

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIFTH QUARTER ENDED 30 SEPTEMBER 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3-Month Period ended			15-Month
	30.09.2021	30.09.2020	Change	Period ended 30.09.2021
	RM'000	RM'000	%	RM'000
Rental and lease income	106,415	105,608	0.8%	498,098
Other operating income	473	1,835	-74.2%	19,663
<b>Gross revenue</b>	<b>106,888</b>	<b>107,443</b>	<b>-0.5%</b>	<b>517,761</b>
Quit rent, assessment and insurance	(4,003)	(3,752)	6.7%	(19,362)
Other property operating expenses	(32,372)	(35,602)	-9.1%	(164,420)
<b>Property operating expenses</b>	<b>(36,375)</b>	<b>(39,354)</b>	<b>-7.6%</b>	<b>(183,782)</b>
<b>Net property income</b>	<b>70,513</b>	<b>68,089</b>	<b>3.6%</b>	<b>333,979</b>
Interest income	1,901	1,500	26.7%	9,528
Other income	25	30	-16.7%	154
Net investment income	72,439	69,619	4.1%	343,661
Manager's fees	(9,077)	(8,436)	7.6%	(43,875)
Trustee's fees	(235)	(167)	40.7%	(975)
Other trust expenses	(613)	(853)	-28.1%	(3,957)
Finance costs	(21,455)	(25,765)	-16.7%	(115,563)
	(31,380)	(35,221)	-10.9%	(164,370)
<b>Profit before tax</b>	<b>41,059</b>	<b>34,398</b>	<b>19.4%</b>	<b>179,291</b>
Income tax expense	-	-	N/A	-
<b>Profit for the period</b>	<b>41,059</b>	<b>34,398</b>	<b>19.4%</b>	<b>179,291</b>
Profit for the period comprises the following:				
Realised				
- Unitholders	36,025	29,356	22.7%	154,258
- Perpetual note holders	5,013	5,013	0.0%	24,903
	41,038	34,369	19.4%	179,161
Unrealised	21	29	-27.6%	130
	41,059	34,398	19.4%	179,291
Basic earnings per unit attributable to unitholders (sen):				
Realised	1.05	1.00	5.0%	4.67
Unrealised	-	-	N/A	-
	1.05	1.00	5.0%	4.67
<b>Distributable income per unit (sen) <sup>1</sup></b>	<b>1.05</b>	<b>1.00</b>	<b>5.0%</b>	<b>4.64</b>
<b>Proposed / Declared distribution per unit (sen) <sup>2</sup></b>	<b>-</b>	<b>0.90</b>	<b>-100.0%</b>	<b>3.30</b>

N/A - Not Applicable

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

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

Sunway REIT has changed its financial year end from 30 June to 31 December. The current cumulative financial period is a period of 15 months, made up from 1 July 2020 to 30 September 2021. As such, there are no comparative figures for the preceding year corresponding period.

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**  
**FIFTH QUARTER ENDED 30 SEPTEMBER 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)**

	3-Month Period ended			15-Month
	30.09.2021	30.09.2020	Change	Period ended 30.09.2021
	RM'000	RM'000	%	RM'000
<b>Profit for the period</b>	<b>41,059</b>	<b>34,398</b>	<b>19.4%</b>	<b>179,291</b>
<b>Other comprehensive income:</b>				
Cash flow hedge - fair value of derivative <sup>1</sup>	3,937	3,687	6.8%	37,316
Cash flow hedge reserve recycled to profit or loss	(3,325)	(3,375)	-1.5%	(35,067)
<b>Total comprehensive income for the period</b>	<b>41,671</b>	<b>34,710</b>	<b>20.1%</b>	<b>181,540</b>

<sup>1</sup> Please refer to Note B16 for details.

**STATEMENT OF INCOME DISTRIBUTION**

	3-Month Period ended			15-Month
	30.09.2021	30.09.2020	Change	Period ended 30.09.2021
	RM'000	RM'000	%	RM'000
Rental and lease income	106,415	105,608	0.8%	498,098
Interest income	1,901	1,500	26.7%	9,528
Other income <sup>2</sup>	477	1,836	-74.0%	19,687
	108,793	108,944	-0.1%	527,313
Less: Expenses	(67,755)	(74,575)	-9.1%	(348,152)
Realised income for the period	41,038	34,369	19.4%	179,161
Less: Amount reserved for distribution to perpetual note holders	(5,013)	(5,013)	0.0%	(24,903)
Realised income attributable to unitholders	36,025	29,356	22.7%	154,258
Add: Previous period's undistributed realised income	9,532	-	N/A	-
Total income available for distribution	45,557	29,356	55.2%	154,258
Less: Proposed / Declared income distribution to unitholders	-	(26,506)	-100.0%	(108,701)
Balance undistributed realised income	45,557	2,850	> 100%	45,557
<b>Distribution per unit (sen)</b>	<b>-</b>	<b>0.90</b>	<b>-100.0%</b>	<b>3.30</b>

N/A - Not Applicable

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

Sunway REIT has changed its financial year end from 30 June to 31 December. The current cumulative financial period is a period of 15 months, made up from 1 July 2020 to 30 September 2021. As such, there are no comparative figures for the preceding year corresponding period.

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  
 FIFTH QUARTER ENDED 30 SEPTEMBER 2021  
 FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	Current Quarter ended 30.09.2021	Immediate Preceding Quarter ended 30.06.2021	Change
	RM'000	RM'000	%
Rental and lease income	106,415	101,542	4.8%
Other operating income	473	1,852	-74.5%
<b>Gross revenue</b>	<b>106,888</b>	<b>103,394</b>	<b>3.4%</b>
Quit rent, assessment and insurance	(4,003)	(3,985)	0.5%
Other property operating expenses	(32,372)	(37,061)	-12.7%
<b>Property operating expenses</b>	<b>(36,375)</b>	<b>(41,046)</b>	<b>-11.4%</b>
<b>Net property income</b>	<b>70,513</b>	<b>62,348</b>	<b>13.1%</b>
Interest income	1,901	1,978	-3.9%
Other income	25	45	-44.4%
Net investment income	72,439	64,371	12.5%
Manager's fees	(9,077)	(8,728)	4.0%
Trustee's fees	(235)	(192)	22.4%
Other trust expenses	(613)	(624)	-1.8%
Finance costs	(21,455)	(21,306)	0.7%
	(31,380)	(30,850)	1.7%
<b>Profit before tax</b>	<b>41,059</b>	<b>33,521</b>	<b>22.5%</b>
Income tax expense	-	-	N/A
<b>Profit for the period</b>	<b>41,059</b>	<b>33,521</b>	<b>22.5%</b>
Profit for the period comprises the following:			
Realised			
- Unitholders	36,025	28,537	26.2%
- Perpetual note holders	5,013	4,959	1.1%
	41,038	33,496	22.5%
Unrealised	21	25	-16.0%
	41,059	33,521	22.5%
Basic earnings per unit attributable to unitholders (sen):			
Realised	1.05	0.77	36.4%
Unrealised	-	-	N/A
	1.05	0.77	36.4%
<b>Distributable income per unit (sen) <sup>1</sup></b>	<b>1.05</b>	<b>0.83</b>	<b>26.5%</b>
<b>Proposed / Declared distribution per unit (sen) <sup>2</sup></b>	<b>-</b>	<b>1.63</b>	<b>-100.0%</b>

N/A - Not Applicable

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

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

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**  
**FIFTH QUARTER ENDED 30 SEPTEMBER 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

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

	Current Quarter ended 30.09.2021	Immediate Preceding Quarter ended 30.06.2021	Change
	RM'000	RM'000	%
<b>Profit for the period</b>	<b>41,059</b>	<b>33,521</b>	<b>22.5%</b>
<b>Other comprehensive income / (loss):</b>			
Cash flow hedge - fair value of derivative <sup>1</sup>	3,937	(35)	> 100%
Cash flow hedge reserve recycled to profit or loss	(3,325)	(570)	> -100%
<b>Total comprehensive income for the period</b>	<b>41,671</b>	<b>32,916</b>	<b>26.6%</b>

<sup>1</sup> Please refer to Note B16 for details.

