

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)**

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

	Note	Fourth Quarter ended			Cumulative Quarter ended		
		31.12.2023	31.12.2022	Change	31.12.2023	31.12.2022	Change
		RM'000	RM'000	%	RM'000	RM'000	%
Rental and lease income							
- Realised		175,506	171,180	2.5%	689,239	619,541	11.2%
- Unrealised (in relation to unbilled lease income receivable) <sup>1</sup>		11,141	11,985	-7.0%	11,141	11,985	-7.0%
Other operating income		3,874	3,567	8.6%	15,309	19,920	-23.1%
<b>Revenue</b>		<b>190,521</b>	<b>186,732</b>	<b>2.0%</b>	<b>715,689</b>	<b>651,446</b>	<b>9.9%</b>
Quit rent, assessment and insurance		(4,392)	(4,456)	-1.4%	(17,464)	(15,836)	10.3%
Other property operating expenses		(50,472)	(36,088)	39.9%	(171,328)	(135,372)	26.6%
<b>Property operating expenses</b>		<b>(54,864)</b>	<b>(40,544)</b>	<b>35.3%</b>	<b>(188,792)</b>	<b>(151,208)</b>	<b>24.9%</b>
<b>Net property income</b>		<b>135,657</b>	<b>146,188</b>	<b>-7.2%</b>	<b>526,897</b>	<b>500,238</b>	<b>5.3%</b>
Interest income		5,053	1,232	> 100%	9,894	4,755	> 100%
Other income		64	29	> 100%	397	100	> 100%
Changes in fair value of investment properties							
- As per valuation reports	A14	505	(91,269)	> 100%	505	(73,001)	> 100%
- As per SPA for non-current asset held for sale		-	60,000	-100.0%	-	60,000	-100.0%
- Unbilled lease income receivable <sup>1</sup>		(11,141)	(11,985)	-7.0%	(11,141)	(11,985)	-7.0%
Net investment income		130,138	104,195	24.9%	526,552	480,107	9.7%
Manager's fees	B8	(11,107)	(11,089)	0.2%	(43,934)	(42,388)	3.6%
Trustee's fees	B9	(186)	(189)	-1.6%	(770)	(770)	0.0%
Other trust expenses		(1,349)	(2,497)	-46.0%	(3,343)	(4,024)	-16.9%
Finance costs		(38,561)	(30,281)	27.3%	(138,949)	(100,050)	38.9%
		(51,203)	(44,056)	16.2%	(186,996)	(147,232)	27.0%
<b>Profit before tax</b>	A10	<b>78,935</b>	<b>60,139</b>	<b>31.3%</b>	<b>339,556</b>	<b>332,875</b>	<b>2.0%</b>
Tax expenses	A11	(1,365)	(9,317)	-85.3%	(1,365)	(9,317)	-85.3%
<b>Profit for the period/year</b>		<b>77,570</b>	<b>50,822</b>	<b>52.6%</b>	<b>338,191</b>	<b>323,558</b>	<b>4.5%</b>
Profit for the period comprises the following:							
Realised							
- Unitholders		73,378	88,707	-17.3%	319,022	328,228	-2.8%
- Perpetual note holders		5,013	5,014	0.0%	19,889	19,890	0.0%
		78,391	93,721	-16.4%	338,911	348,118	-2.6%
Unrealised		(821)	(42,899)	-98.1%	(720)	(24,560)	-97.1%
		77,570	50,822	52.6%	338,191	323,558	4.5%
Basic earnings per unit attributable to unitholders (sen):							
Realised		2.14	2.58	-17.1%	9.32	9.58	-2.7%
Unrealised		(0.02)	(1.25)	-98.4%	(0.02)	(0.72)	-97.2%
		2.12	1.33	59.4%	9.30	8.86	5.0%
<b>Distributable income per unit (sen)<sup>2</sup></b>		<b>2.14</b>	<b>2.58</b>	<b>-17.1%</b>	<b>9.32</b>	<b>9.58</b>	<b>-2.7%</b>
<b>Distribution per unit (sen)</b>	A12	<b>4.68</b>	<b>5.00</b>	<b>-6.4%</b>	<b>9.30</b>	<b>9.22</b>	<b>0.9%</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.

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  
 FOURTH QUARTER ENDED 31 DECEMBER 2023  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)

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

	Fourth Quarter ended			Cumulative Quarter ended		
	31.12.2023	31.12.2022	Change	31.12.2023	31.12.2022	Change
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Profit for the period/year</b>	<b>77,570</b>	<b>50,822</b>	<b>52.6%</b>	<b>338,191</b>	<b>323,558</b>	<b>4.5%</b>
<b>Other comprehensive income:</b>						
Cash flow hedge - fair value of derivative <sup>1</sup>	(4,628)	(3,875)	19.4%	17,813	(4,069)	> 100%
Cash flow hedge reserve recycled to profit or loss	4,435	5,791	-23.4%	(18,548)	3,591	> -100%
<b>Total comprehensive income for the period/year</b>	<b>77,377</b>	<b>52,738</b>	<b>46.7%</b>	<b>337,456</b>	<b>323,080</b>	<b>4.4%</b>

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

STATEMENT OF INCOME DISTRIBUTION

	Note	Fourth Quarter ended			Cumulative Quarter ended		
		31.12.2023	31.12.2022	Change	31.12.2023	31.12.2022	Change
		RM'000	RM'000	%	RM'000	RM'000	%
Rental and lease income		175,506	171,180	2.5%	689,239	619,541	11.2%
Interest income		5,053	1,232	> 100%	9,894	4,755	> 100%
Other income <sup>2</sup>		3,899	5,909	-34.0%	15,566	22,262	-30.1%
		184,458	178,321	3.4%	714,699	646,558	10.5%
Less: Expenses		(106,067)	(84,600)	25.4%	(375,788)	(298,440)	25.9%
Realised income for the period/year		78,391	93,721	-16.4%	338,911	348,118	-2.6%
Less: Amount reserved for distribution to perpetual note holders		(5,013)	(5,014)	0.0%	(19,889)	(19,890)	0.0%
Realised income attributable to unitholders		73,378	88,707	-17.3%	319,022	328,228	-2.8%
Add: Brought forward undistributed realised income		130,218	125,333	3.9%	42,800	30,339	41.1%
Total income available for distribution		203,596	214,040	-4.9%	361,822	358,567	0.9%
Less: Proposed/Declared income distribution to unitholders		(160,281)	(171,240)	-6.4%	(318,507)	(315,767)	0.9%
Balance undistributed realised income		43,315	42,800	1.2%	43,315	42,800	1.2%
<b>Distribution per unit (sen)</b>	<b>A12</b>	<b>4.68</b>	<b>5.00</b>	<b>-6.4%</b>	<b>9.30</b>	<b>9.22</b>	<b>0.9%</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**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)**

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

	Note	Current	Immediate	Change
		Quarter ended 31.12.2023	Quarter ended 30.09.2023	
		RM'000	RM'000	%
Rental and lease income				
- Realised		175,506	172,211	1.9%
- Unrealised (in relation to unbilled lease income receivable) <sup>1</sup>		11,141	-	N/A
Other operating income		3,874	3,624	6.9%
<b>Revenue</b>		<b>190,521</b>	<b>175,835</b>	<b>8.4%</b>
Quit rent, assessment and insurance		(4,392)	(4,387)	0.1%
Other property operating expenses		(50,472)	(34,698)	45.5%
<b>Property operating expenses</b>		<b>(54,864)</b>	<b>(39,085)</b>	<b>40.4%</b>
<b>Net property income</b>		<b>135,657</b>	<b>136,750</b>	<b>-0.8%</b>
Interest income		5,053	1,542	> 100%
Other income		64	38	68.4%
Changes in fair value of investment properties				
- As per valuation reports		505	-	N/A
- Unbilled lease income receivable <sup>1</sup>		(11,141)	-	N/A
Net investment income		130,138	138,330	-5.9%
Manager's fees	B8	(11,107)	(11,162)	-0.5%
Trustee's fees	B9	(186)	(200)	-7.0%
Other trust expenses		(1,349)	(489)	> 100%
Finance costs		(38,561)	(34,507)	11.7%
		(51,203)	(46,358)	10.5%
<b>Profit before tax</b>	A10	<b>78,935</b>	<b>91,972</b>	<b>-14.2%</b>
Tax expenses	A11	(1,365)	-	N/A
<b>Profit for the period</b>		<b>77,570</b>	<b>91,972</b>	<b>-15.7%</b>
Profit for the period comprises the following:				
Realised				
- Unitholders		73,378	86,923	-15.6%
- Perpetual note holders		5,013	5,013	0.0%
		78,391	91,936	-14.7%
Unrealised		(821)	36	> -100%
		77,570	91,972	-15.7%
Basic earnings per unit attributable to unitholders (sen):				
Realised		2.14	2.54	-15.7%
Unrealised		(0.02)	-	N/A
		2.12	2.54	-16.5%
<b>Distributable income per unit (sen) <sup>2</sup></b>		<b>2.14</b>	<b>2.54</b>	<b>-15.7%</b>
<b>Distribution per unit (sen)</b>	A12	<b>4.68</b>	<b>-</b>	<b>N/A</b>

N/A - Not applicable

<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.

