

**SUNWAY REAL ESTATE INVESTMENT TRUST  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Second Quarter ended			Cumulative Quarter ended		
	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Rental income	149,453	136,014	9.9%	298,403	271,625	9.9%
Other operating income	6,345	3,486	82.0%	12,747	11,616	9.7%
<b>Gross revenue</b>	<b>155,798</b>	<b>139,500</b>	<b>11.7%</b>	<b>311,150</b>	<b>283,241</b>	<b>9.9%</b>
Quit rent, assessment and insurance	(3,778)	(3,279)	15.2%	(7,392)	(6,668)	10.9%
Other property operating expenses	(35,397)	(31,996)	10.6%	(68,064)	(61,834)	10.1%
<b>Property operating expenses</b>	<b>(39,175)</b>	<b>(35,275)</b>	<b>11.1%</b>	<b>(75,456)</b>	<b>(68,502)</b>	<b>10.2%</b>
<b>Net property income</b>	<b>116,623</b>	<b>104,225</b>	<b>11.9%</b>	<b>235,694</b>	<b>214,739</b>	<b>9.8%</b>
Interest income	1,702	1,465	16.2%	2,734	3,659	-25.3%
Other income	59	17	> 100%	150	42	> 100%
Net investment income	118,384	105,707	12.0%	238,578	218,440	9.2%
Manager's fees	(9,793)	(8,838)	10.8%	(19,621)	(17,858)	9.9%
Trustee's fees	(170)	(166)	2.4%	(339)	(332)	2.1%
Other trust expenses	(734)	(955)	-23.1%	(1,762)	(1,864)	-5.5%
Finance costs	(30,485)	(29,303)	4.0%	(60,830)	(58,932)	3.2%
	(41,182)	(39,262)	4.9%	(82,552)	(78,986)	4.5%
<b>Profit before tax</b>	<b>77,202</b>	<b>66,445</b>	<b>16.2%</b>	<b>156,026</b>	<b>139,454</b>	<b>11.9%</b>
Income tax expense	-	-	N/A	-	-	N/A
<b>Profit for the period</b>	<b>77,202</b>	<b>66,445</b>	<b>16.2%</b>	<b>156,026</b>	<b>139,454</b>	<b>11.9%</b>
Profit for the period comprises the following:						
Realised						
- Unitholders	72,145	66,426	8.6%	145,874	139,410	4.6%
- Perpetual note holders	5,014	-	N/A	10,027	-	N/A
	77,159	66,426	16.2%	155,901	139,410	11.8%
Unrealised	43	19	> 100%	125	44	> 100%
	77,202	66,445	16.2%	156,026	139,454	11.9%
Basic earnings per unit attributable to unitholders (sen):						
Realised	2.45	2.25	8.9%	4.95	4.73	4.7%
Unrealised	-	-	N/A	-	-	N/A
	2.45	2.25	8.9%	4.95	4.73	4.7%
<b>Proposed/declared distribution per unit (sen)</b>	<b>2.45</b>	<b>2.25</b>	<b>8.9%</b>	<b>4.95</b>	<b>4.73</b>	<b>4.7%</b>

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

SUNWAY REAL ESTATE INVESTMENT TRUST  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	Second Quarter ended			Cumulative Quarter ended		
	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Profit for the period</b>	<b>77,202</b>	<b>66,445</b>	<b>16.2%</b>	<b>156,026</b>	<b>139,454</b>	<b>11.9%</b>
<b>Other comprehensive income</b>						
Cash flow hedge - fair value of derivative <sup>1</sup>	6,098	(11,138)	> -100%	(4,710)	(1,917)	> 100%
Cash flow hedge reserve recycled to profit or loss <sup>2</sup>	(5,198)	11,385	> -100%	4,184	2,235	87.2%
<b>Total comprehensive income for the period</b>	<b>78,102</b>	<b>66,692</b>	<b>17.1%</b>	<b>155,500</b>	<b>139,772</b>	<b>11.3%</b>

<sup>1</sup> Please refer to Note B15 for details.

<sup>2</sup> Please refer to Note A16 for details.

STATEMENT OF INCOME DISTRIBUTION

	Second Quarter ended			Cumulative Quarter ended		
	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Rental income	149,453	136,014	9.9%	298,403	271,625	9.9%
Interest income	1,702	1,465	16.2%	2,734	3,659	-25.3%
Other income *	6,361	3,484	82.6%	12,772	11,614	10.0%
	157,516	140,963	11.7%	313,909	286,898	9.4%
Less: Expenses	(80,357)	(74,537)	7.8%	(158,008)	(147,488)	7.1%
Realised income for the period	77,159	66,426	16.2%	155,901	139,410	11.8%
Less: Amount reserved for distribution to perpetual note holders	(5,014)	-	N/A	(10,027)	-	N/A
Realised income attributable to unitholders	72,145	66,426	8.6%	145,874	139,410	4.6%
Add: Previous period's undistributed realised income	555	496	11.9%	453	550	-17.6%
Total income available for distribution	72,700	66,922	8.6%	146,327	139,960	4.5%
Less: Proposed / declared income distribution to unitholders	(72,154)	(66,264)	8.9%	(145,781)	(139,302)	4.7%
Balance undistributed realised income	546	658	-17.1%	546	658	-17.1%
<b>Distribution per unit (sen)</b>	<b>2.45</b>	<b>2.25</b>	<b>8.9%</b>	<b>4.95</b>	<b>4.73</b>	<b>4.7%</b>

\* Included in other income above is other operating income

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

**SUNWAY REAL ESTATE INVESTMENT TRUST  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)**

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

	Current Quarter ended <b>31.12.2019</b>	Immediate Preceding Quarter ended <b>30.09.2019</b>	<b>Change</b>
	RM'000	RM'000	%
Rental income	149,453	148,950	0.3%
Other operating income	6,345	6,402	-0.9%
<b>Gross revenue</b>	<b>155,798</b>	<b>155,352</b>	<b>0.3%</b>
Quit rent, assessment and insurance	(3,778)	(3,614)	4.5%
Other property operating expenses	(35,397)	(32,667)	8.4%
<b>Property operating expenses</b>	<b>(39,175)</b>	<b>(36,281)</b>	<b>8.0%</b>
<b>Net property income</b>	<b>116,623</b>	<b>119,071</b>	<b>-2.1%</b>
Interest income	1,702	1,032	64.9%
Other income	59	91	-35.2%
Net investment income	118,384	120,194	-1.5%
Manager's fees	(9,793)	(9,828)	-0.4%
Trustee's fees	(170)	(169)	0.6%
Other trust expenses	(734)	(1,028)	-28.6%
Finance costs	(30,485)	(30,345)	0.5%
	(41,182)	(41,370)	-0.5%
<b>Profit before tax</b>	<b>77,202</b>	<b>78,824</b>	<b>-2.1%</b>
Income tax expense	-	-	N/A
<b>Profit for the period</b>	<b>77,202</b>	<b>78,824</b>	<b>-2.1%</b>
Profit for the period comprises the following:			
Realised			
- Unitholders	72,145	73,729	-2.1%
- Perpetual note holders	5,014	5,013	0.0%
	77,159	78,742	-2.0%
Unrealised	43	82	-47.6%
	77,202	78,824	-2.1%
Basic earnings per unit attributable to unitholders (sen):			
Realised	2.45	2.50	-2.0%
Unrealised	-	-	N/A
	2.45	2.50	-2.0%

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

SUNWAY REAL ESTATE INVESTMENT TRUST  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)