**STATEMENT OF INCOME DISTRIBUTION**

	Current Quarter ended 30.09.2021	Immediate Preceding Quarter ended 30.06.2021	Change
	RM'000	RM'000	%
Rental and lease income	106,415	101,542	4.8%
Interest income	1,901	1,978	-3.9%
Other income <sup>2</sup>	477	1,872	-74.5%
	108,793	105,392	3.2%
Less: Expenses	(67,755)	(71,896)	-5.8%
Realised income for the period	41,038	33,496	22.5%
Less: Amount reserved for distribution to perpetual note holders	(5,013)	(4,959)	1.1%
Realised income attributable to unitholders	36,025	28,537	26.2%
Add: Previous period's undistributed realised income	9,532	36,819	-74.1%
Total income available for distribution	45,557	65,356	-30.3%
Less: Proposed / Declared income distribution to unitholders	-	(55,824)	-100.0%
Balance undistributed realised income	45,557	9,532	> 100%
<b>Distribution per unit (sen)</b>	<b>-</b>	<b>1.63</b>	<b>-100.0%</b>

N/A - Not Applicable

<sup>2</sup> Included 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**  
**FIFTH QUARTER ENDED 30 SEPTEMBER 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At 30.09.2021 (Unaudited)	As At 30.06.2020 (Restated) <sup>1</sup>
	RM'000	RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties	8,740,444	8,020,233
Investment properties - accrued lease income	16,930	16,930
Plant and equipment	11,958	12,902
	<u>8,769,332</u>	<u>8,050,065</u>
<b>Current assets</b>		
Trade receivables	59,905	53,266
Other receivables	11,084	55,349
Derivatives	12,899	20,039
Short term investment	49,892	179,710
Cash and bank balances	312,153	101,816
	<u>445,933</u>	<u>410,180</u>
<b>Total assets</b>	<b>9,215,265</b>	<b>8,460,245</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Unitholders' capital	3,433,864	2,727,829
Undistributed income	1,735,895	1,702,228
Total Unitholders' funds	5,169,759	4,430,057
Perpetual note holders' funds	339,717	339,717
Total equity	<u>5,509,476</u>	<u>4,769,774</u>
<b>Non-current liabilities</b>		
Borrowings	2,200,000	1,800,000
Long term liabilities	61,994	78,524
Deferred tax liability	13,941	13,941
	<u>2,275,935</u>	<u>1,892,465</u>
<b>Current liabilities</b>		
Borrowings	1,197,438	1,645,418
Trade payables	5,590	1,698
Other payables	226,826	150,890
	<u>1,429,854</u>	<u>1,798,006</u>
Total liabilities	<u>3,705,789</u>	<u>3,690,471</u>
<b>Total equity and liabilities</b>	<b>9,215,265</b>	<b>8,460,245</b>
Units in circulation ('000 units)	3,424,808	2,945,078
<b>Net Asset Value ("NAV") attributable to unitholders:</b>		
Before income distribution	5,169,759	4,430,057
After income distribution <sup>2</sup>	5,077,910	4,359,964
<b>NAV per unit attributable to unitholders (RM):</b>		
Before income distribution	1.5095	1.5042
After income distribution <sup>2</sup>	1.4827	1.4804

<sup>1</sup> Certain balances in the audited consolidated statement of financial position have been reclassified to conform to current financial period's presentation. Further details are disclosed in Note B20.

<sup>2</sup> After interim income distribution of 1.63 sen per unit for semi-annual period ended 30 June 2021 and distributable income for 5Q2021 of 1.05 sen per unit is assumed for income distribution (30 June 2020: Final income distribution of 2.38 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**  
**FIFTH QUARTER ENDED 30 SEPTEMBER 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (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 July 2020</b>	2,727,829	1,702,228	4,430,057	339,717	4,769,774
<b>Total comprehensive income</b>					
Profit for the period	-	179,291	179,291	-	179,291
Other comprehensive income:					
- Cash flow hedge - fair value of derivative	-	37,316	37,316	-	37,316
- Cash flow hedge reserve recycled to profit or loss	-	(35,067)	(35,067)	-	(35,067)
Total comprehensive income, representing the increase in net assets resulting from operations	2,727,829	1,883,768	4,611,597	339,717	4,951,314
<b>Unitholders' Transactions</b>					
Creation of units pursuant to private placement <sup>1</sup>	710,000	-	710,000	-	710,000
Unit issuance expenses	(3,965)	-	(3,965)	-	(3,965)
Distribution to unitholders:					
- Income distribution declared and paid in current year	-	(52,877)	(52,877)	-	(52,877)
- Income distribution proposed in prior year but paid in current period	-	(70,093)	(70,093)	-	(70,093)
Increase in net assets resulting from unitholders' transactions	706,035	(122,970)	583,065	-	583,065
<b>Perpetual Note Holders' Transactions</b>					
Amount reserved for distribution to perpetual note holders	-	(24,903)	(24,903)	-	(24,903)
Decrease in net assets resulting from perpetual note holders' transactions	-	(24,903)	(24,903)	-	(24,903)
<b>As at 30 September 2021 (Unaudited)</b>	3,433,864	1,735,895	5,169,759	339,717	5,509,476

<sup>1</sup> Issuance of 479,729,700 new units at the issue price of RM1.48 per unit, pursuant to the private placement exercise completed on 28 October 2020.

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

SUNWAY REAL ESTATE INVESTMENT TRUST  
FIFTH QUARTER ENDED 30 SEPTEMBER 2021  
FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)

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

	Unitholders' Capital	Undistributed Income	Total Unitholders' Funds	Perpetual Note Holders' Funds	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 July 2019</b>	2,727,829	1,729,010	4,456,839	339,717	4,796,556
<b>Total comprehensive income</b>					
Profit for the financial year	-	208,207	208,207	-	208,207
Other comprehensive income:					
- Cash flow hedge - fair value of derivative	-	9,184	9,184	-	9,184
- Cash flow hedge reserve recycled to profit or loss	-	(11,300)	(11,300)	-	(11,300)
Total comprehensive income, representing the increase in net assets resulting from operations	2,727,829	1,935,101	4,662,930	339,717	5,002,647
<b>Unitholders' Transactions</b>					
Distribution to unitholders:					
- Income distribution declared and paid in current year	-	(145,781)	(145,781)	-	(145,781)
- Income distribution proposed in prior year but paid in current year	-	(67,148)	(67,148)	-	(67,148)
Decrease in net assets resulting from unitholders' transactions	-	(212,929)	(212,929)	-	(212,929)
<b>Perpetual Note Holders' Transactions</b>					
Amount reserved for distribution to perpetual note holders	-	(19,944)	(19,944)	-	(19,944)
Decrease in net assets resulting from perpetual note holders' transactions	-	(19,944)	(19,944)	-	(19,944)
<b>As at 30 June 2020 (Audited)</b>	2,727,829	1,702,228	4,430,057	339,717	4,769,774