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**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)**

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

	Current	Immediate	Change
	Quarter ended 31.12.2023	Quarter ended 30.09.2023	
	RM'000	RM'000	%
<b>Profit for the period</b>	<b>77,570</b>	<b>91,972</b>	<b>-15.7%</b>
<b>Other comprehensive income:</b>			
Cash flow hedge - fair value of derivative <sup>1</sup>	(4,628)	691	> -100%
Cash flow hedge reserve recycled to profit or loss	4,435	(1,269)	> 100%
<b>Total comprehensive income for the period</b>	<b>77,377</b>	<b>91,394</b>	<b>-15.3%</b>

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

**STATEMENT OF INCOME DISTRIBUTION**

	Note	Current	Immediate	Change
		Quarter ended 31.12.2023	Quarter ended 30.09.2023	
		RM'000	RM'000	%
Rental and lease income		175,506	172,211	1.9%
Interest income		5,053	1,542	> 100%
Other income <sup>2</sup>		3,899	3,626	7.5%
		184,458	177,379	4.0%
Less: Expenses		(106,067)	(85,443)	24.1%
Realised income for the period		78,391	91,936	-14.7%
Less: Amount reserved for distribution to perpetual note holders		(5,013)	(5,013)	0.0%
Realised income attributable to unitholders		73,378	86,923	-15.6%
Add: Brought forward undistributed realised income		130,218	43,295	> 100%
Total income available for distribution		203,596	130,218	56.4%
Less: Proposed/Declared income distribution to unitholders		(160,281)	-	N/A
Balance undistributed realised income		43,315	130,218	-66.7%
<b>Distribution per unit (sen)</b>	<b>A12</b>	<b>4.68</b>	<b>-</b>	<b>N/A</b>

N/A - Not applicable

<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**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As At 31.12.2023 (Unaudited)	As At 31.12.2022 (Audited)
		RM'000	RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	A13	8,912,360	8,622,501
Investment properties - accrued lease income	A13	59,640	48,499
Plant and equipment		17,399	15,781
Right-of-use asset		720	795
		<u>8,990,119</u>	<u>8,687,576</u>
<b>Current assets</b>			
Trade receivables	A15	19,384	25,156
Other receivables		88,799	19,401
Derivatives	B16	15,016	-
Cash and bank balances		425,305	251,238
		<u>548,504</u>	<u>295,795</u>
Non-current asset held for sale		-	430,000
<b>Total assets</b>		<b>9,538,623</b>	<b>9,413,371</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Unitholders' capital		3,433,864	3,433,864
Undistributed income		1,742,498	1,754,397
Total unitholders' funds		5,176,362	5,188,261
Perpetual note holders' funds		339,717	339,717
Total equity		<u>5,516,079</u>	<u>5,527,978</u>
<b>Non-current liabilities</b>			
Borrowings	A16	2,000,000	1,900,000
Long term liabilities		101,697	84,964
Deferred tax liabilities		12,991	11,631
Lease liability		773	822
		<u>2,115,461</u>	<u>1,997,417</u>
<b>Current liabilities</b>			
Borrowings	A16	1,636,985	1,636,777
Trade payables		1,498	16,746
Other payables		268,552	218,027
Derivatives	B16	-	5,610
Deferred tax liabilities		-	10,777
Lease liability		48	39
		<u>1,907,083</u>	<u>1,887,976</u>
Total liabilities		<u>4,022,544</u>	<u>3,885,393</u>
<b>Total equity and liabilities</b>		<b>9,538,623</b>	<b>9,413,371</b>
Units in circulation ('000 units)		3,424,808	3,424,808
<b>Net Asset Value ("NAV") attributable to unitholders (RM'000):</b>			
Before income distribution		5,176,362	5,188,261
After income distribution <sup>1</sup>		5,016,081	5,017,021
<b>NAV per unit attributable to unitholders (RM):</b>			
Before income distribution		1.5114	1.5149
After income distribution <sup>1</sup>		1.4646	1.4649

<sup>1</sup> After proposed final income distribution of 4.68 sen per unit for semi-annual period ended 31 December 2023 (31 December 2022: final income distribution of 5.00 sen per unit for semi-annual period ended 31 December 2022).

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**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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 2023</b>	3,433,864	1,754,397	5,188,261	339,717	5,527,978
<b>Total comprehensive income</b>					
Profit for the year	-	338,191	338,191	-	338,191
Other comprehensive income:					
- Cash flow hedge - fair value of derivative	-	17,813	17,813	-	17,813
- Cash flow hedge reserve recycled to profit or loss	-	(18,548)	(18,548)	-	(18,548)
Total comprehensive income, representing the increase in net assets resulting from operations	-	337,456	337,456	-	337,456
<b>Unitholders' transactions</b>					
Distribution to unitholders:					
- Income distribution declared and paid in current year	-	(158,226)	(158,226)	-	(158,226)
- Income distribution proposed in prior year but paid in current year	-	(171,240)	(171,240)	-	(171,240)
Decrease in net assets resulting from unitholders' transactions	-	(329,466)	(329,466)	-	(329,466)
<b>Perpetual note holders' transactions</b>					
Amount reserved for distribution to perpetual note holders	-	(19,889)	(19,889)	-	(19,889)
Decrease in net assets resulting from perpetual note holders' transactions	-	(19,889)	(19,889)	-	(19,889)
<b>As at 31 December 2023 (Unaudited)</b>	<b>3,433,864</b>	<b>1,742,498</b>	<b>5,176,362</b>	<b>339,717</b>	<b>5,516,079</b>

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**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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 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 year	-	323,558	323,558	-	323,558
Other comprehensive income:					
- Cash flow hedge - fair value of derivative	-	(4,069)	(4,069)	-	(4,069)
- Cash flow hedge reserve recycled to profit or loss	-	3,591	3,591	-	3,591
Total comprehensive income, representing the increase in net assets resulting from operations	-	323,080	323,080	-	323,080
<b>Unitholders' transactions</b>					
Distribution to unitholders:					
- Income distribution declared and paid in current year	-	(144,527)	(144,527)	-	(144,527)
- 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	-	(240,422)	(240,422)	-	(240,422)
<b>Perpetual note holders' transactions</b>					
Amount reserved for distribution to perpetual note holders	-	(19,890)	(19,890)	-	(19,890)
Decrease in net assets resulting from perpetual note holders' transactions	-	(19,890)	(19,890)	-	(19,890)
<b>As at 31 December 2022 (Audited)</b>	<b>3,433,864</b>	<b>1,754,397</b>	<b>5,188,261</b>	<b>339,717</b>	<b>5,527,978</b>