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

	Current Quarter ended 31.12.2019	Immediate Preceding Quarter ended 30.09.2019	Change
	RM'000	RM'000	%
<b>Profit for the period</b>	<b>77,202</b>	<b>78,824</b>	<b>-2.1%</b>
<b>Other comprehensive income</b>			
Cash flow hedge - fair value of derivative	6,098	(10,808)	> -100%
Cash flow hedge reserve recycled to profit or loss	(5,198)	9,382	> -100%
<b>Total comprehensive income for the period</b>	<b>78,102</b>	<b>77,398</b>	<b>0.9%</b>

STATEMENT OF INCOME DISTRIBUTION

	Current Quarter ended 31.12.2019	Immediate Preceding Quarter ended 30.09.2019	Change
	RM'000	RM'000	%
Rental income	149,453	148,950	0.3%
Interest income	1,702	1,032	64.9%
Other income *	6,361	6,411	-0.8%
	157,516	156,393	0.7%
Less: Expenses	(80,357)	(77,651)	3.5%
Realised income for the period	77,159	78,742	-2.0%
Less: Amount reserved for distribution to perpetual note holders	(5,014)	(5,013)	0.0%
Realised income attributable to unitholders	72,145	73,729	-2.1%
Add: Previous period's undistributed realised income	555	453	22.5%
Total income available for distribution	72,700	74,182	-2.0%
Less: Proposed / declared income distribution to unitholders	(72,154)	(73,627)	-2.0%
Balance undistributed realised income	546	555	-1.7%
<b>Distribution per unit (sen)</b>	<b>2.45</b>	<b>2.50</b>	<b>-2.0%</b>

\* Included in other income above is other operating income

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

**SUNWAY REAL ESTATE INVESTMENT TRUST  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As At 31.12.2019 (Unaudited)</b>	<b>As At 30.06.2019 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties	8,083,799	8,047,410
Plant and equipment	12,994	12,517
	<u>8,096,793</u>	<u>8,059,927</u>
<b>Current assets</b>		
Trade receivables	23,235	19,380
Other receivables	17,574	11,473
Short term investment	99,770	-
Cash and bank balances	76,118	67,258
	<u>216,697</u>	<u>98,111</u>
<b>Total assets</b>	<b>8,313,490</b>	<b>8,158,038</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Unitholders' capital	2,727,829	2,727,829
Undistributed income	1,733,708	1,729,010
Total Unitholders' funds	4,461,537	4,456,839
Perpetual note holders' funds	339,717	339,717
Total equity	<u>4,801,254</u>	<u>4,796,556</u>
<b>Non-current liabilities</b>		
Long term liabilities	80,626	77,018
Deferred tax liability	14,841	14,841
	<u>95,467</u>	<u>91,859</u>
<b>Current liabilities</b>		
Borrowings	3,226,352	3,090,793
Trade payables	4,824	3,057
Other payables	179,750	174,640
Derivatives	5,843	1,133
	<u>3,416,769</u>	<u>3,269,623</u>
Total liabilities	<u>3,512,236</u>	<u>3,361,482</u>
<b>Total equity and liabilities</b>	<b>8,313,490</b>	<b>8,158,038</b>
Units in circulation ('000 units)	2,945,078	2,945,078
<b>Net Asset Value ("NAV") attributable to unitholders:</b>		
Before income distribution	4,461,537	4,456,839
After income distribution	4,389,383	4,389,691
<b>NAV per unit attributable to unitholders (RM):</b>		
Before income distribution <sup>1</sup>	1.5149	1.5133
After income distribution <sup>2</sup>	1.4904	1.4905

<sup>1</sup> Before the 2Q2020 proposed income distribution of 2.45 sen per unit (4Q2019: 2.28 sen per unit).

<sup>2</sup> After the 2Q2020 proposed income distribution of 2.45 sen per unit (4Q2019: 2.28 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  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital	<---- Undistributed Income ----> Realised	Unrealised	Total Unitholders' Funds	Perpetual Note Holders' Funds	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 July 2019</b>	2,727,829	(11)	1,729,021	4,456,839	339,717	4,796,556
<b>Total comprehensive income</b>						
Profit for the period	-	155,901	125	156,026	-	156,026
Other comprehensive income:						
- Cash flow hedge - fair value of derivative	-	-	(4,710)	(4,710)	-	(4,710)
- Cash flow hedge reserve recycled to profit or loss	-	-	4,184	4,184	-	4,184
Total comprehensive income, representing the increase in net assets resulting from operations	2,727,829	155,890	1,728,620	4,612,339	339,717	4,952,056
<b>Unitholders' Transactions</b>						
Distribution to unitholders:						
- Income distribution declared and paid in current period	-	(73,627)	-	(73,627)	-	(73,627)
- Income distribution proposed in prior year but paid in current period	-	(67,148)	-	(67,148)	-	(67,148)
Decrease in net assets resulting from unitholders' transactions	-	(140,775)	-	(140,775)	-	(140,775)
<b>Perpetual Note Holders' Transactions</b>						
Amount reserved and distribution paid to perpetual note holders	-	(10,027)	-	(10,027)	-	(10,027)
Decrease in net assets resulting from perpetual note holders' transactions	-	(10,027)	-	(10,027)	-	(10,027)
<b>As at 31 December 2019 (Unaudited)</b>	2,727,829	5,088	1,728,620	4,461,537	339,717	4,801,254

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  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)

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

	Unitholders' Capital	<---- Undistributed Income ----> Realised	Unrealised	Total Unitholders' Funds	Perpetual Note Holders' Funds	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 July 2018</b>	2,727,829	(3,743)	1,629,150	4,353,236	-	4,353,236
<b>Total comprehensive income</b>						
Profit for the financial year	-	286,477	99,896	386,373	-	386,373
Other comprehensive income:						
- Cash flow hedge - fair value of derivative	-	-	(6,513)	(6,513)	-	(6,513)
- Cash flow hedge reserve recycled to profit or loss	-	-	6,488	6,488	-	6,488
Total comprehensive income, representing the increase in net assets resulting from operations	2,727,829	282,734	1,729,021	4,739,584	-	4,739,584
<b>Unitholders' Transactions</b>						
Distribution to unitholders:						
- Income distribution declared and paid in current year	-	(215,285)	-	(215,285)	-	(215,285)
- Income distribution proposed in prior year but paid in current year	-	(63,319)	-	(63,319)	-	(63,319)
Decrease in net assets resulting from unitholders' transactions	-	(278,604)	-	(278,604)	-	(278,604)
<b>Perpetual Note Holders' Transactions</b>						
Issuance of perpetual note (net of transaction costs)	-	-	-	-	339,717	339,717
Amount reserved for distribution to perpetual note holders	-	(4,141)	-	(4,141)	-	(4,141)
Increase in net assets resulting from perpetual note holders' transactions	-	(4,141)	-	(4,141)	339,717	335,576
<b>As at 30 June 2019 (Audited)</b>	2,727,829	(11)	1,729,021	4,456,839	339,717	4,796,556

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**  
**FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Cumulative Quarter ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	324,645	297,685
Refundable security deposits from customers	2,357	1,250
Cash paid for operating expenses	(122,190)	(135,801)
Net cash from operating activities	204,812	163,134
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(1,511)	(681)
Deposit for acquisition of investment property	-	(55,000)
Subsequent expenditure of investment properties	(31,783)	(66,032)
Investment in short term money market instrument	(450,000)	(455,000)
Redemption of short term money market instrument	350,000	585,000
Net cash flows to licensed financial institutions with maturity of over 3 months	(23,000)	-
Interest received	3,119	2,858
Net cash (used in)/from investing activities	(153,175)	11,145
<b>Cash flows from financing activities</b>		
Proceeds from issuance of commercial papers	560,000	301,000
Proceeds from issuance of unrated medium term notes	400,000	-
Drawdown of revolving loans	9,110,000	9,213,600
Repayment of commercial papers	(420,000)	(301,000)
Repayment of unrated medium term notes	(400,000)	(300,000)
Repayment of revolving loans	(9,110,000)	(8,894,400)
Interest paid	(55,030)	(51,771)
Distribution paid to unitholders	(140,775)	(136,357)
Distribution paid to perpetual note holders	(9,972)	-
Net cash used in financing activities	(65,777)	(168,928)
Net (decrease)/increase in cash and cash equivalents	(14,140)	5,351
Cash and cash equivalents at beginning of year	47,258	57,559
Cash and cash equivalents at end of period	33,118	62,910
Cash and bank balances	76,118	62,910
Deposits with licensed financial institutions with maturity of over 3 months	(43,000)	-
Cash and cash equivalents	33,118	62,910
Cash and bank balances at end of period comprise:		
Cash on hand and at banks	26,118	27,910
Deposits placed with licensed financial institutions	50,000	35,000
Cash and bank balances	76,118	62,910