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**  
**FIFTH QUARTER ENDED 30 SEPTEMBER 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	15-Month Period ended 30.09.2021	12-Month Period ended 30.06.2020 (Restated) <sup>1</sup>
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	543,799	562,005
Refundable security deposits from customers	5,963	821
Cash paid for operating expenses	(215,442)	(217,919)
Net cash from operating activities	<u>334,320</u>	<u>344,907</u>
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(1,998)	(2,290)
Deposit for acquisition of investment property	(3,410)	(45,000)
Balance payment for acquisition of investment property	(405,000)	-
Incidental costs on acquisition of investment property	(4,717)	-
Subsequent expenditure of investment properties	(256,423)	(72,358)
Investment in short term money market instrument	(750,000)	(1,020,000)
Redemption of short term money market instrument	880,000	840,000
Net cash flows from licensed financial institutions with maturity of over 3 months	-	20,000
Interest received	8,658	6,041
Net cash used in investing activities	<u>(532,890)</u>	<u>(273,607)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of commercial papers	150,000	1,010,000
Proceeds from issuance of unrated medium term notes	1,200,000	1,400,000
Drawdown of revolving loan - USD	384,893	373,680
Drawdown of revolving loan	-	100,000
Repayment of commercial papers	(200,000)	(960,000)
Repayment of unrated medium term notes	(1,200,000)	(1,200,000)
Repayment of revolving loan - USD	(373,680)	(392,310)
Interest paid	(115,481)	(115,239)
Proceeds from issuance of new units	710,000	-
Payment of unit issuance expenses	(3,965)	-
Distribution paid to unitholders	(122,970)	(212,929)
Distribution paid to perpetual note holders	(19,890)	(19,944)
Net cash from / (used in) financing activities	<u>408,907</u>	<u>(16,742)</u>
Net increase in cash and cash equivalents	210,337	54,558
Cash and cash equivalents at beginning of year	101,816	47,258
<b>Cash and cash equivalents at end of period / year</b>	<b><u>312,153</u></b>	<b><u>101,816</u></b>
Cash and bank balances	312,153	101,816
Deposits with licensed financial institutions with maturity of over 3 months	-	-
Cash and cash equivalents	<u>312,153</u>	<u>101,816</u>
Cash and bank balances at end of period / year comprise:		
Cash on hand and at banks	31,153	31,816
Deposits placed with licensed financial institutions	281,000	70,000
Cash and bank balances	<u>312,153</u>	<u>101,816</u>

<sup>1</sup> Certain balances in the audited consolidated statement of cash flows have been reclassified to conform to current financial period's presentation. Further details are disclosed in Note B20.

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



**SUNWAY REAL ESTATE INVESTMENT TRUST  
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**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 30 September 2021 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 30 June 2020 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 2020 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 2020, except for the adoption of the following amendments to MFRSs that are effective for annual periods beginning on or after 1 January 2020:

- *Amendments to References to the Conceptual Framework in MFRS Standards*
- *Amendments to MFRS 3 Definition of a Business*
- *Amendments to MFRS 101 and MFRS 108 Definition of Material*
- *Amendment to MFRS 16 Covid-19-Related Rent Concessions*
- *Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*
- *Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform - Phase 2*

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

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

The auditors have expressed an unqualified opinion on Sunway REIT's financial statements for the preceding financial year ended 30 June 2020.

**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 30 September 2021, except for the material event as disclosed in Note A18.

**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 30 September 2021, 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 30 September 2021.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
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**A8. Segmental Reporting**

Segmental revenue and results for the quarter ended 30 September 2021 and 30 September 2020 are as follows:

Business segments	3-Month Period ended 30.09.2021						3-Month Period ended 30.09.2020					
	Retail	Hotel	Office	Services	Industrial & Others	Total	Retail	Hotel	Office	Services	Industrial & Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue and results</b>												
Gross revenue	64,899	6,185	18,929	15,335	1,540	106,888	77,724	2,791	10,471	14,917	1,540	107,443
Net property income	36,595	4,221	12,822	15,335	1,540	70,513	44,157	1,223	6,252	14,917	1,540	68,089
Interest income						1,901						1,500
Other income						25						30
Trust and other expenses						(9,925)						(9,456)
Finance costs						(21,455)						(25,765)
Profit before tax						41,059						34,398
Income tax expense						-						-
Profit for the period						41,059						34,398

Sunway REIT has changed its financial year end from 30 June to 31 December. The current reporting quarter ("5Q2021") is a period of 3 months, made up from 1 July 2021 to 30 September 2021. The figures for the same period last year ("1Q2021"), made up from 1 July 2020 to 30 September 2020, are included from comparison purposes.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIFTH QUARTER ENDED 30 SEPTEMBER 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

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

Segmental revenue and results for the cumulative quarter ended 30 September 2021 are as follows:

Business segments	15-Month Period ended 30.09.2021					
	Retail	Hotel	Office	Services	Industrial & Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue and results</b>						
Gross revenue	311,638	39,983	82,535	75,907	7,698	517,761
Net property income	164,138	31,864	54,372	75,907	7,698	333,979
Interest income						9,528
Other income						154
Trust and other expenses						(48,807)
Finance costs						(115,563)
Profit before tax						179,291
Income tax expense						-
Profit for the period						179,291

Sunway REIT has changed its financial year end from 30 June to 31 December. The current cumulative financial period is a period of 15 months, made up from 1 July 2020 to 30 September 2021. As such, there are no comparative figures for the preceding year corresponding period.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIFTH QUARTER ENDED 30 SEPTEMBER 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

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

Segmental assets and liabilities as at 30 September 2021 and 30 June 2020 are as follows:

Business segments	As at 30.09.2021						As at 30.06.2020					
	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	5,148,802	1,736,416	946,011	915,001	96,000	8,842,230	4,997,765	1,625,718	486,257	910,057	96,000	8,115,797
Unallocated assets						373,035						344,448
Total assets						9,215,265						8,460,245
<b>Liabilities</b>												
Segment liabilities	224,119	11,140	23,758	-	-	259,017	180,036	10,567	11,230	-	-	201,833
Unallocated liabilities						3,446,772						3,488,638
Total liabilities						3,705,789						3,690,471

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FIFTH QUARTER ENDED 30 SEPTEMBER 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

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

Properties	Gross Revenue			Net Property Income			Gross Revenue	Net Property Income
	3-Month Period ended			3-Month Period ended			15-Month Period ended	15-Month Period ended
	30.09.2021	30.09.2020	Change	30.09.2021	30.09.2020	Change	30.09.2021	30.09.2021
	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000
<b>Retail</b>								
Sunway Pyramid Shopping Mall	52,441	60,686	-13.6%	32,974	36,715	-10.2%	230,631	131,069
Sunway Carnival Shopping Mall	4,815	7,803	-38.3%	1,525	3,750	-59.3%	36,371	17,355
SunCity Ipoh Hypermarket	770	642	19.9%	743	630	17.9%	3,722	3,584
Sunway Putra Mall	6,873	8,593	-20.0%	1,353	3,062	-55.8%	40,914	12,130
	64,899	77,724	-16.5%	36,595	44,157	-17.1%	311,638	164,138
<b>Hotel</b>								
Sunway Resort Hotel <sup>1</sup>	62	211	-70.6%	(694)	(189)	> -100%	585	(1,747)
Sunway Pyramid Hotel	(2)	324	> -100%	(159)	146	> -100%	821	(11)
Sunway Hotel Seberang Jaya	-	52	-100.0%	(48)	5	> -100%	58	(174)
Sunway Putra Hotel	3,764	777	> 100%	3,404	444	> 100%	12,774	11,032
Sunway Hotel Georgetown	68	233	-70.8%	17	184	-90.8%	2,438	2,188
Sunway Clio Property	2,293	1,194	92.0%	1,701	633	> 100%	23,307	20,576
	6,185	2,791	> 100%	4,221	1,223	> 100%	39,983	31,864
<b>Office</b>								
Menara Sunway	4,221	4,472	-5.6%	2,975	3,136	-5.1%	21,817	15,066
Sunway Tower	1,106	1,230	-10.1%	172	253	-32.0%	5,790	980
Sunway Putra Tower	3,036	3,026	0.3%	1,892	1,931	-2.0%	15,161	9,570
Wisma Sunway	1,724	1,743	-1.1%	968	932	3.9%	8,697	4,765
The Pinnacle Sunway <sup>2</sup>	8,842	N/A	N/A	6,815	N/A	N/A	31,070	23,991
	18,929	10,471	80.8%	12,822	6,252	> 100%	82,535	54,372
<b>Services</b>								
Sunway Medical Centre (Tower A & B)	6,386	6,170	3.5%	6,386	6,170	3.5%	31,499	31,499
Sunway university & college campus	8,949	8,747	2.3%	8,949	8,747	2.3%	44,408	44,408
	15,335	14,917	2.8%	15,335	14,917	2.8%	75,907	75,907
<b>Industrial &amp; Others</b>								
Sunway REIT Industrial - Shah Alam 1	1,540	1,540	0.0%	1,540	1,540	0.0%	7,698	7,698
	1,540	1,540	0.0%	1,540	1,540	0.0%	7,698	7,698
<b>Total Revenue / NPI</b>	<b>106,888</b>	<b>107,443</b>	<b>-0.5%</b>	<b>70,513</b>	<b>68,089</b>	<b>3.6%</b>	<b>517,761</b>	<b>333,979</b>

N/A - Not Applicable

<sup>1</sup> Closed for phased refurbishment commencing from July 2020 for 12 - 24 months.