The 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**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Cumulative Quarter ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	727,248	647,586
Refundable security deposits from customers	1,932	5,647
Cash paid for operating expenses	(283,562)	(218,246)
Net cash from operating activities	445,618	434,987
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(5,573)	(6,941)
Deposit for acquisition of investment properties	(56,503)	(16,405)
Deposit received for disposal of investment property	-	30,100
Balance payment for acquisition of investment properties	-	(84,735)
Balance proceeds from disposal of investment property	399,900	-
Incidental costs on acquisition of investment properties	-	(3,316)
Incidental costs on disposal of investment property	(12,925)	-
Subsequent expenditure of investment properties	(200,070)	(238,791)
Investment in short term money market instrument	-	(407,000)
Redemption of short term money market instrument	-	457,000
Interest received	10,543	4,596
Net cash from/(used in) investing activities	135,372	(265,492)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of commercial papers	2,270,000	290,000
Proceeds from issuance of unrated medium term notes	800,000	1,150,000
Drawdown of revolving loan - USD	331,503	292,552
Drawdown of revolving loan	430,000	290,000
Repayment of commercial papers	(2,180,000)	(290,000)
Repayment of unrated medium term notes	(960,000)	(1,200,000)
Repayment of revolving loan - USD	(292,552)	(384,893)
Repayment of revolving loan	(320,000)	-
Interest paid	(136,572)	(96,038)
Distribution paid to unitholders	(329,466)	(240,422)
Distribution paid to perpetual note holders	(19,836)	(19,999)
Net cash used in financing activities	(406,923)	(208,800)
Net increase/(decrease) in cash and cash equivalents	174,067	(39,305)
Cash and cash equivalents at beginning of year	251,238	290,543
<b>Cash and cash equivalents at end of year</b>	<b>425,305</b>	<b>251,238</b>
Cash and bank balances	425,305	251,238
Deposits with licensed financial institutions with maturity of over 3 months	-	-
Cash and cash equivalents	425,305	251,238
Cash and bank balances at end of period comprise:		
Cash on hand and at banks	20,305	29,238
Deposits placed with licensed financial institutions	405,000	222,000
Cash and bank balances	425,305	251,238

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



**SUNWAY REAL ESTATE INVESTMENT TRUST  
FOURTH QUARTER ENDED 31 DECEMBER 2023  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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 year ended 31 December 2023 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 year ended 31 December 2022 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 31 December 2022 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 31 December 2022, except for the adoption of the following MFRS and amendments to MFRSs that are effective for annual periods beginning on or after 1 January 2023:

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101 *Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Definition of Accounting Estimates*
- Amendments to MFRS 112 *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
- Amendments to MFRS 112 *International Tax Reform – Pillar Two Model Rules*
- Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangements*

The adoption of the above MFRS and 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 year ended 31 December 2022.

**A4. Changes in Estimates**

This is not applicable as no estimates were previously reported.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)**

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

**A5. Unusual Items**

There were no material unusual items affecting the amounts reported for the current quarter ended 31 December 2023, except for the following:

	<b>Fourth Quarter ended</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the period	77,570	50,822
(Less)/Add: Fair value changes <sup>1</sup>	(544)	31,240
Add: Trust expenses	-	2,342
Add: Tax expenses <sup>2</sup>	1,365	9,317
Realised profit for the period	<u>78,391</u>	<u>93,721</u>

<sup>1</sup> Mainly comprise changes in fair value of investment properties. Further details on the valuation of investment properties are disclosed in Note A14.

<sup>2</sup> Relates to deferred tax on unrealised fair value gain of freehold land component within the investment properties which is expected to be recovered through sale and real property gains tax arising from disposal of investment property.

**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 December 2023, 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 3,424.8 million units for the current quarter ended 31 December 2023.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
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**A8. Segmental Reporting**

Segmental revenue and results for the fourth quarter ended 31 December 2023 and 31 December 2022 are as follows:

Business segments	Fourth Quarter ended 31.12.2023						Fourth Quarter ended 31.12.2022					
	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>												
Rental and lease income												
- Realised	123,941	23,274	21,034	9,437	1,694	179,380	116,726	20,358	20,132	15,838	1,693	174,747
- Unrealised (unbilled lease income receivable)	-	-	-	11,141	-	11,141	-	-	-	11,985	-	11,985
Revenue	123,941	23,274	21,034	20,578	1,694	190,521	116,726	20,358	20,132	27,823	1,693	186,732
Net property income	79,561	21,439	12,964	20,578	1,115	135,657	84,707	19,415	12,578	27,823	1,665	146,188
Interest income						5,053						1,232
Other income						64						29
Changes in fair value of investment properties *						(10,636)						(43,254)
Trust and other expenses						(12,642)						(13,775)
Finance costs						(38,561)						(30,281)
Profit before tax						78,935						60,139
Tax expenses						(1,365)						(9,317)
Profit for the period						77,570						50,822

\* After accounting for capital expenditure incurred and includes unbilled lease income receivable.

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**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)**

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

Segmental revenue and results for the year ended 31 December 2023 and 31 December 2022 are as follows:

Business segments	Cumulative Quarter ended 31.12.2023						Cumulative Quarter ended 31.12.2022					
	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>												
Rental and lease income												
- Realised	472,895	87,096	82,625	55,157	6,775	704,548	426,852	63,298	79,342	63,195	6,774	639,461
- Unrealised (unbilled lease income receivable)	-	-	-	11,141	-	11,141	-	-	-	11,985	-	11,985
Revenue	472,895	87,096	82,625	66,298	6,775	715,689	426,852	63,298	79,342	75,180	6,774	651,446
Net property income	320,806	82,365	52,172	66,298	5,256	526,897	307,098	59,439	51,775	75,180	6,746	500,238
Interest income						9,894						4,755
Other income						397						100
Changes in fair value of investment properties *						(10,636)						(24,986)
Trust and other expenses						(48,047)						(47,182)
Finance costs						(138,949)						(100,050)
Profit before tax						339,556						332,875
Tax expenses						(1,365)						(9,317)
Profit for the year						338,191						323,558

\* After accounting for capital expenditure incurred and includes unbilled lease income receivable.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)**

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

Segmental assets and liabilities as at 31 December 2023 and 31 December 2022 are as follows:

Business segments	As at 31.12.2023						As at 31.12.2022					
	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>Assets</b>												
Segment assets	5,455,592	1,865,569	965,926	580,000	167,226	9,034,313	5,219,106	1,816,023	954,329	1,007,203	161,000	9,157,661
Unallocated assets						504,310						255,710
Total assets						9,538,623						9,413,371
<b>Liabilities</b>												
Segment liabilities	279,409	32,236	27,762	-	1,385	340,792	207,315	11,241	26,894	30,100	-	275,550
Unallocated liabilities						3,681,752						3,609,843
Total liabilities						4,022,544						3,885,393

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
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**A8. Segmental Reporting (Cont'd)**