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  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (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 December 2019 have been prepared in accordance with MFRS 134: *Interim Financial Reporting*, paragraph 9.44 of the Main Market Listing Requirements of the 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 year ended 30 June 2019 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The audited financial statements of the Group for the financial year ended 30 June 2019 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 year ended 30 June 2019, except for the adoption of the following new MFRSs, amendments to MFRSs and IC interpretation that are effective for annual periods beginning on or after 1 January 2019:

MFRS 16 *Leases*  
IC Interpretation 23 *Uncertainty over Income Tax Treatments*  
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*  
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*  
Annual Improvements to MFRS Standards 2015 - 2017 Cycle  
- Amendments to MFRS 3 *Business Combinations*  
- Amendments to MFRS 11 *Joint Arrangements*  
- Amendments to MFRS 112 *Income Taxes*  
- Amendments to MFRS 123 *Borrowings Costs*  
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*

The adoption of the above new MFRSs, amendments to MFRSs and IC interpretation do 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 year ended 30 June 2019.

**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 December 2019.

**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 and cumulative quarter ended 31 December 2019, except as disclosed in Note A16.

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

There was no change to Sunway REIT's fund size of 2,945.1 million for the current quarter and cumulative quarter ended 31 December 2019.

**SUNWAY REAL ESTATE INVESTMENT TRUST  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)**

**A8. Segmental Reporting**

Segmental revenue and results for the second quarter ended 31 December 2019 and 31 December 2018 are as follows:

Business segments	Second Quarter ended 31.12.2019						Second Quarter ended 31.12.2018					
	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>Revenue and results</b>												
Gross revenue	106,729	22,569	10,382	14,578	1,540	155,798	105,322	17,636	9,382	5,760	1,400	139,500
Net property income	74,015	21,031	5,459	14,578	1,540	116,623	75,985	15,936	5,144	5,760	1,400	104,225
Interest income						1,702						1,465
Other income						59						17
Trust and other expenses						(10,697)						(9,959)
Finance costs						(30,485)						(29,303)
Profit before tax						77,202						66,445
Income tax expense						-						-
Profit for the period						77,202						66,445

**SUNWAY REAL ESTATE INVESTMENT TRUST  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)**

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

Segmental revenue and results for the cumulative quarter ended 31 December 2019 and 31 December 2018 are as follows:

Business segments	Cumulative Quarter ended 31.12.2019						Cumulative Quarter ended 31.12.2018					
	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>Revenue and results</b>												
Gross revenue	212,258	46,219	20,504	29,090	3,079	311,150	210,263	40,203	18,455	11,520	2,800	283,241
Net property income	149,324	43,063	11,138	29,090	3,079	235,694	153,695	36,456	10,268	11,520	2,800	214,739
Interest income						2,734						3,659
Other income						150						42
Trust and other expenses						(21,722)						(20,054)
Finance costs						(60,830)						(58,932)
Profit before tax						156,026						139,454
Income tax expense						-						-
Profit for the period						156,026						139,454

**SUNWAY REAL ESTATE INVESTMENT TRUST  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)**

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

Segmental assets and liabilities as at 31 December 2019 and 30 June 2019 are as follows:

Business segments	As at 31.12.2019						As at 30.06.2019					
	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	4,961,048	1,691,960	485,101	900,960	96,540	8,135,609	4,927,476	1,698,472	487,652	895,987	95,000	8,104,587
Unallocated assets						177,881						53,451
Total assets						<u>8,313,490</u>						<u>8,158,038</u>
<b>Liabilities</b>												
Segment liabilities	196,281	18,815	10,298	4,973	1,540	231,907	190,107	25,389	11,604	-	-	227,100
Unallocated liabilities						3,280,329						3,134,382
Total liabilities						<u>3,512,236</u>						<u>3,361,482</u>

**SUNWAY REAL ESTATE INVESTMENT TRUST  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (UNAUDITED)**

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

Properties	Gross Revenue			Net Property Income			Gross Revenue			Net Property Income		
	Second Quarter ended			Second Quarter ended			Cumulative Quarter ended			Cumulative Quarter ended		
	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change
	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%
<b>Retail</b>												
Sunway Pyramid Shopping Mall	81,090	80,685	0.5%	60,074	62,513	-3.9%	161,518	161,014	0.3%	121,275	126,681	-4.3%
Sunway Carnival Shopping Mall	11,894	11,963	-0.6%	7,048	6,952	1.4%	23,584	23,257	1.4%	14,339	13,764	4.2%
SunCity Ipoh Hypermarket	1,100	1,100	0.0%	996	1,026	-2.9%	2,200	2,200	0.0%	2,021	2,076	-2.6%
Sunway Putra Mall	12,645	11,574	9.3%	5,897	5,494	7.3%	24,956	23,792	4.9%	11,689	11,174	4.6%
	106,729	105,322	1.3%	74,015	75,985	-2.6%	212,258	210,263	0.9%	149,324	153,695	-2.8%
<b>Hotel</b>												
Sunway Resort Hotel & Spa	7,727	3,708	> 100%	7,311	3,292	> 100%	14,832	7,735	91.8%	13,997	6,955	> 100%
Sunway Pyramid Hotel	4,214	4,328	-2.6%	4,040	4,151	-2.7%	8,945	8,870	0.8%	8,603	8,475	1.5%
Sunway Hotel Seberang Jaya	670	735	-8.8%	639	698	-8.5%	1,316	1,480	-11.1%	1,240	1,396	-11.2%
Sunway Putra Hotel	3,208	3,130	2.5%	2,876	2,961	-2.9%	6,620	6,473	2.3%	6,025	5,938	1.5%
Sunway Hotel Georgetown	1,038	1,262	-17.7%	991	1,216	-18.5%	2,214	2,715	-18.5%	2,117	2,617	-19.1%
Sunway Clio Property	5,712	4,473	27.7%	5,174	3,618	43.0%	12,292	12,930	-4.9%	11,081	11,075	0.1%
	22,569	17,636	28.0%	21,031	15,936	32.0%	46,219	40,203	15.0%	43,063	36,456	18.1%
<b>Office</b>												
Menara Sunway	4,552	4,251	7.1%	2,992	2,753	8.7%	9,045	8,494	6.5%	5,997	5,625	6.6%
Sunway Tower	1,023	686	49.1%	(239)	(348)	31.3%	1,945	1,435	35.5%	(361)	(255)	-41.6%
Sunway Putra Tower	3,110	2,761	12.6%	1,802	1,975	-8.8%	6,193	5,520	12.2%	3,780	3,579	5.6%
Wisma Sunway	1,697	1,684	0.8%	904	764	18.3%	3,321	3,006	10.5%	1,722	1,319	30.6%
	10,382	9,382	10.7%	5,459	5,144	6.1%	20,504	18,455	11.1%	11,138	10,268	8.5%
<b>Services</b>												
Sunway Medical Centre (Tower A & B)	5,962	5,760	3.5%	5,962	5,760	3.5%	11,923	11,520	3.5%	11,923	11,520	3.5%
Sunway university & college campus	8,616	-	N/A	8,616	-	N/A	17,167	-	N/A	17,167	-	N/A
	14,578	5,760	> 100%	14,578	5,760	> 100%	29,090	11,520	> 100%	29,090	11,520	> 100%
<b>Industrial &amp; Others</b>												
Sunway REIT Industrial - Shah Alam 1	1,540	1,400	10.0%	1,540	1,400	10.0%	3,079	2,800	10.0%	3,079	2,800	10.0%
	1,540	1,400	10.0%	1,540	1,400	10.0%	3,079	2,800	10.0%	3,079	2,800	10.0%
<b>TOTAL PORTFOLIO</b>	<b>155,798</b>	<b>139,500</b>	<b>11.7%</b>	<b>116,623</b>	<b>104,225</b>	<b>11.9%</b>	<b>311,150</b>	<b>283,241</b>	<b>9.9%</b>	<b>235,694</b>	<b>214,739</b>	<b>9.8%</b>