<sup>2</sup> Acquired on 20 November 2020.

**SUNWAY REAL ESTATE INVESTMENT TRUST  
FIFTH QUARTER ENDED 30 SEPTEMBER 2021  
FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (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 a decline in gross revenue for the current quarter ended 30 September 2021 (5Q2021) to RM64.9 million, by 16.5% y-o-y or RM12.8 million, with the enhanced restrictions in parts of Selangor and Kuala Lumpur compared to the recovery movement control in the same period last year (1Q2021).

Property operating expenses correspondingly reduced by RM5.3 million.

Net property income of the retail segment for 5Q2021 was RM36.6 million, lower by 17.1% y-o-y or RM7.5 million compared to 1Q2021.

Hotel segment

All hotels were open during the quarter, except for Sunway Resort Hotel which was closed for phased refurbishment commencing from July 2020 for 12 - 24 months. Gross revenue of the hotel segment jumped more than two folds to RM6.2 million in 5Q2021 from RM2.8 million in 1Q2021, mainly supported by guaranteed rent from Sunway Putra Hotel and quarantine business at Sunway Clio Hotel.

Net property income of the hotel segment correspondingly hiked to RM4.2 million in 5Q2021 compared to RM1.2 million in 1Q2021.

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

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

Office segment

Gross revenue of the office segment surged by 80.8% y-o-y to RM18.9 million in 5Q2021 compared to RM10.5 million in 1Q2021 due to the new income contribution from The Pinnacle Sunway of RM8.8 million and largely stable average occupancy rate for the offices.

Similarly, property operating expenses for 5Q2021 increased by RM1.9 million largely due to the property operating expenses of The Pinnacle Sunway of RM2.0 million.

Net property income of the office segment doubled to RM12.8 million in 5Q2021, from RM6.2 million in 1Q2021.

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

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

#### Services segment

The services segment contributed gross revenue and net property income of RM15.3 million for 5Q2021, an increase of 2.8% or RM0.4 million compared to 1Q2021 due to annual rental reversion of Sunway Medical Centre and Sunway university & college campus in accordance with the master lease agreements.

#### Industrial & Others segment

Contribution from Sunway REIT Industrial - Shah Alam 1 was stable at RM1.5 million per quarter, since the last rent review in January 2019 in accordance with the master lease agreement. The next rent review is in January 2022.

Note: Further details on the master leases of the above properties can be found in pages 16 and 17 of Sunway REIT Integrated Report 2020.

#### Results for the quarter

Interest income for 5Q2021 was higher by RM0.4 million contributed by higher deposits placed with financial institutions, largely with the balance proceeds from private placement. Further details on the balance proceeds from private placement are disclosed in Note B11.

Manager's fees for 5Q2021 was higher by RM0.7 million mainly due to the higher assets under management with the acquisition of The Pinnacle Sunway in 2Q2021. The fee structure of the Manager is disclosed in Note B8.

Finance costs for 5Q2021 was lower by RM4.3 million due to the lower average interest rate.

Profit for the quarter mainly comprise of realised profit of RM41.0 million (1Q2021: RM34.4 million). Realised profit for 5Q2021 was higher by RM6.6 million mainly contributed by higher net property income and lower finance costs as explained above.

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

#### Retail segment

The retail segment shown encouraging recovery in 1Q2021 following the easing of movement restrictions coupled with few festive celebrations before retracted subsequently with the resurgence of Covid-19 cases in Malaysia since September 2020 which has led to the re-introduction of targeted restrictive movement measures. The retail segment recorded gross revenue of RM311.6 million for the cumulative period ended 30 September 2021 (YTD 5Q2021), after consideration of ongoing rental support provided on case-to-case basis to affected tenants. Average occupancy rate of the retail segment for the cumulative period remained stable at above 90%.

Property operating expenses of the retail segment for YTD 5Q2021 was RM147.5 million, with higher provision for doubtful debts in view of the rising trade receivables and lower utilities with restricted operation during the period and electricity tariff rebates from the various stimulus packages.

Net property income of the retail segment for YTD 5Q2021 was RM164.1 million.

#### Hotel segment

The hotel segment recorded gross revenue of RM40.0 million for YTD 5Q2021, largely supported by guaranteed income from Sunway Clio Property, Sunway Putra Hotel and Sunway Hotel Georgetown amidst the enforcement of various movement control orders in Malaysia as well as closure of Sunway Resort Hotel for phased refurbishment of 12-24 months from July 2020.

Correspondingly, net property income of the hotel segment for YTD 5Q2021 stood at RM31.9 million, after the property operating expenses of RM8.1 mainly comprised of the quit rent, assessment and insurance for the hotel properties and the operating expenses of Sunway Clio Retail.

## A8. Segmental Reporting (Cont'd)

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

#### Office segment

The office segment registered gross revenue of RM82.5 million for YTD 5Q2021, boosted by the new income contribution from The Pinnacle Sunway of RM31.1 million since completion of the acquisition on 20 November 2020. Average occupancy rate of the office segment for the cumulative period has also inched up with the inclusion of The Pinnacle Sunway holding steady occupancy of above 95%.

Property operating expenses of the office segment for YTD 5Q2021 was RM28.1 million, after incorporating property operating expenses of The Pinnacle Sunway of RM7.1 million.

Correspondingly, net property income of the office segment for YTD 5Q2021 stood at RM54.4 million.

#### Services segment

The services segment registered gross revenue and net property income of RM75.9 million for YTD 5Q2021, after reflecting the annual rental reversion of averagely 2.8% for Sunway Medical Centre and Sunway university & college campus in accordance with the master lease agreements.

#### Industrial & Others segment

Sunway REIT Industrial - Shah Alam 1 contributed RM7.7 million to revenue and net property income for YTD 5Q2021, in accordance with the master lease agreement.

#### Results for the period

Interest income for YTD 5Q2021 was RM9.5 million largely derived from the deposits with financial institutions utilising the balance proceeds from private placement and surplus cash from operations.

Manager's fees for YTD 5Q2021 of RM43.9 million include an additional property, The Pinnacle Sunway, during the period.

Finance costs for YTD 5Q2021 was RM115.6 million. The overnight policy rate adjustments by Bank Negara Malaysia since early 2020 has contributed to lower average interest rate for the period, following the periodic rate adjustments on floating rate borrowings and refinancing of borrowings during the period at lower market interest rate.

Profit for the period was RM179.3 million comprised of mainly realised profit. Realised profit for YTD 5Q2021 of RM179.2 million was primarily contributed by net property income of RM334.0 million, partially offset by finance costs and Manager's fees as described above.

## 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:

	<b>3-Month Period ended</b>	<b>3-Month Period ended</b>	<b>15-Month Period ended</b>
	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(1,901)	(1,500)	(9,528)
Net changes in fair value of long term liabilities	(21)	(29)	(130)
Unrealised foreign exchange loss (hedged item)	3,325	3,375	35,067
Cash flow hedge reserve recycled to profit or loss	(3,325)	(3,375)	(35,067)
Allowance of impairment on trade receivables	4,939	10,129	21,175
Depreciation of plant and equipment	600	622	2,980
Loss/(gain) on disposal of plant and equipment	3	(1)	61



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

### Taxation of the Unitholders

Pursuant to Section 109D of the Malaysian Income Tax Act 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Category / Type of unitholders	Withholding tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	24%

Resident corporate investors are required to report the distributions in their corporate tax return and subject to the prevailing corporate tax rate of 24%.