Properties	Revenue <sup>1</sup>				Net Property Income <sup>1</sup>				Revenue <sup>1</sup>			Net Property Income <sup>1</sup>		
	Fourth Quarter ended				Fourth Quarter ended				Cumulative Quarter ended			Cumulative Quarter ended		
	31.12.2023	31.12.2022	Change	30.09.2023	31.12.2023	31.12.2022	Change	30.09.2023	31.12.2023	31.12.2022	Change	31.12.2023	31.12.2022	Change
	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	RM'000	RM'000	%
<b>Retail</b>														
Sunway Pyramid Mall	90,639	86,161	5.2%	82,475	62,378	69,126	-9.8%	64,860	351,389	324,037	8.4%	258,522	256,263	0.9%
Sunway Carnival Mall <sup>2</sup>	19,910	16,956	17.4%	16,558	12,024	8,170	47.2%	9,711	68,039	50,672	34.3%	37,560	23,164	62.1%
Sunway Putra Mall	12,430	12,637	-1.6%	11,811	6,119	6,771	-9.6%	6,497	49,891	48,599	2.7%	23,675	25,003	-5.3%
SunCity Ipoh Hypermarket	910	886	2.7%	880	897	864	3.8%	875	3,341	3,360	-0.6%	3,299	3,271	0.9%
Sunway Pier <sup>3</sup>	52	86	-39.5%	63	(1,857)	(224)	> 100%	(117)	235	184	27.7%	(2,250)	(603)	> 100%
<b>Total Retail</b>	<b>123,941</b>	<b>116,726</b>	<b>6.2%</b>	<b>111,787</b>	<b>79,561</b>	<b>84,707</b>	<b>-6.1%</b>	<b>81,826</b>	<b>472,895</b>	<b>426,852</b>	<b>10.8%</b>	<b>320,806</b>	<b>307,098</b>	<b>4.5%</b>
<b>Hotel</b>														
Sunway Resort Hotel <sup>4</sup>	8,682	5,796	49.8%	10,427	8,043	5,508	46.0%	10,072	25,286	10,055	> 100%	23,819	9,199	> 100%
Sunway Pyramid Hotel	5,643	5,790	-2.5%	8,204	5,342	5,619	-4.9%	8,070	28,910	14,150	> 100%	28,091	13,486	> 100%
Sunway Lagoon Hotel	3,172	3,228	-1.7%	3,603	2,727	3,174	-14.1%	3,535	12,138	22,998	-47.2%	11,488	22,282	-48.4%
Sunway Putra Hotel	3,119	3,133	-0.4%	3,146	2,780	2,794	-0.5%	2,806	11,106	7,644	45.3%	9,749	6,407	52.2%
Sunway Hotel Seberang Jaya	992	747	32.8%	804	937	704	33.1%	751	3,033	1,696	78.8%	2,819	1,514	86.2%
Sunway Hotel Georgetown	1,666	1,664	0.1%	1,708	1,610	1,616	-0.4%	1,652	6,623	6,755	-2.0%	6,399	6,551	-2.3%
<b>Total Hotel</b>	<b>23,274</b>	<b>20,358</b>	<b>14.3%</b>	<b>27,892</b>	<b>21,439</b>	<b>19,415</b>	<b>10.4%</b>	<b>26,886</b>	<b>87,096</b>	<b>63,298</b>	<b>37.6%</b>	<b>82,365</b>	<b>59,439</b>	<b>38.6%</b>
<b>Office</b>														
Menara Sunway	4,286	4,202	2.0%	4,240	2,662	2,556	4.1%	2,536	17,151	17,177	-0.2%	10,454	10,760	-2.8%
Sunway Tower	1,266	1,002	26.3%	1,231	(163)	(342)	-52.3%	(310)	4,689	3,608	30.0%	(574)	92	> -100%
Sunway Putra Tower	3,133	3,131	0.1%	3,110	1,694	1,944	-12.9%	1,815	12,347	12,826	-3.7%	7,214	8,100	-10.9%
Wisma Sunway	1,742	1,742	0.0%	1,747	920	972	-5.3%	967	6,980	6,961	0.3%	3,934	3,870	1.7%
Sunway Pinnacle	10,607	10,055	5.5%	10,364	7,851	7,448	5.4%	7,826	41,458	38,770	6.9%	31,144	28,953	7.6%
<b>Total Office</b>	<b>21,034</b>	<b>20,132</b>	<b>4.5%</b>	<b>20,692</b>	<b>12,964</b>	<b>12,578</b>	<b>3.1%</b>	<b>12,834</b>	<b>82,625</b>	<b>79,342</b>	<b>4.1%</b>	<b>52,172</b>	<b>51,775</b>	<b>0.8%</b>
<b>Services</b>														
Sunway Medical Centre (Tower A&B) <sup>5</sup>	-	6,612	-100.0%	4,406	-	6,612	-100.0%	4,406	17,625	26,439	-33.3%	17,625	26,439	-33.3%
Sunway university & college campus	9,437	9,226	2.3%	9,365	9,437	9,226	2.3%	9,365	37,532	36,756	2.1%	37,532	36,756	2.1%
<b>Total Services</b>	<b>9,437</b>	<b>15,838</b>	<b>-40.4%</b>	<b>13,771</b>	<b>9,437</b>	<b>15,838</b>	<b>-40.4%</b>	<b>13,771</b>	<b>55,157</b>	<b>63,195</b>	<b>-12.7%</b>	<b>55,157</b>	<b>63,195</b>	<b>-12.7%</b>
<b>Industrial &amp; Others</b>														
Sunway REIT Industrial-Shah Alam 1	1,694	1,693	0.1%	1,693	1,692	1,693	-0.1%	1,693	6,775	6,774	0.0%	6,722	6,774	-0.8%
Sunway REIT Industrial-Petaling Jaya 1 <sup>6</sup>	-	-	0.0%	-	(577)	(28)	> 100%	(260)	-	-	0.0%	(1,466)	(28)	> 100%
<b>Total Industrial &amp; Others</b>	<b>1,694</b>	<b>1,693</b>	<b>0.1%</b>	<b>1,693</b>	<b>1,115</b>	<b>1,665</b>	<b>-33.0%</b>	<b>1,433</b>	<b>6,775</b>	<b>6,774</b>	<b>0.0%</b>	<b>5,256</b>	<b>6,746</b>	<b>-22.1%</b>
<b>Total Revenue / NPI</b>	<b>179,380</b>	<b>174,747</b>	<b>2.7%</b>	<b>175,835</b>	<b>124,516</b>	<b>134,203</b>	<b>-7.2%</b>	<b>136,750</b>	<b>704,548</b>	<b>639,461</b>	<b>10.2%</b>	<b>515,756</b>	<b>488,253</b>	<b>5.6%</b>

<sup>1</sup> Excluded unrealised lease income (in relation to unbilled lease income receivable).

<sup>2</sup> New wing of Sunway Carnival Mall was opened in June 2022. Refurbishment of the existing wing commenced in June 2023 with phased completion in the next 2 years.

<sup>3</sup> Sunway Pier was acquired in January 2022 and currently in the planning stage for the redevelopment into a retail-centric tourist attraction.

<sup>4</sup> Sunway Resort Hotel was closed for refurbishment from July 2020 and reopened progressively since May 2022. The refurbishment was fully completed in July 2023.

<sup>5</sup> Sunway Medical Centre (Tower A & B) was disposed on 30 August 2023.

<sup>6</sup> Sunway REIT Industrial - Petaling Jaya 1 was acquired in November 2022. A tenant has been secured for approximately 27% of net lettable area effective from December 2023.

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**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 audited financial statements.

**a) Review of Fourth Quarter Results**

**Retail segment**

The revenue of Retail segment for fourth quarter ended 31 December 2023 (Q4 2023) was at RM123.9 million, higher by 6% or RM7.2 million compared to the same quarter of the preceding year (Q4 2022), primarily contributed by higher turnover rent from Sunway Pyramid Mall and higher revenue from Sunway Carnival Mall with the opening of its new wing in June 2022.

Despite the increase in revenue, NPI of the Retail segment for Q4 2023 was lower by 6% or RM5.1 million, to RM79.6 million, mainly attributed to lower reversal of impairment on trade receivables and higher utility cost.

**Hotel segment**

The Hotel segment recorded moderate revenue growth of 14% or RM2.9 million to RM23.3 million in Q4 2023 compared to Q4 2022, underpinned by the overall improved average occupancy rate of the Hotel segment. The revenue was further boosted by full inventory of 460 rooms at Sunway Resort Hotel from July 2023 onwards, compared to partial room inventory in Q4 2022 following phased reopening of the hotel.

NPI of the Hotel segment for Q4 2023 increased by 10% or RM2.0 million, to RM21.4 million.

**Office segment**

The Office segment recorded improvement in revenue by 5% or RM0.9 million to RM21.0 million in Q4 2023, attributed to the stable average occupancy rate of the Office segment of above 80%.

NPI stood at RM13.0 million for 4Q 2023, higher by 3% or RM0.4 million.

**Services segment**

The revenue and NPI of Services segment for Q4 2023 of RM9.4 million was contributed by Sunway university & college campus with marginal improvement of 2% in accordance with its master lease agreement. Compared to Q4 2022, the revenue and NPI have reduced by 40% or RM6.4 million due to cessation of lease income from Sunway Medical Centre (Tower A & B) following the completion of its disposal on 30 August 2023.

**Industrial & Others segment**

The revenue of Industrial & Others segment for Q4 2023 remained stable at RM1.7 million contributed by Sunway REIT Industrial - Shah Alam 1 in accordance with its master lease agreement, where the rent review will be conducted every three years with the last review on 1 January 2022.

However, NPI of the Industrial & Others segment for Q4 2023 was at RM1.1 million, dropped by 33% or RM0.6 million compared to Q4 2022, mainly due to the operating expenses of Sunway REIT Industrial – Petaling Jaya 1 as majority of the lettable areas was still vacant in the current quarter.

