

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|   | Fourth Quarter ended |                 |                  | Cumulative Quarter ended |                  |               |
|---|----------------------|-----------------|------------------|--------------------------|------------------|---------------|
|   | 30.06.2021           | 30.06.2020      | Change           | 30.06.2021               | 30.06.2020       | Change        |
|   | RM'000               | RM'000          | %                | RM'000                   | RM'000           | %             |
| Rental and lease income   |                      |                 |                  |                          |                  |               |
| - Realised  | 101,542              | 87,451          | 16.1%            | 391,683                  | 519,705          | -24.6%        |
| - Unrealised (in relation to unbilled lease income receivable) <sup>1</sup> | -                    | 16,930          | -100%            | -                        | 16,930           | -100%         |
| Other operating income  | 1,852                | 544             | > 100%           | 19,190                   | 20,240           | -5.2%         |
| <b>Gross revenue</b>  | <b>103,394</b>       | <b>104,925</b>  | <b>-1.5%</b>     | <b>410,873</b>           | <b>556,875</b>   | <b>-26.2%</b> |
| Quit rent, assessment and insurance   | (3,985)              | (3,755)         | 6.1%             | (15,359)                 | (14,703)         | 4.5%          |
| Other property operating expenses   | (37,061)             | (23,565)        | 57.3%            | (132,048)                | (125,363)        | 5.3%          |
| <b>Property operating expenses</b>  | <b>(41,046)</b>      | <b>(27,320)</b> | <b>50.2%</b>     | <b>(147,407)</b>         | <b>(140,066)</b> | <b>5.2%</b>   |
| <b>Net property income</b>  | <b>62,348</b>        | <b>77,605</b>   | <b>-19.7%</b>    | <b>263,466</b>           | <b>416,809</b>   | <b>-36.8%</b> |
| Interest income   | 1,978                | 1,628           | 21.5%            | 7,627                    | 5,392            | 41.5%         |
| Other income  | 45                   | 34              | 32.4%            | 129                      | 224              | -42.4%        |
| Changes in fair value of investment properties                              |                      |                 |                  |                          |                  |               |
| - As per valuation reports  | -                    | (41,283)        | -100%            | -                        | (41,283)         | -100%         |
| - Unbilled lease income receivable <sup>1</sup>                             | -                    | (16,930)        | -100%            | -                        | (16,930)         | -100%         |
| Net investment income   | 64,371               | 21,054          | > 100%           | 271,222                  | 364,212          | -25.5%        |
| Manager's fees  | (8,728)              | (8,072)         | 8.1%             | (34,798)                 | (36,989)         | -5.9%         |
| Trustee's fees  | (192)                | (216)           | -11.1%           | (740)                    | (722)            | 2.5%          |
| Other trust expenses  | (624)                | (570)           | 9.5%             | (3,344)                  | (2,802)          | 19.3%         |
| Finance costs   | (21,306)             | (26,578)        | -19.8%           | (94,108)                 | (116,392)        | -19.1%        |
|   | (30,850)             | (35,436)        | -12.9%           | (132,990)                | (156,905)        | -15.2%        |
| <b>Profit / (Loss) before tax</b>   | <b>33,521</b>        | <b>(14,382)</b> | <b>&gt; 100%</b> | <b>138,232</b>           | <b>207,307</b>   | <b>-33.3%</b> |
| Income tax expense  | -                    | 900             | -100%            | -                        | 900              | -100%         |
| <b>Profit / (Loss) for the period / year</b>                                | <b>33,521</b>        | <b>(13,482)</b> | <b>&gt;100%</b>  | <b>138,232</b>           | <b>208,207</b>   | <b>-33.6%</b> |
| Profit / (Loss) for the period / year comprises the following:              |                      |                 |                  |                          |                  |               |
| Realised  |                      |                 |                  |                          |                  |               |
| - Unitholders   | 28,537               | 21,912          | 30.2%            | 118,233                  | 228,449          | -48.2%        |
| - Perpetual note holders  | 4,959                | 4,958           | 0.0%             | 19,890                   | 19,944           | -0.3%         |
|   | 33,496               | 26,870          | 24.7%            | 138,123                  | 248,393          | -44.4%        |
| Unrealised  | 25                   | (40,352)        | > 100%           | 109                      | (40,186)         | > 100%        |
|   | 33,521               | (13,482)        | > 100%           | 138,232                  | 208,207          | -33.6%        |
| Basic earnings / (loss) per unit attributable to unitholders (sen):         |                      |                 |                  |                          |                  |               |
| Realised  | 0.77                 | 0.75            | 2.7%             | 3.62                     | 7.76             | -53.4%        |
| Unrealised  | -                    | (1.36)          | 100%             | -                        | (1.36)           | 100%          |
|   | 0.77                 | (0.61)          | >100%            | 3.62                     | 6.40             | -43.4%        |
| <b>Distributable income per unit (sen) <sup>2</sup></b>                     | <b>0.83</b>          | <b>0.75</b>     | <b>10.7%</b>     | <b>3.59</b>              | <b>7.76</b>      | <b>-53.7%</b> |
| <b>Proposed / Declared distribution per unit (sen) <sup>3</sup></b>         | <b>1.63</b>          | <b>2.38</b>     | <b>-31.5%</b>    | <b>3.30</b>              | <b>7.33</b>      | <b>-55.0%</b> |