## A12. Income Distribution

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

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

Distribution reinvestment scheme of Sunway REIT was established following the approval of the unitholders at the Eighth Annual General Meeting on 2 October 2020. 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 period, the Manager has proposed the following distributions of Sunway REIT:

- (i) For the period from 1 July 2020 to 30 September 2020, interim income distribution amounting to RM26.5 million or 0.90 sen per unit paid in cash on 10 November 2020. This was an advance income distribution to the existing unitholders of Sunway REIT prior to the issuance of new units pursuant to the private placement exercise.
- (ii) For the period from 1 October 2020 to 31 December 2020, interim income distribution amounting to RM26.4 million or 0.77 sen per unit paid in cash on 11 March 2021.
- (iii) For the semi-annual period from 1 January 2021 to 30 June 2021, interim income distribution amounting to RM55.8 million or 1.63 sen per unit paid in cash on 29 September 2021.

Final income distribution for the current financial period will be based on the distributable income for the semi-annual period ending 31 December 2021.

## A13. Investment Properties

	As at 30.09.2021 RM'000	As at 30.06.2020 RM'000
Investment properties	8,508,555	7,916,070
Investment property under construction	231,889	104,163
Investment property - accrued lease income	16,930	16,930
Total property value	<u>8,757,374</u>	<u>8,037,163</u>

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

On 20 November 2020, Sunway REIT acquired an investment property namely The Pinnacle Sunway for a cash consideration of RM450.0 million, which was financed through drawdown of borrowings and proceeds from the private placement exercise.

Our flagship hotel, Sunway Resort Hotel, is currently undergoing phased refurbishment of 12 – 24 months from July 2020 to modernise its offerings with technology-enhanced features and family-friendly amenities, with the property development costs incurred to-date of RM103.7 million being capitalised as investment properties.

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 RM214.7 million. Superstructure, architectural, interior, mechanical and electrical services works are on-going.

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 RM16.9 million as at 30 September 2021.

### A14. Valuation of Investment Properties

Latest revaluation exercise on the investment properties of Sunway REIT was carried out on 30 June 2020 by independent registered valuers, Knight Frank Malaysia Sdn Bhd, Savills (Malaysia) Sdn Bhd and First Pacific Valuers Property Consultants Sdn Bhd. The difference between the valuation and the carrying amounts of the respective investment properties were charged or credited to the profit or loss in 4Q2020.

A revaluation exercise on all investment properties of Sunway REIT is expected to be carried out in the last quarter of the financial period ending 31 December 2021, in line with the change of financial year end of Sunway REIT.

### A15. Trade Receivables

	<b>As at 30.09.2021 RM'000</b>	<b>As at 30.06.2020 RM'000</b>
Third parties	84,175	55,505
Amount due from parties related to the Manager	2,815	3,808
	<hr/> 86,990	<hr/> 59,313
Less: Allowance for impairment	(27,085)	(6,047)
Total trade receivables	<hr/> 59,905	<hr/> 53,266

Trade receivables, before allowance for impairment, has increased by RM27.7 million as at 30 September 2021 mainly due to slower collection from retail tenants and guaranteed rent from Sunway Putra Hotel received after September 2021.

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

	<b>As at 30.09.2021 RM'000</b>	<b>As at 30.06.2020 RM'000</b>
Neither past due nor impaired	4,941	9,696
Past due but not impaired		
1 to 30 days	12,030	15,482
31 to 60 days	16,480	15,328
61 to 90 days	7,961	6,177
91 to 120 days	3,123	513
More than 120 days	15,370	6,070
	<hr/> 54,964	<hr/> 43,570
Impaired	27,085	6,047
	<hr/> 86,990	<hr/> 59,313

### A15. Trade Receivables (Cont'd)

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:

	As at 30.09.2021 RM'000	As at 30.06.2020 RM'000
At beginning of financial year	6,047	2,692
Charge for the financial period/year	21,175	3,370
Written off	(137)	(15)
At end of financial period/year	<u>27,085</u>	<u>6,047</u>

### A16. Borrowings and Debt Securities

	As at 30.09.2021 RM'000	As at 30.09.2020 (Restated) RM'000
<u>Short term borrowings</u>		
Secured		
- Commercial paper	-	50,000
- Revolving loan (USD)	397,765	399,317
- Unrated medium term notes	800,000	1,200,000
	<u>1,197,765</u>	<u>1,649,317</u>
Less: Discount on commercial paper	-	(92)
Less: Unamortised transaction costs	(327)	(400)
Total short term borrowings	<u>1,197,438</u>	<u>1,648,825</u>
<u>Long term borrowings</u>		
Secured - Unrated medium term notes	600,000	200,000
Unsecured - Revolving loan (RM)	1,600,000	1,600,000
Total long term borrowings	<u>2,200,000</u>	<u>1,800,000</u>
Total borrowings	<u>3,397,438</u>	<u>3,448,825</u>

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

The revolving loan (USD) was drawn in USD95.0 million (equivalent to RM384.9 million) to refinance the existing revolving loan (USD) drawn in AUD135.0 million (equivalent to RM373.7 million). The revolving loan (USD) is fully hedged with 1-year USD-MYR cross currency swap ("CCS") contracts until February 2022 (30 September 2020: 9-month AUD-MYR CCS contract until February 2021) to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period.

The revolving loan (USD) of USD95.0 million was translated at an exchange rate of 4.1870 on 30 September 2021 (30 September 2020: AUD135.0 million at an exchange rate of 2.9579) with cumulative unrealised foreign exchange translation loss of RM12.9 million (30 September 2020: loss of RM25.6 million) since the drawdown.

The unamortised transaction costs of RM0.3 million as at 30 September 2021 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. The comparative has been reclassified to conform to current financial period's presentation. Further details are disclosed in Note B20.

Total borrowings of Sunway REIT stood at RM3.4 billion as at 30 September 2021, slightly reduced by RM51.4 million compared to 30 September 2020 mainly due to redemption of commercial papers of RM50.0 million in October 2020 with the proceeds from private placement.

The weighted average interest rate of borrowings as at 30 September 2021 was 2.82% (30 September 2020: 3.02%) and the percentage proportion of debt that is based on fixed interest rate and floating interest rate was 38 : 62 (30 September 2020: 43 : 57).

### 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.

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 30 September 2021</b>				
<u>Financial assets</u>				
Investment properties	-	-	7,933,000	7,933,000
Derivatives	-	12,899	-	12,899
<hr/>				
<b>At 30 June 2020</b>				
<u>Financial assets</u>				
Investment properties	-	-	7,933,000	7,933,000
Derivatives	-	20,039	-	20,039
<hr/>				

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

### A18. Material Event

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

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

##### i) Impact on financials

Rental income from malls and hotels has been adversely impacted since the implementation of the MCO, while the impact on Sunway REIT's rental income from office, services and industrial properties has not been material. The impact on financials for 5Q2021 is discussed in Note A8a) above.

##### ii) Impact on liquidity

The Manager has taken pre-emptive measures to increase the liquidity position of Sunway REIT, both for ongoing business needs as well as for the purposes of averting any liquidity crunch in the credit market that could potentially arise. As at 30 September 2021, Sunway REIT has cash and bank balances and short term investment amounting to RM362 million, largely to fund the on-going expansion of Sunway Carnival Shopping Mall and the phased refurbishment of Sunway Resort Hotel.

On 12 August 2020, the SC announced that it will temporarily increase the gearing limit for Malaysian real estate investment trusts from 50.0% to 60.0%, effective immediately until 31 December 2022. This temporary increase in gearing limit provides Sunway REIT with cash flow flexibility in light of the challenging operating environment during the COVID-19 pandemic, if required. The gearing of Sunway REIT stood at 36.9% as at 30 September 2021.