## A8. Segmental Reporting (Cont'd)

### a) Review of Fourth Quarter Results (Cont'd)

#### Overall

	Q4 2023 RM'000	Q4 2022 RM'000	Change RM'000	%
Revenue	190,521	186,732	3,789	2.0%
NPI	135,657	146,188	(10,531)	-7.2%
Profit for the period, comprise of:				
Realised				
- Unitholders	73,378	88,707	(15,329)	-17.3%
- Perpetual note holders	5,013	5,014	(1)	0.0%
	78,391	93,721	(15,330)	-16.4%
Unrealised	(821)	(42,899)	42,078	-98.1%
	77,570	50,822	26,748	52.6%

Sunway REIT registered a realised profit attributable to unitholders of RM73.4 million for Q4 2023, lower by 17% or RM15.3 million compared to Q4 2022. The decline is in line with the lower NPI by RM10.5 million, primarily attributed to higher property operating expenses for the Retail segment as mentioned above. In addition, finance costs was higher by RM8.3 million resulting from full impact of 125 bps overnight policy rate ("OPR") hikes since May 2022 and higher borrowings for capital expenditure.

### b) Review of Cumulative Quarter Results

#### Retail segment

The revenue of Retail segment improved by 11% or RM46.0 million, bringing it to RM472.9 million for the cumulative period ended 31 December 2023 (YTD Q4 2023). The increase was largely contributed by higher turnover rent, promotion and car park income with the encouraging retail sales and footfall for the period and stronger performance of Sunway Carnival Mall for YTD Q4 2023 against the low base in the same period of the preceding year (YTD Q4 2022) due to its new wing was launched in June 2022.

NPI of the Retail segment for YTD Q4 2023 was higher by 4% or RM13.7 million, to RM320.8 million, in line with the improved revenue which was partially offset by lower reversal of impairment on trade receivables and higher utility cost.

#### Hotel segment

The Hotel segment recorded sharp increase in revenue by 38% or RM23.8 million to RM87.1 million for YTD Q4 2023 as evidenced from the increased average occupancy rate of the Hotel segment to 64%, from 54% in YTD Q4 2022. The encouraging performance was underpinned by the stronger pick-up in domestic travellers in conjunction with festive seasons and school holidays, a steady recovery in international travellers, and increased demand for MICE activities.

NPI of the Hotel segment has correspondingly leaped by 39% or RM22.9 million, to RM82.4 million for YTD Q4 2023, in line with the increase in revenue.

#### Office segment

The Office segment registered revenue of RM82.6 million for YTD Q4 2023, an increase of 4% or RM3.3 million, backed by positive rental reversion and stable average occupancy rate of the Office segment.

NPI of the Office segment increased marginally by 1% or RM0.4 million, to RM52.2 million for YTD Q4 2023.

#### Services segment

The Services segment contributed revenue and NPI of RM55.2 million for YTD Q4 2023, representing a decrease of 13% or RM8.0 million compared to YTD Q4 2022 mainly due the completion of disposal of Sunway Medical Centre (Tower A & B) revenue on 30 August 2023.

#### Industrial & Others segment

The revenue of the Industrial & Others segment remained stable at RM6.8 million for YTD Q4 2023. However, NPI of the Industrial & Others segment was lower by 22% or RM1.5 million due to the operating expenses of Sunway REIT Industrial – Petaling Jaya 1.



## A8. Segmental Reporting (Cont'd)

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

#### Overall

	YTD Q4 2023 RM'000	YTD Q4 2022 RM'000	Change RM'000	%
Revenue	715,689	651,446	64,243	9.9%
NPI	526,897	500,238	26,659	5.3%
Profit for the year, comprise of:				
Realised				
- Unitholders	319,022	328,228	(9,206)	-2.8%
- Perpetual note holders	19,889	19,890	(1)	0.0%
	338,911	348,118	(9,207)	-2.6%
Unrealised	(720)	(24,560)	23,840	-97.1%
	338,191	323,558	14,633	4.5%

Realised profit attributable to unitholders of Sunway REIT for YTD Q4 2023 was RM319.0 million, decreased by 3% or RM9.2 million compared to YTD Q4 2022, largely attributed to the higher finance costs by RM38.9 million despite higher NPI by RM26.7 million. That said, the average cost of debt of Sunway REIT for YTD Q4 2023 of 3.80% was one of the lowest among the MREITs.

## 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:

Note	Fourth Quarter ended		Cumulative Quarter ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Net changes in fair value of long term liabilities	(39)	(29)	(140)	(100)
Realised foreign exchange loss	-	5	8	16
Unrealised foreign exchange (gain)/loss (hedged item)	(4,435)	(5,791)	18,548	(3,591)
Cash flow hedge reserve recycled to profit or loss	4,435	5,791	(18,548)	3,591
Reversal of impairment on trade receivables	A15 (1,111)	(6,969)	(4,333)	(16,406)
Depreciation of plant and equipment	1,026	892	3,938	2,939
Loss on disposal of plant and equipment	-	43	51	50
Write off of plant and equipment	23	-	135	17

## A11. Tax Expenses

### 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 almost 100% of its distributable income which translates to more than 90% of its total taxable income.

Where investment properties are carried at fair value as disclosed in Note A14, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those properties at their carrying values at the reporting date, unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time.

## A11. Tax Expenses (Cont'd)

### 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 100% 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 Tenth AGM on 27 April 2023. 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.

For the current financial year, the Manager has proposed the following distribution of Sunway REIT:

- i) For the semi-annual period from 1 January 2023 to 30 June 2023, interim income distribution amounting to RM158.2 million or 4.62 sen per unit, comprising taxable and non-taxable/tax-exempt amount of 3.44 sen per unit and 1.18 sen per unit respectively, paid in cash on 15 September 2023.
- ii) For the semi-annual period from 1 July 2023 to 31 December 2023, final income distribution amounting to RM160.3 million or 4.68 sen per unit comprising taxable amount of 4.68 sen per unit, payable in cash on 29 February 2024.

With the proposed final income distribution, the Manager will be distributing almost 100% of the distributable income of Sunway REIT for the financial year ended 31 December 2023.

## A13. Investment Properties

	<b>As at 31.12.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
Investment properties	8,912,360	8,622,501
Investment property - accrued lease income	59,640	48,499
As per valuation reports	<u>8,972,000</u>	<u>8,671,000</u>

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 RM59.6 million as at 31 December 2023.

#### A14. Valuation of Investment Properties

Investment properties are valued by independent firm of registered valuers, registered with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia.

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 year in which they arise.

Properties	Note	Fair Value		
		As at 31.12.2023 <sup>1</sup>	As at 31.12.2022 <sup>2</sup>	Increase/ (Decrease)
		RM'000	RM'000	RM'000
<b>Retail</b>				
Sunway Pyramid Mall		3,900,000	3,840,000	60,000
Sunway Carnival Mall		900,000	700,000	200,000
Sunway Putra Mall		525,000	525,000	-
SunCity Ipoh Hypermarket		55,000	55,000	-
Sunway Pier		33,000	55,000	(22,000)
		<b>5,413,000</b>	<b>5,175,000</b>	<b>238,000</b>
<b>Hotel</b>				
Sunway Resort Hotel		730,000	695,000	35,000
Sunway Pyramid Hotel		345,000	345,000	-
Sunway Lagoon Hotel		310,000	307,000	3,000
Sunway Putra Hotel		334,000	330,000	4,000
Sunway Hotel Seberang Jaya		52,000	55,000	(3,000)
Sunway Hotel Georgetown		84,000	80,000	4,000
		<b>1,855,000</b>	<b>1,812,000</b>	<b>43,000</b>
<b>Office</b>				
Menara Sunway		178,000	174,000	4,000
Sunway Tower		115,000	115,000	-
Sunway Putra Tower		135,000	133,000	2,000
Wisma Sunway		60,000	60,000	-
Sunway Pinnacle		470,000	466,000	4,000
		<b>958,000</b>	<b>948,000</b>	<b>10,000</b>
<b>Services</b>				
Sunway Medical Centre (Tower A & B)		-	430,000 <sup>4</sup>	(430,000)
Sunway university & college campus		580,000	575,000	5,000
		<b>580,000</b>	<b>1,005,000</b>	<b>(425,000)</b>
<b>Industrial &amp; Others</b>				
Sunway REIT Industrial - Shah Alam 1		105,000	100,000	5,000
Sunway REIT Industrial - Petaling Jaya 1		61,000	61,000 <sup>3</sup>	-
		<b>166,000</b>	<b>161,000</b>	<b>5,000</b>
<b>Total</b>		<b>8,972,000</b>	<b>9,101,000</b>	<b>(129,000)</b>
Less: Disposal during the financial year	<b>B11</b>	-	<b>(430,000)</b> <sup>4</sup>	<b>430,000</b>
<b>Total investment properties</b>	<b>A13</b>	<b>8,972,000</b>	<b>8,671,000</b>	<b>301,000</b>
Less: Capital expenditure during the financial year	<b>B2</b>			<b>(300,495)</b>
<b>Net fair value gain</b>				<b>505</b>

<sup>1</sup> Appraised value based on valuation carried out on 1 December 2023.