**SUNWAY REAL ESTATE INVESTMENT TRUST  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (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 Current Quarter Results**

Retail segment

The retail segment recorded gross revenue of RM106.7 million for the current quarter ended 31 December 2019 (2Q2020), an increase of 1.3% or RM1.4 million compared to the preceding year corresponding quarter (2Q2019), mainly contributed by Sunway Pyramid Shopping Mall and Sunway Putra Mall.

Sunway Pyramid Shopping Mall registered marginally higher gross revenue by RM0.4 million for 2Q2020 mainly due to higher average gross rent per sq. ft. contributed by better turnover rent in the current quarter. Gross revenue for Sunway Putra Mall was similarly higher in the current quarter by RM1.1 million compared to 2Q2019.

Property operating expenses of the retail segment for 2Q2020 was RM32.7 million, an increase of 11.5% or RM3.4 million compared to 2Q2019, mainly attributable to lower A&P and maintenance expenses in 2Q2019 for Sunway Pyramid Shopping Mall.

Correspondingly, net property income of the retail segment for 2Q2020 was RM74.0 million, lower by 2.6% or RM2.0 million compared to 2Q2019.

Hotel segment

The hotel segment registered gross revenue of RM22.6 million, higher by 28% or RM4.9 million compared to 2Q2019, with an improved overall average occupancy of 74% (2Q2019: 69%).

The cluster hotels in Sunway City (Sunway Resort Hotel & Spa, Sunway Pyramid Hotel and Sunway Clio Property) contributed gross revenue of RM17.6 million in the current quarter, higher by RM5.1 million, mainly due to the resumption of operation of the Grand Ballroom and Meeting Rooms in Sunway Resort Hotel & Spa which was closed for refurbishment from July 2018 up to November 2018 as well as provision for income guarantee recognised in the current quarter for Sunway Clio Property.

In Penang, Sunway Hotel Seberang Jaya registered marginal decrease in gross revenue by RM0.1 million and Sunway Hotel Georgetown reported a lower gross revenue by RM0.2 million for the same period due to decline in occupancy rate.

Net property income of the hotel segment for 2Q2020 was RM21.0 million, higher by 32% or RM5.1 million as compared to 2Q2019, for reasons similar to the above.

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 gross revenue represents the hotel lease rental income.

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

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

### **a) Review of Current Quarter Results (Cont'd)**

#### Office segment

Despite the continued challenging office market environment, the office segment recorded gross revenue of RM10.4 million for 2Q2020, an increase of 10.7% or RM1.0 million compared to 2Q2019, mainly contributed by improved performance from all office properties.

Menara Sunway, Sunway Putra Tower and Sunway Tower registered higher gross revenue by RM0.3 million respectively, on the back of higher average occupancy following commencement of new tenancies and renewal at higher rates. The revenue for Wisma Sunway is largely maintained.

Property operating expenses of the office segment for 2Q2020 was higher by 16.2% or RM0.7 million mainly due to vacancy allowance received in 2Q2019 for Sunway Putra Tower and higher A&P expense incurred for Sunway Tower.

Net property income of the office segment in 2Q2020 was RM5.4 million, higher by 6.1% or RM0.3 million compared to the preceding year corresponding quarter.

#### Services segment

The services segment recorded gross revenue and net property income of RM14.6 million in the current quarter from RM5.8 million in 2Q2019, mainly due to new contribution of RM8.6 million from Sunway university & college campus post completion of acquisition on 15 April 2019.

Sunway Medical Centre contributed RM6.0 million to gross revenue and net property income for 2Q2020, an increase of 3.5% in line with the rental reversion in accordance with the master lease agreement.

#### Industrial & Others segment

Contribution from Sunway REIT Industrial - Shah Alam 1 was RM1.5 million in the current quarter, an increase of 10%, due to rental reversion in accordance with the master lease agreement.

Note: Further details on the lease and rental structure of the above properties are available in Sunway REIT's Annual Report 2019.

#### Profit for the quarter

Interest income for 2Q2020 was marginally higher by RM0.2 million mainly due to higher deposits with financial institutions compared to 2Q2019.

Manager's fees was higher in 2Q2020 due to higher total asset value and net property income following the completion of the acquisition of Sunway university & college campus in 4Q2019.

Finance costs for 2Q2020 was RM30.5 million, higher by RM1.2 million, due to higher principal loan amount to fund acquisition and capital expenditure, despite lower average interest rate.

Net profit for 2Q2020 was RM77.2 million (2Q2019: RM66.4 million) mainly comprised of realised profit. Realised profit for 2Q2020 was higher by RM10.8 million in line with higher NPI of RM12.4 million, partially offset by higher manager's fees and higher finance costs.

### **b) Review of Cumulative Quarter Results**

#### Retail segment

The retail segment recorded gross revenue of RM212.3 million for the financial period ended 31 December 2019 (YTD 2Q2020), an increase of 0.9% or RM2.0 million compared to the preceding year cumulative corresponding financial period (YTD 2Q2019), contributed by Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Sunway Putra Mall.

Property operating expenses of the retail segment for YTD 2Q2020 was RM62.9 million, higher by 11.3% or RM6.4 million, due to lower A&P and maintenance expenses incurred in YTD 2Q 2019.

Correspondingly, net property income of the retail segment for YTD 2Q2020 was RM149.3 million, a decrease of 2.8% or RM4.4 million compared to YTD 2Q2019.

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

### **b) Review of Cumulative Quarter Results (Cont'd)**

#### Hotel segment

The hotel segment recorded YTD 2Q2020 gross revenue of RM46.2 million, higher by 15.0% or RM6.0 million, mainly contributed by Sunway Resort Hotel & Spa, Sunway Pyramid Hotel and Sunway Putra Hotel.

The cluster hotels in Sunway City (Sunway Resort Hotel & Spa, Sunway Pyramid Hotel and Sunway Clio Property) contributed gross revenue of RM36.1 million for YTD 2Q2020, compared to RM29.5 million for YTD 2Q2019, mainly due to disruption of income in Sunway Resort Hotel & Spa from the refurbishment of Grand Ballroom and Meeting Rooms during the same period last year.

Gross revenue for Sunway Putra Hotel was higher by RM0.1 million primarily due to improved average occupancy rate.

Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown reported a drop in gross revenue by RM0.2 million and RM0.5 million respectively due to lower average occupancy rate.

In overall, net property income of the hotel segment for YTD 2Q2020 was at RM43.1 million, higher by 18.1% or RM6.6 million.

#### Office segment

The office segment recorded gross revenue of RM20.5 million for YTD 2Q2020, an increase of 11.1% or RM2.0 million compared to YTD 2Q2019, mainly contributed by improved performance from all office properties, with commencement of new tenants, renewal at higher rental rate and expansion from existing tenant.