## A18. Material Event (Cont'd)

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

#### iii) Impact on occupancies

Average occupancy rate of the retail segment remained relatively stable at 96% for YTD 5Q2021, while office segment has registered higher average occupancy rate of 84% for YTD 5Q2021 with the inclusion of The Pinnacle Sunway.

Excluding Sunway Resort Hotel which was closed for phased refurbishment commencing from July 2020, the hotel segment registered average occupancy rate of 24% for YTD 5Q2021. With international travel restriction remains prevalent and restricted group meeting capacity, hotel pick-up pace remains challenging in the coming months.

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

#### iv) Strategies and steps taken

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

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

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

In addition, Sunway REIT's capital base was strengthened following the completion of the private placement exercise in 2Q2021, raising gross proceeds of approximately RM710.0 million to fund the acquisition of The Pinnacle Sunway and the expansion of Sunway Carnival Shopping Mall.

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

There was no material event subsequent to the quarter ended 30 September 2021.

## 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</b> <b>30.09.2021</b> <b>RM'000</b>	<b>As at</b> <b>30.06.2020</b> <b>RM'000</b>
Approved and contracted for	316,648	329,682
Approved but not contracted for	237,421	304,114
	<u>554,069</u>	<u>633,796</u>

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

**A21. Contingent Liabilities and Assets**

There was no contingent assets as at 30 September 2021. The contingent liabilities as at 30 September 2021 are 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 period ended 30 September 2021:

	<b>3-Month Period ended</b>	<b>15-Month Period ended</b>
	<b>30.09.2021</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>(Sales to)/purchases from parties related to the Manager</u>		
(a) Sunway Berhad Group		
- Sales	(19,156)	(115,127)
- Purchases	47,689	292,513
(b) Sunway Technology Sdn. Bhd. Group		
- Sales	(708)	(2,709)
- Purchases	190	881
<u>Other transactions with parties related to the Manager</u>		
(a) Sunway Berhad Group		
- Net investment/(redemption) in money market	50,000	(130,000)
- Acquisition of investment property	-	405,000
- Distribution to perpetual note holders	5,013	24,903

The acquisition of investment property pertains to the acquisition of The Pinnacle Sunway for RM450.0 million from Sunway Integrated Properties Sdn. Bhd. and Sunway Pinnacle Sdn. Bhd., both of which are wholly-owned subsidiaries of Sunway Berhad. The deposit of RM45.0 million was paid in June 2020 upon signing of the sale and purchase agreement and the balance purchase consideration of RM405.0 million was paid in November 2020.

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 of RM340.0 million, 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 30 September 2021 and 30 June 2020:

	<b>As at</b>	<b>As at</b>
	<b>30.09.2021</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Amount owed by parties related to the Manager:</u>		
(a) Sunway Berhad Group	3,381	6,046
<u>Amount owed to parties related to the Manager:</u>		
(a) Sunway Berhad Group	4,710	6,800

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

**B1. Review of Performance**

**a) Statement of Comprehensive Income**

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

**b) Statement of Financial Position**

The increase in investment properties by RM720.2 million was largely contributed by the acquisition of The Pinnacle Sunway on 20 November 2020 and ongoing capital expenditure mainly the expansion of Sunway Carnival Shopping Mall and the phased refurbishment of Sunway Resort Hotel.

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

The increase in trade receivables is explained in Note A15.

Other receivables was lower by RM44.3 million primarily due to reclassification of deposit for The Pinnacle Sunway of RM45.0 million as investment properties upon completion of the acquisition.

Derivatives of RM12.9 million was in relation to 1-year USD-MYR CCS contracts for the revolving loan (USD). Further details and movement of the derivatives are explained in Notes A16 and B16.

Short term investment relates to investment in 1-month and 3-month commercial papers issued by Sunway Berhad Group, as disclosed in Note A22 above, at the nominal value of RM50.0 million.

The increase in cash and bank balances by RM210.3 million was mainly due to the balance proceeds from private placement. Status of utilisation of the proceeds is disclosed in Note B11 below.

Perpetual note holders' funds represent proceed from an issuance of perpetual note of RM340.0 million by SUNREIT Perpetual Bond Berhad in April 2019, net of transaction costs incurred for establishment of the Perpetual Note Programme of RM0.3 million. The perpetual note was subscribed by wholesale funds, which are regarded as structured entities controlled by Sunway Berhad. The distribution to the perpetual note holders is a related party transaction as disclosed in Note A22 above.

Borrowings decreased by RM48.0 million mainly due to redemption of commercial papers of RM50.0 million.

Other payables increased by RM75.9 million mainly due to accrued rent rebate and increase in refundable deposits.

Total net asset value as at 30 September 2021 was RM5,509.5 million, comprise of unitholders' funds of RM5,169.8 million and perpetual note holders' funds of RM339.7 million. Unitholders' funds increased by RM739.7 million largely from the issuance of new units pursuant to the private placement exercise raising net proceeds of RM706.0 million and total comprehensive income for the financial period of RM181.6 million, partially reduced by distribution to unitholders of RM123.0 million and amount reserved for distribution to perpetual note holders of RM24.9 million. There was no movement in the perpetual note holders' funds during the financial period.

Net asset value per unit, after income distribution, remained stable at RM1.48 as at 30 September 2021 and 30 June 2020.

**c) Statement of Cash Flows**

Net cash from operating activities for YTD 5Q2021 of RM334.3 million was mainly attributable to collection from lessees and tenants and refundable deposits received, partially used for operating expenses.

Net cash used in investing activities for YTD 5Q2021 of RM532.9 million was predominantly due to the acquisition of The Pinnacle Sunway, progress payments for refurbishment works at Sunway Resort Hotel and expansion works at Sunway Carnival Shopping Mall, partially offset by net redemption of investment in money market instrument.

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

### c) Statement of Cash Flows (Cont'd)

Net cash from financing activities for YTD 5Q2021 of RM408.9 million was mainly attributable to gross proceeds from private placement of RM710.0 million, reduced by the redemption of commercial papers of RM50.0 million, income distribution paid to unitholders of RM123.0 million and interest paid of RM115.5 million.

Cash and bank balances as at 30 September 2021 and 30 June 2020 stood at RM312.2 million and RM101.8 million respectively. The higher balance was contributed by balance fund from borrowings for planned capital expenditure and balance proceeds from private placement.

## 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 RM40.5 million for 5Q2021 and RM265.6 million for YTD 5Q2021, substantially in regards to the ongoing works for the expansion of Sunway Carnival Shopping Mall and the phased refurbishment for Sunway Resort Hotel, details as disclosed in Note A13.

## B3. Material Changes in Quarterly Results

	<b>Current</b>	<b>Immediate</b>	
	<b>Quarter ended</b>	<b>Preceding</b>	
	<b>30.09.2021</b>	<b>30.06.2021</b>	<b>Change</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Realised profit	41,038	33,496	22.5%
Unrealised profit	21	25	-16.0%
Profit for the quarter	<u>41,059</u>	<u>33,521</u>	<u>22.5%</u>

Realised profit for 5Q2021 was higher by RM7.5 million compared to the immediate preceding quarter (4Q2021), contributed by higher income from the retail segment. The increase was partially offset by lower guaranteed rent from Sunway Putra Hotel in 5Q2021 compared to 4Q2021. No significant change for the other segments of Sunway REIT.

## B4. Commentary on Prospects

International Monetary Fund (IMF) projected the global economy to grow 5.9% (July 2021 forecast: 6.0%) in CY2021. The downward revision was primarily due to supply disruptions in advanced economies and worsening pandemic dynamics in developing countries. This was partially offset by stronger growth from commodity-exporting activities in emerging economies.

IMF maintained its global economic growth forecast at 4.9% in CY2022 (unchanged from forecast in July 2021), supported by expansionary policies to stimulate broad-based economic growth globally.

The balance of risks remain tilted to the downside as the major source of concern is the potential emergence of deadlier COVID-19 variants before widespread vaccination is reached.