<sup>2</sup> Appraised value based on valuation carried out on 31 December 2022.

<sup>3</sup> Appraised value based on valuation carried out on 25 May 2022.

<sup>4</sup> Value based on sale and purchase agreement dated 29 December 2022, the disposal was completed on 30 August 2023.

## A15. Trade Receivables

	<b>As at 31.12.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
Third parties	15,105	25,761
Amount due from parties related to the Manager	7,556	7,036
	<u>22,661</u>	<u>32,797</u>
Less: Allowance for impairment	(3,277)	(7,641)
Total trade receivables	<u>19,384</u>	<u>25,156</u>

Trade receivables was lower by RM5.8 million mainly due to improved collection from tenants.

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

	<b>As at 31.12.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
Current	7,863	10,041
1 to 30 days	6,525	6,662
31 to 60 days	1,879	2,473
61 to 90 days	880	1,827
91 to 120 days	524	1,441
More than 120 days	4,990	10,353
	<u>14,798</u>	<u>22,756</u>
Less: Impaired	(3,277)	(7,641)
	<u>19,384</u>	<u>25,156</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>Note</b>	<b>As at 31.12.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
At beginning of financial year		7,641	25,719
Reversal for the financial year	<b>A10</b>	(4,333)	(16,406)
Written off		(31)	(1,672)
At end of financial year		<u>3,277</u>	<u>7,641</u>

## A16. Borrowings and Debt Securities

	<b>As at 31.12.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
<u>Short term borrowings</u>		
Secured		
- Commercial paper	90,000	-
- Revolving loan (USD)	347,325	287,013
- Unrated medium term notes	1,200,000	1,350,000
	<u>1,637,325</u>	<u>1,637,013</u>
Less: Discount on commercial paper	(176)	-
Less: Unamortised transaction costs	(164)	(236)
Total short term borrowings	<u>1,636,985</u>	<u>1,636,777</u>
<u>Long term borrowings</u>		
Secured - Unrated medium term notes	-	10,000
Unsecured - Revolving loan (RM)	2,000,000	1,890,000
Total long term borrowings	<u>2,000,000</u>	<u>1,900,000</u>
Total borrowings	<u>3,636,985</u>	<u>3,536,777</u>

## A16. Borrowings and Debt Securities (Cont'd)

Borrowings of Sunway REIT is denominated in Ringgit Malaysia ("RM"), except for the revolving loan (USD) which is denominated in United States Dollar ("USD") (31 December 2022 : AUD).

The revolving loan (USD) was drawn in USD75.0 million (equivalent to RM331.5 million) and was fully hedged with USD-MYR cross currency swap ("CCS") contracts until March 2024 (31 December 2022: 1-year AUD-MYR CCS contracts until February 2023) to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period.

The unamortised transaction costs of RM0.2 million as at 31 December 2023 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 as at 31 December 2023 increased by RM100.2 million compared to 31 December 2022, due to the additional borrowings for the capital expenditure during the year have been netted-off against the repayment of borrowings with the proceeds from disposal of Sunway Medical Centre (Tower A & B) received in August 2023.

The proportion of borrowings based on fixed and floating interest rates as at 31 December 2023 was 34 : 66 (31 December 2022: 31 : 69). For the financial year ended 31 December 2023, average interest rate of borrowings was 3.80% (31 December 2022: 2.98%).

## A17. Fair Value Hierarchy

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 2023</b>				
<u>Financial assets</u>				
Investment properties	-	-	8,972,000	8,972,000
Derivatives	-	15,016	-	15,016
<b>At 31 December 2022</b>				
<u>Financial assets</u>				
Investment properties	-	-	8,671,000	8,671,000
Non-current asset held for sale	-	-	430,000	430,000
<u>Financial liability</u>				
Derivatives	-	5,610	-	5,610

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

## A18. Material Event since the last Annual Reporting

### **Proposed acquisition of hypermarkets / retail complexes for cash consideration of RM520.0 million**

On 16 March 2023, Sunway REIT entered into a conditional sale and purchase agreement ("SPA") with Kwasa Properties Sdn. Bhd. ("Kwasa"), a wholly-owned subsidiary of the Employees Provident Fund, to acquire six freehold hypermarkets / retail complexes that are strategically located in Klang Valley and Johor for a total cash consideration of RM520.0 million.

Approval from Economic Planning Unit of the Prime Minister's Office ("EPU") in respect of the proposed acquisition is the only condition precedent of the SPA to be fulfilled. A conditional approval was received from EPU and the Board of Directors of the Manager is reviewing the said condition for the next course of action which will be updated in due course.

### **Proposed Acquisition of an industrial property in Prai, Penang for cash consideration of RM66.8 million**

On 18 December 2023, Sunway REIT entered into a conditional sale and purchase agreement with Best Corridor Venture Sdn. Bhd., to acquire an industrial property that is strategically located in Bukit Tengah Industrial Park, Prai, Penang for a cash consideration of RM66.8 million.

Barring any unforeseen circumstances, the proposed acquisition is expected to be completed in Q3 2024.

## A19. Material Event Subsequent to the end of the Current Quarter

### **Proposed Acquisition of a shopping mall known as "163 Retail Park" in Mont Kiara, Kuala Lumpur for cash consideration of RM215.0 million**

On 26 January 2024, Sunway REIT entered into a conditional sale and purchase agreement with D'Kiara Place Sdn. Bhd., to acquire a shopping mall known as "163 Retail Park" that is strategically located in Mont Kiara, Kuala Lumpur for a cash consideration of RM215.0 million.

Barring any unforeseen circumstances, the proposed acquisition is expected to be completed in Q2 2024.

## A20. 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 31.12.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
Approved and contracted for	903,527	178,714
Approved but not contracted for	609,177	333,427
	<u>1,512,704</u>	<u>512,141</u>

The increase in the amount approved and contracted for was mainly the balance purchase consideration totalling RM524.0 million for the proposed acquisitions stated in Note A18, which is payable within three (3) months from the unconditional date of the SPA. In addition, there were ongoing Phase 2 refurbishment of Sunway Carnival Mall with targeted for phased completion between early 2024 to end 2025 and reconfiguration of a previous anchor tenant's area in Sunway Pyramid Mall with targeted completion in Q4 2024.

The balance of the capital commitments was largely in relation to the planned refurbishment of Sunway Pier and Sunway Hotel Georgetown.

## A21. Contingent Liability and Asset

There was no contingent asset as at 31 December 2023. The contingent liability as at 31 December 2023 was in respect to the material litigation as disclosed in Note B12.

## 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 financial year ended 31 December 2023:

	Fourth Quarter ended		Cumulative Quarter ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
a) Sunway Berhad Group				
- Sales	(38,916)	(41,049)	(164,086)	(144,572)
- Purchases	103,887	67,164	314,326	283,205
- Interest income earned from investment in money market	-	(65)	-	(820)
- Net redemption in money market	-	(27,000)	-	(50,000)
- Disposal of investment property	-	-	(430,000)	-
Structured entities controlled by Sunway Berhad Group				
- Distribution to perpetual note holders	5,013	5,014	19,889	19,890
b) Sunway Technology Sdn. Bhd. Group				
- Sales	(583)	(628)	(2,474)	(2,798)
- Purchases	230	190	838	991

The disposal of investment property was in relation to the disposal of Sunway Medical Centre (Tower A & B) to Sunway Medical Centre Sdn. Bhd., a party controlled by Sunway Berhad, which was completed on 30 August 2023 upon payment of the balance purchase consideration.