Property operating expenses of the office segment for YTD 2Q2020 was RM9.4 million, higher by 14.4% or RM1.2 million compared to YTD 2Q2019, due to vacancy allowance for assessment received by Sunway Putra Tower and Sunway Tower in YTD 2Q2019.

Correspondingly, net property income of the office segment for YTD 2Q2020 was RM11.1 million, higher by 8.5% or RM0.9 million.

#### Services segment

The gross revenue and net property income in services segment increased to RM29.1 million in the current financial period from RM11.5 million in YTD 2Q2019, due to contribution from Sunway university & college campus of RM17.2 million.

Sunway Medical Centre contributed RM11.9 million to gross revenue and net property income for YTD 2Q2020, an increase of 3.5% compared to YTD 2Q2019 due to the reason as mentioned in Note A8a).

#### Industrial and Others segment

Sunway REIT Industrial - Shah Alam 1 contributed RM3.1 million to gross revenue and net property income for YTD 2Q2020, an increase of 10.0% compared to YTD 2Q2019 due to the reason as mentioned in Note A8a).

#### Profit for the period

Interest income for YTD 2Q2020 was lower by RM0.9 million mainly due to higher investment in money market instrument in 1Q2019.

Manager's fees and finance costs for YTD 2Q2020 were increased by RM1.8 million and RM1.9 million respectively, mainly due to the reasons as explained in Note A8a).

Net profit for YTD 2Q2020 was RM156.0 million (YTD 2Q2019: RM139.5 million) mainly comprised of realised profit. Realised profit was higher by RM16.5 million primarily due to the reason mentioned in Note A8a).

## **A9. Seasonality of Operations**

The quarterly results were not materially affected by seasonal or cyclical factors except for the hotel segment, which will typically enjoy better performance from July to December due to higher leisure and business activities and year end corporate functions.



## A10. Profit Before Tax

Included in the profit before tax are the following items:

	Second Quarter ended		Cumulative Quarter ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Interest income	(1,702)	(1,465)	(2,734)	(3,659)
Net changes in fair value of long term liabilities	(43)	(21)	(125)	(41)
Unrealised foreign exchange loss/ (gain) (hedged item)	5,198	(535)	(4,184)	(2,235)
Cash flow hedge reserve recycled to profit or loss	(5,198)	535	4,184	2,235
Net changes in fair value of derivative financial instrument	-	2	-	(3)
Allowance/ (reversal) of impairment on trade receivables	339	(61)	470	438
Depreciation of plant and equipment	623	542	1,193	998

## A11. Income Tax Expense

### 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 will not incur any tax expense during the financial year as it will distribute approximately 100% of its realised income available for distribution for the financial year ended 30 June 2020 which translates to more than 90% of its total taxable income.

### Taxation of the Unitholders

Pursuant to Section 109D of the 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

For the quarter ended 31 December 2019, the Manager proposed an interim income distribution of approximately 100% of the realised distributable income amounting to RM72.2 million or 2.45 sen per unit, comprising taxable and non-taxable/tax exempt amount of 1.94 sen per unit and 0.51 sen per unit respectively.

The book closure and payment dates in respect of the proposed interim income distribution will be fixed on 28 February 2020 and 12 March 2020 respectively.

### A13. Investment Properties

	<b>As at</b> <b>31.12.2019</b> <b>RM'000</b>	<b>As at</b> <b>30.06.2019</b> <b>RM'000</b>
Investment properties	8,001,383	7,981,500
Investment property under construction	82,416	65,910
	<u>8,083,799</u>	<u>8,047,410</u>

Investment property under construction relates to the property development activities for the expansion of Sunway Carnival Shopping Mall which includes the land cost of RM17.2 million and the property development costs incurred to-date of RM65.2 million. Piling works were completed and the other structural works are on-going.

### A14. Valuation of Investment Properties

Investment properties are valued by independent registered valuers, Knight Frank Malaysia Sdn Bhd, Savills (Malaysia) Sdn Bhd and C H Williams Talhar & Wong Sdn Bhd. The difference between the valuation and the carrying amounts of the respective investment properties are charged or credited to the profit or loss for the period in which they arise. There was no valuation performed during the quarter under review.

### A15. Trade Receivables

	<b>As at</b> <b>31.12.2019</b> <b>RM'000</b>	<b>As at</b> <b>30.06.2019</b> <b>RM'000</b>
Third parties	21,288	15,232
Amount due from parties related to the Manager	5,097	6,840
	<u>26,385</u>	<u>22,072</u>
Less: Allowance for impairment	(3,150)	(2,692)
Total trade receivables	<u>23,235</u>	<u>19,380</u>

Trade receivables, before allowance for impairment, was higher by RM4.3 million as at 31 December 2019 mainly attributable to advance billings for lease income receivable amounting to RM6.5 million.

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

	<b>As at</b> <b>31.12.2019</b> <b>RM'000</b>	<b>As at</b> <b>30.06.2019</b> <b>RM'000</b>
Neither past due nor impaired	13,305	8,007
Past due but not impaired		
1 to 30 days	4,540	5,564
31 to 60 days	2,353	2,501
61 to 90 days	1,321	1,323
91 to 120 days	729	227
More than 120 days	987	1,758
	<u>9,930</u>	<u>11,373</u>
Impaired	3,150	2,692
	<u>26,385</u>	<u>22,072</u>

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</b> <b>31.12.2019</b> <b>RM'000</b>	<b>As at</b> <b>30.06.2019</b> <b>RM'000</b>
At beginning of financial year	2,692	2,271
Charge for the period/year	470	1,275
Written off	(12)	(854)
At end of financial period/year	<u>3,150</u>	<u>2,692</u>

## A16. Borrowings and Debt Securities

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
<u>Short term borrowings</u>		
Secured		
- Commercial paper	140,000	-
- Revolving loan (USD100 million)	387,099	394,565
- Unrated medium term notes	1,200,000	1,000,000
	<u>1,727,099</u>	<u>1,394,565</u>
Unsecured		
- Revolving loan	1,500,000	1,500,000
	<u>3,227,099</u>	<u>2,894,565</u>
Less: Discount on commercial paper	(293)	-
Less: Unamortised transaction costs	(454)	-
Total short term borrowings	<u>3,226,352</u>	<u>2,894,565</u>
Total borrowings	<u>3,226,352</u>	<u>2,894,565</u>

Other than the USD100 million revolving loan which is denominated in Australian Dollar ("AUD"), all the other borrowings of Sunway REIT is denominated in Ringgit Malaysia ("RM").

The USD100 million revolving loan was drawn in AUD135 million and has been fully hedged with a 1-year AUD-MYR cross currency swap ("CCS") contract at MYR notional value of RM392.31 million until May 2020 (31 December 2018: 6-month AUD-MYR CCS at MYR notional value of RM411.1 million) to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period.

The USD100 million revolving loan (in AUD135 million) was translated at an exchange rate of 2.8674 on 31 December 2019 (31 December 2018: 2.9227) with cumulative unrealised foreign exchange gain of RM5.2 million (31 December 2018: gain of RM16.5 million).

The unrealised foreign exchange reflected in the statement of comprehensive income for 2Q2020 and YTD 2Q2020 were loss of RM5.2 million (2Q2019: gain of RM11.4 million) and gain of RM4.2 million (YTD 2Q2019: gain of RM2.2 million) respectively.

The unamortised transaction costs of RM0.5 million as at 31 December 2019 relates to upfront expenses incurred for establishment of the 7-year CP Programme of up to RM3.0 billion commencing from April 2019.