In the Federal Budget 2022, the government maintained Malaysia's gross domestic product (GDP) projection of between 3.0% and 4.0% for CY2021, supported by gradual reopening of economic sectors and transition to the National Recovery Plan (NRP).

Malaysia's economic growth rate is expected to strengthen to between 5.5% and 6.5% in CY2022, underpinned by further reopening of economic sectors, increased external demand, high commodity prices, improved employment market conditions, rapid transition to digitalisation and implementation of infrastructure projects.

The expansionary fiscal Federal Budget 2022 prioritises economic and new sources of growth to accelerate economic recovery, strengthening economic resilience and catalysing reforms. These initiatives are in line with the themes and core thrusts of the Twelfth Malaysia Plan (12MP). The 12MP has identified four catalytic policy enablers which include efforts to accelerate productivity, technology adoption and innovation to sustain Malaysia's average GDP growth rate of 4.5% and 5.5% per annum between CY2021 and CY2025.



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

Headline Consumer Price Index (CPI) increased 2.2% in September 2021 on the back of low base last year. Major contributor to the higher inflation was attributable to Transport (+11.0%) due to the implementation of RON95 petrol ceiling price of RM2.05 per litre in March 2021. Core inflation inched marginally higher by 0.6% in September 2021.

For CY2021, Bank Negara Malaysia projected the headline inflation to hover between 2.0% - 3.0% while underlying inflation, as measured by core inflation, is projected to average below 1.0% for the year. Moving into CY2022, headline inflation is expected to remain moderate whilst core inflation will remain benign on the back of spared capacity.

The Monetary Policy Committee (MPC) continued to maintain the Overnight Policy Rate (OPR) at 1.75%. MPC is expected to maintain its accommodative monetary policy necessitated to continue cushioning the economic impact and provide support for the recovery of economic activity. OPR is expected to be maintained in CY2021, with bias pressure towards managing interest rate hikes in line with global interest rate directions and inflationary pressure in tandem with global economic recovery.

The Manager observes encouraging business recovery signs pursuant to reopening of the economy as Malaysia moved into Phase 3 and 4 of the National Recovery Plan (NRP). This is further supported by government's efforts to stimulate economic growth through 12MP and Federal Budget 2022. The Manager opines that a sustainable recovery is underway on the back of positive progress in vaccination rates.

Barring any unforeseen circumstances, the Manager anticipates improvement in business performance for the last quarter of FP2021.

##### Review of retail market

Retail Group Malaysia (RGM) revised downwards its CY2021 retail sales growth forecast to 0.8% (June forecast: 4.0%), primarily due to business disruptions arising from the various phases of Movement Control Orders (MCO) imposed this year. RGM revised its forecast after taking into consideration of the lower retail sales growth in the 2Q CY2021 and revision in 3Q CY2021's retail sales growth rate. Pursuant to resumption of retail businesses in Phase 3 and 4 of NRP, RGM maintained its retail sales growth of 12.7% in 4Q CY2021, underpinned by short-term pent-up demand and "revenge spending" behaviour.

The MIER Consumer Sentiment Index (CSI) spiked to its highest level in 3 years to 101.7 points in 3Q CY2021, from 64.3 points in 2Q CY2021. The optimism was boosted by improved employment outlook which in turn uplifted consumers' sentiment.

The Federal Budget 2022 introduced direct cash assistance and welfare initiatives such as "Bantuan Keluarga Malaysia" as well as initiatives to generate employment opportunities through "Jamin Kerja Keluarga". These initiatives bode well to strengthen consumer sentiment and favourable in driving domestic consumption in the economy.

The adult population in Malaysia has achieved vaccination rate of 97.5% where individuals have received at least 1 dose of the vaccine as at 25 October 2021. As the nation moves towards its full vaccination target, individuals are gradually regaining confidence to be in public spaces.

Pursuant to the easing of movement restrictions and resumption in business operations, retail footfall and retail sales are showing encouraging recovery signs.

Retail malls within Sunway REIT's asset portfolio have achieved 100% vaccination rate for its tenants and employees, with the exception of individuals with health conditions. The outlook for the retail segment is inclining towards gradual recovery in the last quarter of FP2021, underpinned by improved employment outlook, festive seasons, pent-up demand and "revenge-spending" amidst limited international travelling.

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

### Review of hotel market

Malaysian Association of Hotels (MAH) estimated the average hotel occupancy to close below 30% in CY2021 as the industry is faced with strict movement restrictions for most part of CY2021. The fallout of the COVID-19 pandemic has led to closure of hotels on temporary or permanent basis of 120 hotels (tracked by MAH).

On 11 October 2021, the government announced the lifting of interstate and overseas travel restrictions for fully vaccinated individuals. With reference to the success of the travel bubble in Langkawi, domestic tourism industry is likely to benefit from pent-up demand for year-end vacation. The easing of travel restrictions will set the momentum for the tourism industry and pave ways for further recovery upon the reopening of the international borders.

The Business Conditions Index improved by 9.5 points to 97.0 points in 3Q CY2021, signaling an improved outlook for businesses albeit below the optimism threshold. In addition, meetings, incentives, conferencing, exhibitions (MICE) activities are expected to gradually resume, governed within strict adherence to standard operating procedures (SOPs).

Under the PEMULIH stimulus package, tourism-related businesses will continue to benefit from 10% electricity tariff discount to affected economic sectors and waiver of tourism tax and services tax for hotel operators until 31 December 2021.

In the Federal Budget 2022, several key initiatives totalling up to RM1.6 billion are slated to be implemented in efforts to rejuvenate the tourism sector in CY2022. This includes, amongst others, the continuation of the Wage Subsidy Programme for the tourism industry player, financing for the tourism sector, and continuation of individual income tax relief to promote domestic tourism.

The tourism industry will likely to ease further in tandem with more states moving into Phase 4 of NRP and closer to full vaccination rate. The Manager expects the hotel segment to gradually benefit from the progressive relaxation in travelling activities and pockets of MICE activities within limited capacity due to adherence to SOPs.

A full recovery to pre-COVID-19 pandemic will hinge on full lifting of international border travel restrictions and the dissipation of the travel anxiety.

### Review of office market

Despite reopening of all economic sectors, businesses continued to defer their expansion plans due to lack of business visibility in the short-term and challenging business operating environment. In addition, soft foreign direct investment (FDI) will also hinder expansion plans of multinational corporations in Malaysia.

The office market in Malaysia remains challenging on the back of oversupply situation which will exert pressure on rental reversion prospects in the office market. The demand-supply gap will persist where the office market adjusts between consolidation and expansion of business sectors.

The office market continues to witness a tidal wave of new working arrangements and demand for office space will be supported by growing business sectors such as e-commerce, venture capitalists, high-value technology, healthcare, pharmaceutical and personal hygiene-related products and services.

The Manager expects the office segment within Sunway REIT's asset portfolio to remain stable in FP2021, backed by full year income contribution from The Pinnacle Sunway and stable occupancy rates.

### Review of industrial market

The Department of Statistics Malaysia (DOSM) reported that Malaysia's Industrial Production Index (IPI) has dipped 0.7% y-o-y in August 2021, mainly due to the decline in mining (-4.2%) and electricity index (-4.8%). However, the manufacturing index recorded an expansion of 0.6% y-o-y after recording a drop of 6.5% y-o-y in July 2021, contributed by encouraging export growth for petroleum, chemical, rubber and plastic products (15.2%), as well as electrical and electronics products (8.6%).

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

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

The headline IHS Markit Malaysia Manufacturing Purchasing Managers' Index (PMI) rose to 48.1 in September 2021 from 43.4 in August 2021 on the back of the relaxation of movement and business operations restrictions, helping to chart the economic recovery. Vaccination progress throughout the nation has improved significantly and daily COVID-19 cases were on a downtrend, helping to drive renewed optimism about the economic outlook.

The Manager continues to actively pursue opportunities to grow its income stream in this segment in line with the diversification strategy for a more resilient income base, supported by the growing demand for high-value manufacturing and logistics sector.

#### 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 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 objectives during the period under review.