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 December 2023 and 31 December 2022:

	As at 31.12.2023	As at 31.12.2022
	RM'000	RM'000
<u>Amounts owed by parties related to the Manager:</u>		
a) Sunway Berhad Group	8,897	7,294
b) Sunway Technology Sdn. Bhd. Group	16	6
<u>Amount owed to parties related to the Manager:</u>		
a) Sunway Berhad Group	95,143	26,628

## **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 Profit or Loss and Other Comprehensive Income**

Explanatory comments are provided in Notes A8a) and A8b) above.

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

Investment properties increased by RM289.9 million largely attributed to capital expenditure for Sunway Carnival Mall and Sunway Resort Hotel.

Right-of-use asset and lease liability were pursuant to a 12-year land lease (ending July 2033) from State Government of Penang for car park purposes and recognised in accordance to MFRS 16 Leases .

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

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

Other receivables was higher by RM69.4 million contributed by the deposit paid for the proposed acquisitions as disclosed in Note A18.

Derivatives of RM15.0 million was in relation to USD-MYR CCS contracts for the revolving loan (USD). Further details and movement of the derivatives are explained in Notes A16 and B16.

The increase in cash and bank balances was primarily due to the balance proceeds from disposal of Sunway Medical Centre (Tower A & B). Partial of the net proceeds has been used to temporary repay the borrowings of Sunway REIT. Further details of the utilisation of proceeds received are disclosed in Note B11.

Other payables increased by RM50.5 million as a result of the accruals for balance payable in relation to the asset enhancement works on investment properties.

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 Group. The distribution to the perpetual note holders is a related party transaction as disclosed in Note A22.

Total net asset value remained largely unchanged at RM5.5 billion as at 31 December 2023, comprised of unitholders' funds of RM5.2 billion and perpetual note holders' funds of RM0.3 billion. The marginal decrease in unitholders' funds of RM11.9 million was due to the distribution to unitholders of RM329.5 million and amount reserved for distribution to perpetual note holders of RM19.9 million, after offsetting by the total comprehensive income for the financial year of RM337.5 million. There was no movement in the perpetual note holders' funds during the financial year.

Net asset value per unit, after income distribution, maintained at approximately RM1.46 as at 31 December 2023 and as at 31 December 2022.

### **c) Statement of Cash Flows**

Net cash from operating activities for YTD Q4 2023 of RM445.6 million was contributed by the collection from tenants and lessees, partially used for payment of operating expenses.

Net cash from investing activities for YTD Q4 2023 of RM135.4 million mainly comprised the balance proceeds from disposal of Sunway Medical Centre (Tower A & B), after utilising for the deposit for the proposed acquisitions, partially offset by the progress payments for refurbishment of Sunway Resort Hotel and expansion of Sunway Carnival Mall.

Net cash used in financing activities for YTD Q4 2023 of RM406.9 million was mainly for income distribution to unitholders in February and September 2023 amounting to RM329.5 million and interest paid of RM136.6 million, partially offset by the net drawdown of RM79.0 million to fund the capital expenditure on investment properties.

Cash and bank balances as at 31 December 2023 and 31 December 2022 stood at RM425.3 million and RM251.2 million respectively. The higher cash and bank balances was mainly contributed by net cash from investing activities as mentioned 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 RM300.5 million for YTD Q4 2023, mainly for Sunway Carnival Mall and Sunway Resort Hotel.



### B3. Material Changes in Quarterly Results

	Current Quarter ended 31.12.2023 RM'000	Immediate Preceding Quarter ended 30.09.2023 RM'000	Change %
Realised profit	78,391	91,936	-14.7%
Unrealised (loss) / profit	(821)	36	> -100%
Profit for the quarter	77,570	91,972	-15.7%

Realised profit for current quarter was lower by RM13.5 million or 15% compared to immediate preceding quarter (Q3 2023) mainly due to lower NPI of RM12.2 million, primarily from the Hotel segment (RM5.5 million) as Sunway City cluster hotels benefited from Middle East summer holidays in Q3 2023, the Services segment (RM4.3 million) with the absence of lease income from Sunway Medical Centre (Tower A & B) in Q4 2023 and the Retail segment (RM2.3 million) due to higher marketing expenses.

### B4. Commentary on Prospects

Indicator	2024 (F)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2022	2021
Gross Domestic Product (GDP) (yoy)	4.0% -5.0% <sup>4</sup>	3.4% <sup>5</sup> (FY2023: 3.8%)	3.3% <sup>1</sup>	2.9% <sup>1</sup>	5.6% <sup>1</sup>	8.7% <sup>1</sup>	3.1% <sup>1</sup>
Consumer Price Index (yoy)	2.1% to 3.6% <sup>4</sup>	1.5% <sup>2</sup> (FY2023: 2.5%)	1.9% <sup>2</sup>	2.8% <sup>2</sup>	3.6% <sup>2</sup>	3.3% <sup>2</sup>	2.5% <sup>2</sup>
Overnight Policy Rate (OPR)	3.0% <sup>3</sup>	3.0%	3.0%	3.0%	2.75%	2.75%	1.75%

<sup>1</sup> Source: Bank Negara Malaysia

<sup>2</sup> Source: Department of Statistics Malaysia

<sup>3</sup> Source: Bloomberg's economists consensus forecast

<sup>4</sup> Federal Budget 2024, Ministry of Finance

<sup>5</sup> Advance GDP Estimates as at 19 Jan 2024 (Source: Department of Statistics Malaysia), actual GDP to be announced on 16 Feb 2024.

In 2024, the Manager approaches the year ahead with cautious optimism. The US Federal Reserve's pivot suggests that global monetary tightening cycle is coming to an end. A more stable domestic political landscape and the promise of economic reform will be positive for the long-term prospects of the economy.

Sunway REIT is confident that Malaysia's domestic consumption will be supported by low unemployment and reasonable economic growth. The Manager is hopeful that stronger tourist arrivals will be another booster to the local economy. In addition, we anticipate the impact of the implementation of high value goods tax and increase in sales and service tax ("SST") from 6% to 8% to be minimal.

In line with consensus, it is anticipated that the Overnight Policy Rate ("OPR") is expected to stay at the current level for an extended period as the present monetary policy stance remains supportive of the economy, which is consistent with the current assessment of inflation and growth prospects. The Manager will maintain its dynamic capital management stance and seek opportunities to capitalise on any change in interest rate direction in managing our borrowing cost.

#### **Review of retail market**

The supply of retail malls in Malaysia will rise further in 2024. While representing new competition, these new retail malls could add depth and breadth to retail offerings and elevate Malaysia's position as a retail destination. The evolution of the retail landscape could attract more internationally renowned brands to have their presence in Malaysia which will benefit the overall retail industry. Therefore, the Manager strongly believes that established regional malls will continue to be well-placed to attract the best tenants.

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

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

According to Retail Group Malaysia, the retail industry is projected to grow by at 3.5% in 2024, highlighting that the biggest challenge for the industry will be the rising cost of living. Two tax-related policies announced in Budget 2024 namely the increase in SST from 6% to 8% and the introduction of high value goods tax, are expected to have minimal impact on consumer spending.

On the Asset Enhancement Initiatives ("AEIs") front, Sunway Pyramid Mall is currently undertaking reconfiguration of a previous anchor tenant's area, accounting for approximately 11% of net lettable area of the mall, which is targeted to be completed in FY2024. The Manager has secured tenants for approximately 62% of the said area as of December 2023 with positive rental reversion.

In addition, Sunway Carnival Mall is undergoing refurbishment for its existing wing (Phase 2) following the strong performance of the new wing which was completed in June 2022. The Phase 2 refurbishment is slated to be completed in phases between early 2024 to the end of 2025 and we expect an uplift in NPI upon the full completion. As of 31 December 2023, the Manager has secured 75% of committed tenants for the existing wing in Sunway Carnival Mall.