Total borrowings stood at RM3.2 billion as at 31 December 2019, increased by RM332 million compared to 31 December 2018, mainly from the issuance of short-term commercial paper of RM140 million to fund planned capital expenditure during the period and issuance of short term unrated medium term notes of RM200 million to partially fund the acquisition of Sunway university & college campus in April 2019.

The weighted average interest rate of borrowings as at 31 December 2019 was 3.85% (31 December 2018: 4.03%) and the percentage proportion of debt that is based on fixed interest rate and floating interest rate was 43 : 57 (31 December 2018: 53 : 47).

## A17. 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.

**A17. 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 December 2019</b>				
<b>Financial asset</b>				
Investment properties	-	-	8,083,799	8,083,799
<b>Financial liability</b>				
Derivatives	-	(5,843)	-	(5,843)
<b>At 31 December 2018</b>				
<b>Financial asset</b>				
Investment properties	-	-	7,346,875	7,346,875
<b>Financial liability</b>				
Derivatives	-	(16,325)	-	(16,325)

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

**A18. Material Events**

There were no material events since the end of the last financial year ended 30 June 2019.

**A19. Material Events Subsequent to the end of the Current Quarter**

There were no material events subsequent to the quarter ended 31 December 2019.

**A20. Capital Commitments**

The amount of commitments for investment properties not provided for in the unaudited condensed consolidated financial statements as at 31 December 2019 were as follows:

	<b>As at 31.12.2019 RM'000</b>
Approved and contracted for	298,367
Approved but not contracted for	161,666
	<u>460,033</u>

The capital commitment approved and contracted for mainly relates to the on-going works for the expansion of Sunway Carnival Shopping Mall and the completed refurbishment of Sunway Resort Hotel & Spa's grand ballroom, meeting and function rooms.

The capital commitment approved but not contracted for mainly relates to future refurbishment of the existing Sunway Carnival Shopping Mall and proposed refurbishment works at Sunway Tower.

**A21. Contingent Liabilities and Assets**

There were no contingent liabilities or contingent assets as at 31 December 2019.

## A22. 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 December 2019 and 31 December 2018:

	Second Quarter ended		Cumulative Quarter ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
<u>(Sales to)/purchases from parties related to the Manager</u>				
(a) Sunway Berhad Group				
- Sales	(35,521)	(32,856)	(73,036)	(65,732)
- Purchases	28,128	52,047	54,988	87,546
(b) Sunway Technology Sdn. Bhd. Group ("STSB Group")				
- Sales	(191)	(138)	(268)	(277)
- Purchases	165	709	341	792
<u>Other transactions with parties related to the Manager</u>				
(a) Sunway Berhad Group				
- (Redemption) / Subscription of commercial paper	-	(120,000)	100,000	-
- Deposit for acquisition of investment property	-	55,000	-	55,000

The following table provides information on the balances with the parties related to the Manager as at 31 December 2019 and 30 June 2019:

	As at 31.12.2019 RM'000	As at 30.06.2019 RM'000
<u>Amount owed by parties related to the Manager:</u>		
(a) Sunway Berhad Group	5,097	7,564
<u>Amount owed to parties related to the Manager:</u>		
(a) Sunway Berhad Group	9,499	15,832

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

### **B1. Review of Performance**

#### **a) Statement of Comprehensive Income**

Explanatory comments are provided in Note A8.

#### **b) Statement of Financial Position**

Investment properties increased by RM36.4 million primarily attributable to on-going works for the expansion of Sunway Carnival Shopping Mall and refurbishment works at Sunway Pyramid Shopping Mall.

Net trade receivables increased by RM3.9 million, mainly due to the reason as explained in Note A15.

Other receivables was higher by RM6.1 million mainly due to accrual for income guarantee receivable for Sunway Clio Property amounting to RM5.5 million.

Short term investment relates to investment in money market instrument comprising 1-month commercial paper issued by Sunway Berhad, as disclosed in Note A22 above, at the nominal value of RM100.0 million less discount on CP of RM0.2 million.

The increase in cash and bank balances by RM8.9 million as at 31 December 2019 is explained in Note B1c).

## B1. Review of Performance (Cont'd)

### b) Statement of Financial Position (Cont'd)

Perpetual note holders' funds represent proceeds from an issuance of perpetual note of RM340 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.

Derivatives of RM5.8 million is in relation to AUD-MYR CCS contract for USD100 million revolving loan. Further details and movement of the derivatives are explained in Notes A16 and B15.

Total borrowings increased by RM135.6 million as at 31 December 2019 mainly due to the issuance of commercial paper of RM140.0 million for capital expenditure.

Total net asset value as at 31 December 2019 was RM4,801.3 million, comprise of unitholders' funds of RM4,461.5 million and perpetual note holders' funds of RM339.7 million.

Unitholders' funds was higher by RM4.7 million due to net realised profit for YTD 2Q2020 of RM5.1 million reduced by unrealised loss for RM0.4 million. The net realised profit was derived after deducting the distribution to unitholders of RM140.8 million and amount reserved for distribution to perpetual note holders of RM10.0 million from the realised profit of RM155.9 million.

Correspondingly, net asset value per unit as at 31 December 2019, before proposed income distribution for the current quarter, was higher at RM1.5149, compared to RM1.5133 as at 30 June 2019.

### c) Statement of Cash Flows

Net cash from operating activities for YTD 2Q2020 was RM204.8 million, higher by RM41.7 million compared to YTD 2Q2019, in line with the higher revenue for YTD 2Q2020 by RM27.9 million and lower cash paid for operating expenses by RM13.6 million.

Net cash used in investing activities for YTD 2Q2020 of RM153.2 million was largely due the investment in money market instrument of RM100.0 million, coupled with deposits placed with financial institutions.

Net cash used in financing activities for YTD 2Q2020 of RM65.8 million was largely for interest paid and income distribution to unitholders of RM55.0 million and RM140.8 million respectively, partially offset by net proceeds from borrowings amounting to RM140.0 million.

The cash and bank balances as at 31 December 2019 and 31 December 2018 stood at RM76.2 million and RM61.4 million respectively. The higher balance at the end of current period by RM14.7 million was mainly due to higher net cash from operating activities as explained 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 RM25.0 million for 2Q2020 and RM36.4 million for YTD 2Q2020, mainly for ongoing works for the expansion of Sunway Carnival Shopping Mall of RM8.4 million for 2Q2020 and RM16.5 for YTD 2Q2020, details as disclosed in Note A13.

## B3. Material Changes in Quarterly Results

	<b>Current Quarter ended 31.12.2019 RM'000</b>	<b>Immediate Preceding Quarter ended 30.09.2019 RM'000</b>	<b>Change %</b>
Realised profit	77,159	78,742	-2.0%
Unrealised profit	43	82	-47.6%
Profit for the quarter	77,202	78,824	-2.1%

Realised profit for 2Q2020 was lower by RM1.6 million compared to the immediate preceding quarter (1Q2020), mainly resulting from lower contribution from the retail, hotel and office segments, partially mitigated by higher interest income and lower other trust expenses.

## **B4. Commentary on Prospects**

Following 2 years of patchy global growth in CY2018 and CY2019, global economy is expected to be on firmer footing in CY2020, supported by stronger growth from emerging economies and synchronized accommodative monetary policy globally. In January, the International Monetary Fund (IMF) has tweaked its global growth forecast marginally to 2.9% in CY2019 (October 2019: 3.0%) and 3.3% (October 2019: 3.4%) in CY2020.

Whilst the United States and China have begun efforts to ease the trade war tension, indication is pointing towards higher tariff regime going forward which may potentially weigh down trades between the two giant economies. Meanwhile, Brexit may also potentially lead to uncertainties in global trades and China's economy is expected to continue to moderate to its lowest level. Notwithstanding that, rising geo-political tension may also cause disruption to global growth. Thus, downside risks to global growth will largely premise on global trade direction amidst risk of hard landing in China, although highly unlikely event for the latter.

