actual utilisation</b>	<b>Balance unutilised</b>	<b>Estimated timeframe for utilisation upon listing on 28 October 2020</b>
	<b>RM'million</b>	<b>RM'million</b>	<b>RM'million</b>	
Settlement of balance purchase consideration of The Pinnacle Sunway	405.0	405.0	-	Immediately
Capital expenditure for expansion of Sunway Carnival Shopping Mall	295.4	256.3	39.1	Within 36 months
Defray estimated expenses for the Proposals	9.6	9.6	-	Immediately
	<b>710.0</b>	<b>670.9</b>	<b>39.1</b>	

**B12. 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").

## B12. Material Litigation (Cont'd)

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.

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.

On 22 February 2022, during the hearing of Metroplex's application for directions for the conduct of assessment of damages before the High Court, the High Court gave the necessary directions for the hearing of the assessment of damages and fixed the trial for the said assessment from 3rd to 6th October 2022. At this stage, the financial impact cannot be determined pending the outcome of the said assessment proceedings.

## B13. Soft Commission

There was no soft commission received by the Manager and/or its delegate during the period under review from broker or dealer by virtue of transactions conducted for Sunway REIT.

## B14. Summary of EPU, DPU, NAV and Market Price

	Current Quarter ended 31.03.2022	Immediate Preceding Quarter ended 31.12.2021	Change %
Number of units in issue (units)	3,424,807,700	3,424,807,700	0.0%
Realised net income (RM'000)	88,032	72,663	21.2%
Realised earnings per unit (EPU) (sen)	2.43	2.01	20.9%
Income distribution (RM'000) <sup>1</sup>	-	95,895	-100.0%
Distribution per unit (sen) <sup>1</sup>	-	2.80	-100.0%
Net Asset Value (NAV) attributable to unitholders (After income distribution) (RM'000) <sup>2</sup>	5,046,955	5,029,598	0.3%
NAV per unit (After income distribution) (RM) <sup>2</sup>	1.4736	1.4686	0.3%
Market price per unit (RM)	1.41	1.41	0.0%

<sup>1</sup> Income distribution of Sunway REIT is on a semi-annual basis, for each six-month period ending 30 June and 31 December.

<sup>2</sup> After distributable income for 1Q2022 of 2.43 sen per unit is assumed for income distribution(31 December 2021: final income distribution of 2.80 sen per unit for semi-annual period ended 31 December 2021).

## B15. Income Distribution

Please refer to Statement of Income Distribution and Note A12 for details.

**B16. Disclosure of Nature of Outstanding Derivative Financial Instruments**

Derivative financial instruments are recognised in the financial statements in accordance with MFRS 9: *Financial Instruments*.

Type of Derivatives	Contract/Notional Value		Fair Value at Reporting Date Derivative Asset	
	As at 31.03.2022	As at 31.12.2021	As at 31.03.2022	As at 31.12.2021
	RM'000	RM'000	RM'000	RM'000
<b>Cross currency swap (CCS)</b> - Less than 1 year	292,552	384,893	11,970	11,188

Sunway REIT entered into CCS contract to manage its exposure in foreign currency risk arising from borrowings in AUD as disclosed Note A15 above. Sunway REIT uses 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 recognized directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the income statement. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the income statement.

The fair value of the CCS recognised in the statement of comprehensive income for 1Q2022 was a gain of RM13.5 million. The gain recognised in the current quarter comprised fair value gain of the CCS which has matured in February 2022 of RM1.5 million and fair value gain of the new CCS entered from February 2022 of RM12.0 million, where the latter has been reflected as a derivative asset on the balance sheet as at 31 March 2022.

**B17. Risks and Policies of Derivatives**

The derivatives of the Group comprises CCS contract as mentioned in Note B16.

The overall risks and policies relating to the management of derivative financial instrument are similar to those disclosed in the audited financial statements for the financial period ended 31 December 2021.

**B18. Disclosure of Gains / Losses Arising from Fair Value Changes of Financial Liabilities**

Please refer to Note A10 for details.

**B19. Directors' Declaration**

In the opinion of the Manager, this quarterly report has been prepared in accordance with MFRS 134: *Interim Financial Reporting* and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Sunway REIT as at 31 March 2022 and of its financial performance and cash flows for the period ended on that date and duly authorised for release by the Board of the Manager on 18 May 2022.

**BY ORDER OF THE BOARD**

**Sunway REIT Management Sdn. Bhd.**  
**(As Manager for Sunway Real Estate Investment Trust)**

**Tan Kim Aun**  
**Lee Chun Shian**  
**Company Secretaries**

**Bandar Sunway**  
**Date: 18 May 2022**