The growth in Sunway REIT's Retail segment is expected to be marginally impacted in FY2024 as a result of the above-mentioned ongoing AEIs in two of its major retail malls.

##### **Review of hotel market**

Tourism Malaysia projects 2024 tourist arrival to surpass the 2019 pre-pandemic level of 26.1 million foreign visitors, particularly visitors from China and India following improved flight connectivity and resumption of flights to Northeast Asia destinations. Additionally, the recently granted 30-day visa-free entry, effective 1 December 2023 for visitors from China, India, Turkiye, Jordan, Saudi Arabia, Qatar, the UAE, Bahrain, Kuwait, Iran and Iraq, is expected to further catalyse the tourism industry in Malaysia.

In 2023, medical tourism witnessed a surge, with countries in the Asia-Pacific region gaining market share due to affordability and exceptional healthcare services. Malaysia welcomed close to 1.1 million medical tourism-related visitors in 2023, marking a remarkable increase of 26% from the previous year.

Malaysia's strategic positioning in the Muslim-friendly and medical tourism segment bodes well for Sunway REIT's hotels which are in close proximity to Sunway Medical Centre and surrounding medical centres. Given these positive factors, the Manager is confident in a sustainable growth trajectory for the Hotel segment in FY2024, supported by full-room inventory at Sunway Resort Hotel.

##### **Review of office market**

The office sector in Malaysia is anticipated to see a continued increase in incoming supply in 2024. The overhang of vacant office space especially in Klang Valley will adversely affect rental growth prospects. However, Malaysia's relatively cheap rental may entice relocations of more regional offices to Malaysia.

To ensure that Sunway REIT's office properties are included in their list for consideration, the Manager will continuously enhance their properties to meet green building requirement as well as achieving Malaysia Digital ("MD") status.

Against the backdrop of supply outstripping demand, it is projected that rental rates and occupancy rates for the office segment will remain challenging. Nonetheless, the Manager is confident that the contribution of the Office segment in Sunway REIT's portfolio will remain stable in FY2024.

## 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 of 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 objective during the year under review.

## B6. Performance Benchmark

Performance indicators	Year ended 31.12.2023	Year ended 31.12.2022
a) Management expense ratio	0.90%	0.88%
b) Total return	11.5%	9.8%
c) Average annual total return (5 years)	2.6%	1.3%
d) Distribution yield	6.0%	6.3%
e) NAV per unit (after income distribution) (RM)	1.4646	1.4649

- a) The ratio of 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 distribution yield for the financial 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 DPU of 9.30 sen divided by the closing unit price as at 31 December 2023 of RM1.54 (31 December 2022: DPU of 9.22 sen divided by the closing unit price as at 31 December 2022 of RM1.46).
- e) NAV of Sunway REIT as determined by deducting the value of total liabilities from the total assets as at the year end and after proposed final income distribution of 4.68 sen per unit (31 December 2022: final income distribution of 5.00 sen per unit), 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 year 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:

- 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 Real Estate or a Special Purpose Vehicle acquired by the Trustee for Sunway REIT (pro rated if applicable to the proportion of the interest of Sunway REIT in the Real Estate or Special Purpose Vehicle purchased); and
- d) Divestment fee of 0.5% of the sale price of any future Real Estate or a Special Purpose Vehicle sold or divested by the Trustee (pro rated if applicable to the proportion of the interest of Sunway REIT in the Real Estate or Special Purpose Vehicle 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.

## B8. Manager's Fees (Cont'd)

The Manager's fees (base and performance) for current quarter remained largely unchanged at RM11.1 million.

During the financial year, there was divestment fee of RM2.2 million paid to the Manager for the disposal of Sunway Medical Centre (Tower A & B), which was accounted for as part of cost of disposal of investment property.

## 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 Bond Berhad (previously known as 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 trustees' fees for current quarter remained the same at RM0.2 million.

## B10. Status of Corporate Proposals

Other than the proposed acquisitions as disclosed in Note A18, there is no corporate proposal that has been announced but not completed as at the date of this report.

## B11. Status of Utilisation of Proceeds Raised from Corporate Proposal

On 29 December 2022, Sunway REIT entered into a conditional sale and purchase agreement with Sunway Medical Centre Sdn. Bhd., a party controlled by Sunway Berhad, to dispose 2 parcels of leasehold lands held under PN 12549 Lot 38160, Bandar Sunway, Daerah Petaling, Negeri Selangor and PN 12550 Lot 45, Bandar Sunway, Daerah Petaling, Negeri Selangor together with a 7-storey medical centre with a lower ground floor car park, an elevated car park and a convention centre known as "Sunway Medical Centre (Tower A & B)", for a total cash consideration of RM430.0 million ("Proposed Disposal").

This Proposed Disposal was completed on 30 August 2023 upon payment of the balance purchase consideration.

As at 31 December 2023, the status of utilisation of proceeds from the Proposed Disposal was as follows:

Proposed utilisation	Proposed amount for utilisation	Revised amount for utilisation	Actual utilisation	Balance unutilised	Estimated timeframe for utilisation from 30 August 2023
	RM'million	RM'million	RM'million	RM'million	
New investment(s) / Repayment of borrowings <sup>(1)</sup>	416	417	67	350	12 months
Estimated expenses (including taxes)	14	13	13	-	6 months
<b>Total</b>	<b>430</b>	<b>430</b>	<b>80</b>	<b>350</b>	

(1) Net proceeds from the Proposed Disposal will be redeployed for new investment(s) within the next twelve (12) months, failing which the proceeds will be utilised to repay the borrowings of Sunway REIT. Pending utilisation of the gross proceeds received, the Manager will place such proceeds in interest-bearing bank deposits and/or money market instruments and/or for repayment of borrowings.

## 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”).

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 (“Assessment”). In Metroplex's claim, Metroplex is claiming for the Chattels and Movable Items amounting to approximately RM402 million. The Defendants strenuously objected to the amount claimed as being overly excessive and appointed subject matter experts to dispute the quantum of claim.

The trial for the Assessment was held on 4, 5, 6, 12 and 13 January 2023. Upon conclusion of the trial, the High Court judge directed the Defendants and Metroplex to appear before the High Court for oral submission on 9 and 15 May 2023. After hearing oral submissions by both parties, the Judge then proceeded to fix the date for the decision to be delivered. At this stage, the financial impact cannot be determined pending the decision of the High Court, which has been adjourned to 30 May 2024.

## B13. Soft Commission

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

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

	<b>Current Quarter ended 31.12.2023</b>	<b>Immediate Preceding Quarter ended 30.09.2023</b>	<b>Change %</b>
Number of units in issue (units)	3,424,807,700	3,424,807,700	0.0%
Realised net income (RM'000)	78,391	91,936	-14.7%
Realised earnings per unit (EPU) (sen)	2.14	2.54	-15.7%
Income distribution (RM'000) <sup>1</sup>	160,281	-	N/A
Distribution per unit (DPU) (sen) <sup>1</sup>	4.68	-	N/A
Net Asset Value (NAV) attributable to unitholders (After income distribution) (RM'000) <sup>2</sup>	5,016,081	5,017,075	*
NAV per unit (After income distribution)(RM) <sup>2</sup>	1.4646	1.4649	*
Market price per unit (RM)	1.54	1.46	5.5%

\* Less than 0.1%

**B14. Summary of EPU, DPU, NAV and Market Price (Cont'd)**

- <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 proposed final income distribution of 4.68 sen per unit (30 September 2023: after distributable income for Q3 2023 of 2.54 sen per unit is assumed for income distribution).

**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 / (Liability)	
	As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
	RM'000	RM'000	RM'000	RM'000
<b>Cross currency swap (CCS)</b> - Less than 1 year	331,503	292,552	15,016	(5,610)

Sunway REIT entered into CCS contract to manage its exposure in foreign currency risk arising from borrowings in USD as disclosed Note A16 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.

**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 year ended 31 December 2022.

**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 December 2023 and of its financial performance and cash flows for the year ended on that date and duly authorised for release by the Board of the Manager on 30 January 2024.

**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: 30 January 2024**