The Malaysian economy moderated to 3.6% in 4Q CY2019 (3Q CY2019: 4.4%), primarily due to supply disruptions in the commodities sector. The domestic economy expanded by 4.3% in CY2019 (CY2018: 4.7%). Although, the Government maintained a growth projection of 4.8% for CY2020, this growth prospect will be reassessed and to be announced in the upcoming BNM's Annual Report 2019 to be published in March 2020, following the evaluation on the coronavirus outbreak and its impact on the economy.

Headline inflation averaged at 0.7% in CY2019. Inflation is expected to be modestly higher to 2.0% in CY2020 due to weakening of the Ringgit and recent monetary easing. The trajectory will be dependent on global oil commodity prices and impact from consumption tax policy changes.

The BNM has taken a pre-emptive measure and trimmed the Overnight Policy Rate (OPR) to 2.75% on 22 January 2020, cited that the easing of the monetary policy was to ensure improving growth trajectory amid price stability. Back in November 2019, the BNM has also lowered the Statutory Reserve Requirement (SRR) ratio from 3.50% to 3.00% to maintain sufficient liquidity in the domestic financial system. The Manager expects the monetary policy to remain accommodative in this financial year.

The Ministry of Economic Affairs is currently crafting a stimulus package for the tourism, retail and aviation industries following the coronavirus outbreak. The Government may also consider stimulus packages for the hospitality pending engagement with industry stakeholders.

The Manager expects DPU for FY2020 to be supported by full year income contribution from acquisition of Sunway university & college campus, stable contribution from all sectors and favorable interest rate environment. However, the Manager is cautious on the potential impact of the coronavirus outbreak on the performance of the hotel and retail segments in the event that the outbreak prolongs over a longer period of time.

The Manager is committed to distribute 100% of its distributable net income for FY2020.

### Review of retail market

The Retail Group Malaysia (RGM) has revised the retail sales growth forecast for the third time in CY2019 following a subdued retail sales growth of 1.8% in 3Q CY2019 and a bleak outlook for the last quarter of the year. 9M CY2019 retail sales growth moderated to 3.6%, versus 4.3% during the same period in the preceding year. Pursuant to that, the RGM revised the projection accordingly to 3.7% for CY2019, from earlier projection of 4.4%, and with an onward pick-up in growth to 4.6% in CY2020.

Consumers continued to brace through a belt tightening period due to less favourable finances and weak job outlook which weighed down on income expectation. The Consumer Sentiment Index (CSI) continued to slip for three consecutive quarters in 4Q CY2019, to its lowest level since 2Q CY2017 as income deteriorated. Consumer spending is expected to remain cautious and selective in CY2020.

The cumulative supply of retail space in the Klang Valley stood at 60.5 million sq.ft. as at 2H CY2019, with 6 retail malls totaling 2.23 million sq.ft. are slated to open in CY2020. In Selangor, Central Plaza@i-City, with a NLA of 940,000 sq.ft. opened its door in CY2019 which witnessed the maiden Sogo in Selangor.

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

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

The retail industry continues to evolve towards Omni-channel with emergence of O2O (Online-to-offline) trend such as Fashion Valet, Hema Supermarket, Taobao amongst others. Both online and offline will continue to co-exist to complement each other and reap the benefits of both channels over the long-term.

In today's context, retail malls is a social and lifestyle destination where it has expanded beyond "shopping". Retail mall operators continue to reinvent retail space into multi-functional space for the community, incorporating higher contents of food and beverages (F&B), entertainment with latest inclusion of co-working and co-making space. Malaysia continued to attract international brands with the latest addition of the maiden stores of Adidas Superstore, Ben & Jerry ice-cream, Off White, Lululemon, Gucci Beauty, Beauty in The Pot, amongst others.

The Manager is undertaking tenancy mix re-configuration which involves fit-out for several tenants as part of tenancy profile enhancement exercise to ensure the sustainability of the retail business amidst the dynamic retail market landscape. That said, the Manager is cautiously monitoring the development of the coronavirus outbreak which may have implication on the prospect for the retail segment for 2H FY2020 in the event that the outbreak prolongs over a longer period of time.

##### Review of hotel market

Tourist arrivals for the 9M CY2019 rose by 3.7% y-o-y to 20.12 million with a corresponding increase of tourist expenditure of 6.9% y-o-y to RM66.14 billion. Growth were mainly driven by higher arrivals from Indonesia (+14.5%), China (+5.7%), India (+23.2%), South Korea (+9.7%) and Saudi Arabia (+11.1%).

The Tourism, Art and Culture Malaysia has indicated that full year CY2019 tourist arrivals will come in at 27.0 million and tourist expenditure of RM90.0 billion, representing 95% of the target of 28.1 million tourists. In conjunction with Visit Malaysia 2020 (VM2020), the Ministry maintained a 30.0 million tourist arrivals target for CY2020.

Whilst advertising and promotional (A&P) activities are one of the main focus area in driving tourist arrivals under the VM2020, flight connectivity is vital in driving higher tourists traffic to Malaysia. The commencement of several airlines and charter flights services to Malaysia will be timely for VM2020.

The cumulative supply of hotel rooms in the Klang Valley stood at 209 hotels amounting to 59,674 rooms in CY2019. Over the next 3 years, a total of 35 new midscale to upscale hotels, totaling 13,827 rooms are coming on-stream.

The oversupply situation in the hospitality sector is expected to intensify on the back of new supply of hotel rooms in the pipeline coupled with the rapid growth of Airbnb in Malaysia. Malaysia is the fastest growing Airbnb market in Southeast Asia for 2 consecutive years. It is estimated that there are 59,000 listing of Airbnb in Malaysia.

With the spread of the SARS-like coronavirus, which first emerged in the central Chinese city of Wuhan, international tourist arrivals into the Asian region may likely be negatively impacted. This may indirectly dampen the demand for hotel rooms and MICE activities in Malaysia for the short-term. Despite the tough time surrounding the hospitality industry, the hotel operator is looking into strategic revenue management and cost containment to enhance profitability.

The Manager remains cautious on the prospect of the hotel segment's performance in FY2020 for the reasons mentioned above.

##### Review of office market

The supply of office space in the Klang Valley have increased to 111.9 million sq.ft. following the completion of purposed-built offices in CY2019. The supply of office space is estimated to increase by another 10.2 million sq.ft. in the next 3 years with 17 new purpose-built offices in the pipeline.

The office segment has undergone a correction period in the past few years on the back of an oversupply property market condition. This is exacerbated by moderation in the macro-economic landscape. Whilst the oversupply market condition persists, we observe that office market has interesting multi-faceted market dynamics and present selective pockets of opportunities.



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

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

Malaysia continues to improve in its ranking (improve from 15th to 12th) in the World Bank Doing Business 2020 report. The development of these mega projects is definitely good to enhance the profile of Malaysia in offering higher grade office buildings. This may in turn attract multinationals (MNCs) into the country due to the affordable rentals as well as overall cost of doing business in Malaysia.

Development of offices properties in transit oriented development (TOD) is expected to be well received due to the connectivity and convenience that the development offers. In a similar light, office properties located in integrated townships / development with captive market and strong business synergies are expected to be resilient.

In addition, decentralization, co-working and conversion of older office buildings into other use are ongoing trends to drive demand for office space in Malaysia.

The Manager expects the office segment within our portfolio to improve marginally in FY2020, largely attributable to higher occupancy of tenancies which commenced in the preceding financial year due to competitive pricing strategy.