#### B6. Performance Benchmark

Performance indicators	Period ended 30.09.2021	Year ended 30.06.2020
a) Management expense ratio	0.72%	0.86%
b) Total return	-10.9%	-8.9%
c) Average annual total return (5 years)	1.6%	6.5%
d) Distribution yield	2.7%	4.5%
e) NAV per unit (after income distribution) (RM)	1.4827	1.4804

\* The performance indicators for the period ended 30 September 2021 was based on annualised results.

- The ratio of annualised trust expenses in operating Sunway REIT to the NAV of Sunway REIT.
- Total return represents the change in unit price from beginning of financial period plus annualised distribution yield for the financial period.
- Average annual total return is the sum of the return rates of Sunway REIT over a given number of years divided by that number of years.
- Annualised DPU of 3.71 sen (based on distributable income of 4.64 sen per unit for YTD 5Q2021) divided by the closing unit price as at 30 September 2021 of RM1.40 (30 June 2020: DPU of 7.33 sen for FY2020; closing unit price as at 30 June 2020 of RM1.62).
- NAV of Sunway REIT as determined by deducting the value of all Sunway REIT's liabilities from the total asset value as at the period-end, divided by total issued units and after interim income distribution of 1.63 sen per unit for semi-annual period ended 30 June 2021 and distributable income for 5Q2021 of 1.05 sen per unit is assumed for income distribution (30 June 2020: Final income distribution of 2.38 sen per unit).

#### B7. Strategies and Policies

The Manager's strategies can be broadly categorised as:

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

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

**B8. Manager's 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 base fee and performance fee may be in the forms of cash, new units or a combination thereof, such proportion which may be varied at the discretion of the Manager. The Manager's fee is fully paid in cash since FY2017.

Base and performance fees were discussed in Notes A8a) and A8b) above. In 2Q2021, there was acquisition fee of RM4.5 million paid to the Manager for the acquisition of The Pinnacle Sunway, which was capitalised as part of the acquisition cost of investment properties.

**B9. Trustee's Fees**

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

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

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

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

The trustee's fees for 5Q2021 was marginally higher because of the trustee fee for the subsidiaries captured in current quarter as well as the increase in NAV of Sunway REIT after the private placement exercise in October 2020.

**B10. Status of Corporate Proposals**

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

**B11. Status of Utilisation of Proceeds**

As at 30 September 2021, the status of utilisation of the gross proceeds from the private placement was as follows:

Proposed utilisation	Proposed amount for utilisation	Actual utilisation	Balance unutilised	Estimated timeframe for utilisation upon listing on 28 October 2020
	RM'million	RM'million	RM'million	
Settlement of balance purchase consideration of The Pinnacle Sunway	405.0	405.0	-	Immediately
Capital expenditure for expansion of Sunway Carnival Shopping Mall	295.4	197.6	97.8	Within 36 months
Defray estimated expenses for the Proposals	9.6	9.6	-	Immediately
	710.0	612.2	97.8	

## 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) which were allegedly acquired and owned by Metroplex but not removed by Metroplex 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 various chattels and movable items were worth in excess of RM80 million as at September 2011. The Defendants entered into defence on 9 November 2015.

On 3 November 2017, the High Court allowed Metroplex's claim on liability in which the damages to be awarded to Metroplex shall be subject to allocator (“High Court's Decision”).

The Defendants filed an appeal 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 overturned the Court of Appeal's Decision in favour of the Defendants and reinstated the High Court's Decision in favour of Metroplex. The parties will now proceed to the assessment of damages proceedings in the High Court. In Metroplex's claim, Metroplex is claiming for various chattels and movable items amounting to approximately RM402 million. The Defendants are strenuously objecting to the amount claimed as being overly excessive and will be appointing subject matter experts to dispute the quantum of claim. The true financial impact can only be assessed upon the determination of the assessment proceedings subject to strict proof by Metroplex of their said claim.

## B13. Soft Commission

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

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

	<b>Current Quarter ended 30.09.2021</b>	<b>Immediate Preceding Quarter ended 30.06.2021</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)	41,038	33,496	22.5%
Realised earnings per unit (EPU) (sen)	1.05	0.77	36.4%
Income distribution (RM'000) <sup>1</sup>	-	55,824	-100.0%
Distribution per unit (sen) <sup>1</sup>	-	1.63	-100.0%
Net Asset Value (NAV) attributable to unitholders (After income distribution) (RM'000) <sup>2</sup>	5,077,910	5,077,277	*
NAV per unit (After income distribution) (RM) <sup>2</sup>	1.4827	1.4825	*
Market price per unit (RM)	1.40	1.43	-2.1%

\* Denotes < 0.1%

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

<sup>2</sup> After interim income distribution of 1.63 sen per unit for semi-annual period ended 30 June 2021 and distributable income for 5Q2021 of 1.05 sen per unit is assumed for income distribution (30 June 2021: proposed income distribution of 1.63 sen per unit for semi-annual period ended 30 June 2021).

**B15. Income Distribution**

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

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

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

Type of Derivatives	Contract/Notional Value		Fair value at reporting date Derivative Asset	
	As at 30.09.2021	As at 30.06.2020	As at 30.09.2021	As at 30.06.2020
	RM'000	RM'000	RM'000	RM'000
<b>Cross currency swap</b> - Less than 1 year	384,893	373,680	12,899	20,039

Sunway REIT entered into CCS contracts to manage its exposure in foreign currency risk arising from borrowings in USD (30 June 2020: AUD) 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.

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 5Q2021 and YTD 5Q2021 were a gain of RM3.9 million and RM37.3 million respectively. The net cumulative fair value gain of the new CCS from February 2021 of RM12.9 million was reflected as a derivative asset on the balance sheet as at 30 September 2021.

**B17. Risks and Policies of Derivatives**

The derivatives of the Group comprises CCS contracts 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 annual financial statements for the financial year ended 30 June 2020.

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

Please refer to Note A10 for details.

**B19. Change of Financial Year End**

The Board, had on 5 November 2020, approved the change of financial year end ("FYE") of Sunway REIT from 30 June to 31 December to synchronise the FYE of Sunway REIT with its Manager and Sponsor, Sunway Berhad, with the approval granted from Trustee and the consent from the Securities Commission Malaysia. Therefore, the current financial period of Sunway REIT will be an 18-month period from 1 July 2020 to 31 December 2021. Thereafter, the financial year of Sunway REIT will be a 12-month period ending on 31 December each year.

In line with the change of FYE, the next annual report of Sunway REIT will be issued by February 2022, which is within two months after the current FYE on 31 December 2021. The next annual general meeting of Sunway REIT will be held by April 2022, which is within four months after the current FYE.

There will be no change in the frequency and timing of income distribution to unitholders of Sunway REIT, which is on a semi-annual basis, for each six-month period ending 30 June and 31 December.

**B20. Comparatives**

Certain balances in the condensed consolidated statement of financial position, condensed consolidated statement of cash flows and the explanatory notes have been reclassified to conform to current financial period's presentation.

	<b>As Previously Stated RM'000</b>	<b>Reclassification RM'000</b>	<b>Restated RM'000</b>
<b>Consolidated Statement of Financial Position</b>			
<u>At 30 June 2020</u>			
Current liabilities - borrowings	3,245,418	(1,600,000)	1,645,418
Non-current liabilities - borrowings	200,000	1,600,000	1,800,000
<b>Consolidated Statement of Cash Flows</b>			
<u>Cumulative quarter ended 30 June 2020</u>			
Drawdown of revolving loan	18,410,000	(18,310,000)	100,000
Repayment of revolving loan	(18,310,000)	18,310,000	-
<b>Part A - Explanatory Note A16</b>			
<u>At 30 September 2020</u>			
Short term borrowings - revolving loan (RM)	1,600,000	(1,600,000)	-
Long term borrowings - revolving loan (RM)	-	1,600,000	1,600,000

**B21. 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 30 September 2021 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 9 November 2021.

**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: 9 November 2021**