#### B5. Investment Objectives

The Manager's key investment objective for Sunway REIT is to provide the unitholders with exposure to a diverse portfolio of authorised investments (pursuant to provisions of the trust deed) that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit and distribution per unit (DPU). The principal investment policy of Sunway REIT is to invest in retail, hospitality, office and other real estate assets, subject to the REIT Guidelines.

The Manager is confident in providing stable cash distributions going forward and will endeavour to grow the net asset value over a longer period of time. There was no change in the objectives during the period under review.

#### B6. Performance Benchmark

Performance indicators	Period ended 31.12.2019	Year ended 30.06.2019
a) Management expense ratio *	0.91%	0.86%
b) Total return *	2.7%	10.7%
c) Average annual total return (5 years) *	8.8%	10.8%
d) Distribution yield *	5.4%	5.1%
e) NAV per unit (after income distribution)(RM)	1.4904	1.4905

\* The performance indicators for the period ended 31 December 2019 was based on annualised results.

- a) The ratio of annualised trust expenses in operating Sunway REIT to the NAV of Sunway REIT.
- b) Total return represents the change in unit price from beginning of financial year plus annualised distribution yield for the year.
- c) 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.
- d) Based on annualised DPU of 9.82 sen divided by its closing price as at 31 December 2019 of RM1.82 (30 June 2019: DPU of 9.59 sen; closing price of RM1.87).
- e) NAV of Sunway REIT as determined by deducting the value of all Sunway REIT's liabilities from the total asset value, divided by total issued units.

#### B7. Strategies and Policies

The Manager's strategies can be broadly categorised as:

- a) active asset management strategy
- b) acquisition growth strategy
- c) capital and risk management strategy
- d) 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 Fee**

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

- a) Base fee of 0.3% per annum on the total assets value;
- b) 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;
- c) 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
- d) 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 Manager's fee shall be net of all applicable tax, 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 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.

Total Manager's fees for the current and cumulative quarter ended 31 December 2019 were higher compared to the preceding year corresponding period due to higher base and performance fees attributed largely to the acquisition of Sunway university & college campus in 4Q2019.

#### **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, net of all applicable taxes, duties and levies imposed by the relevant authorities in Malaysia, is calculated on a monthly accrual basis, based on a year of 12 months.

Total Trustee's fees for the current and cumulative quarter ended 31 December 2019 were in line with preceding year corresponding period.

#### **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. Material Litigation**

1. Sunway Putra (formerly known as Putra Place) - Claim for chattels and movable items - Assessment of damages  
(Kuala Lumpur High Court Civil Suit No. 22NCVC-523-09/2015)

Metroplex Holdings Sdn Bhd ("MHSB") had filed writ of summons and a statement of claim dated 28 September 2015 against the Trustee and the Manager, respectively, claiming for various chattels and movable items (e.g. furniture and office equipment, decorations, cutlery, kitchen equipment, bar equipment, concierge and reception tables, blinds and curtains) which were allegedly acquired and owned by MHSB but not removed by MHSB when the Manager took possession of the hotel at Sunway Putra on 27 September 2011. MHSB has in its statement of claim alleged that the various chattels and movable items were worth in excess of RM80 million as at September 2011.

The trial for liability took place on 5 and 6 June 2017. The decision of the High Court of Malaya at Kuala Lumpur was delivered on 3 November 2017, in favour of MHSB and costs of RM20,000.00 was awarded to MHSB.

The Trustee and Manager had filed a stay application for the trial for assessment of damages which was dismissed by the Court on 21 May 2018 with no order as to costs.

On 30 January 2019, MHSB's solicitors informed the learned Registrar that the Court of Appeal has reversed the High Court decision on 22 January 2019 and that they are awaiting instructions to file an application for leave to appeal to the Federal Court and to stay the Court of Appeal decision. The matter is fixed for further case management on 22 February 2019. On 22 February 2019, Metroplex has withdrawn the assessment with liberty to file afresh and with no order as to cost.

## B11. Material Litigation (Cont'd)

2. Sunway Putra (formerly known as Putra Place) - Appeal to the Court of Appeal against the decision of 3 November 2017 above  
Mahkamah Rayuan Sivil No. 1 - 02(NCVC)(W)-2284-11/2017  
Federal Court Leave to Appeal No. 08-53-02/2019(W)

The Trustee and the Manager filed an appeal to the Court of Appeal on liability on 6 November 2017. The trial for the appeal was held on 29 June 2018 but was adjourned to 3 September 2018.

On 3 September 2018, both counsels submitted their verbal submissions before the learned Court of Appeal judges. The learned judges requested for further written submissions to be submitted by both parties, and these were submitted on 18 September 2018.

The Court of Appeal had, on 22 January 2019, allowed the appeal by the Trustee and Manager, with costs of RM50,000.00. The High Court's earlier decision allowing Metroplex's claim on liability was set aside. Therefore, Metroplex's claim on the chattels has been dismissed.

Metroplex served LHAG with the Notice of Motion for leave to appeal on 21 February 2019. The hearing date for the leave to appeal was fixed on 28 August 2019 but was adjourned at the request of the Plaintiff. At case management on 30 August 2019, the Federal Court fixed the hearing date on 25 November 2019. The Federal Court granted leave to appeal on 1 out of the 4 proposed questions on which leave was sought. Further case management is fixed on 26 February 2020 pending Metroplex's filing of the Record of Appeal.

If the eventual outcome of this case is not in the Manager's favour, it would not have any impact on the distribution per unit and immaterial impact on the total asset value of Sunway REIT.

## B12. 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.

## B13. Summary of EPU, DPU, NAV and Market Price

	Current Quarter ended 31.12.2019	Immediate Preceding Quarter ended 30.09.2019	Change %
Number of units in issue (units)	2,945,078,000	2,945,078,000	0.0%
Realised net income (RM'000)	77,159	78,742	-2.0%
Realised earnings per unit (EPU) (sen)	2.45	2.50	-2.0%
Income distribution(RM'000)	72,154	73,627	-2.0%
Distribution per unit (DPU) (sen)	2.45	2.50	-2.0%
Net Asset Value (NAV) attributable to unitholders (After income distribution)	4,389,383	4,389,691	*
NAV per unit (After income distribution) (RM)	1.4904	1.4905	*
Market price per unit (RM)	1.82	1.87	-2.7%

\* Denotes < 0.01%

## B14. Income Distribution

Please refer to Note A12 for details.

**B15. 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 Liability	
	As at 31.12.2019	As at 30.06.2019	As at 31.12.2019	As at 30.06.2019
	RM'000	RM'000	RM'000	RM'000
<b>Cross currency swap</b> - Less than 1 year	392,310	392,310	(5,843)	(1,133)

Sunway REIT entered into a 1-year CCS contract to manage its exposure in foreign currency risk arising from borrowings in AUD. 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 2Q2020 and YTD 2Q2020 were a gain of RM6.1 million (2Q2019: loss of RM11.1 million) and loss of RM4.7 million (YTD 2Q2019: loss of RM1.9 million). The cumulative loss recognised for YTD 2Q2020 of RM4.7 million and the loss recognised in 4Q2019 of RM1.1 million have been reflected as a derivative liability of RM5.8 million in the balance sheet as at 31 December 2019.

**B16. Risks and Policies of Derivatives**

The derivatives of the Group comprises cross currency swap contract as mentioned in Note B15.

The overall risks and policies relating to the management of derivative financial instrument are similar to those disclosed in the annual financial statements for the financial year ended 30 June 2019.

**B17. Disclosure of Gains/Losses Arising from Fair Value Changes of Financial Liabilities**

Please refer to Note A10 for details.

**B18. 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 December 2019 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 13 February 2020.

**BY ORDER OF THE BOARD**

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

**Tan Kim Aun**  
**Ong Wei Leng**  
Company Secretaries

**Bandar Sunway**  
Date: 13 February 2020