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

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

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

The unaudited condensed consolidated statement of 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 30 JUNE 2021  
 FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

|  | Fourth Quarter ended |                 |                  | Cumulative Quarter ended |                |               |
|--|----------------------|-----------------|------------------|--------------------------|----------------|---------------|
|  | 30.06.2021           | 30.06.2020      | Change           | 30.06.2021               | 30.06.2020     | Change        |
|  | RM'000               | RM'000          | %                | RM'000                   | RM'000         | %             |
| <b>Profit / (Loss) for the period / year</b>                     | <b>33,521</b>        | <b>(13,482)</b> | <b>&gt; 100%</b> | <b>138,232</b>           | <b>208,207</b> | <b>-33.6%</b> |
| <b>Other comprehensive income / (loss):</b>                      |                      |                 |                  |                          |                |               |
| Cash flow hedge - fair value of derivative <sup>1</sup>          | (35)                 | 43,023          | > -100%          | 33,379                   | 9,184          | > 100%        |
| Cash flow hedge reserve recycled to profit or loss               | (570)                | (44,752)        | -98.7%           | (31,742)                 | (11,300)       | > -100%       |
| <b>Total comprehensive income / (loss) for the period / year</b> | <b>32,916</b>        | <b>(15,211)</b> | <b>&gt; 100%</b> | <b>139,869</b>           | <b>206,091</b> | <b>-32.1%</b> |

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

STATEMENT OF INCOME DISTRIBUTION

|  | Fourth Quarter ended |             |               | Cumulative Quarter ended |             |               |
|--|----------------------|-------------|---------------|--------------------------|-------------|---------------|
|  | 30.06.2021           | 30.06.2020  | Change        | 30.06.2021               | 30.06.2020  | Change        |
|  | RM'000               | RM'000      | %             | RM'000                   | RM'000      | %             |
| Rental and lease income  | 101,542              | 87,451      | 16.1%         | 391,683                  | 519,705     | -24.6%        |
| Interest income  | 1,978                | 1,628       | 21.5%         | 7,627                    | 5,392       | 41.5%         |
| Other income <sup>2</sup>  | 1,872                | 547         | > 100%        | 19,210                   | 20,267      | -5.2%         |
|  | 105,392              | 89,626      | 17.6%         | 418,520                  | 545,364     | -23.3%        |
| Less: Expenses   | (71,896)             | (62,756)    | 14.6%         | (280,397)                | (296,971)   | -5.6%         |
| Realised income for the period / year                            | 33,496               | 26,870      | 24.7%         | 138,123                  | 248,393     | -44.4%        |
| Less: Amount reserved for distribution to perpetual note holders | (4,959)              | (4,958)     | 0.0%          | (19,890)                 | (19,944)    | -0.3%         |
| Realised income attributable to unitholders                      | 28,537               | 21,912      | 30.2%         | 118,233                  | 228,449     | -48.2%        |
| Add: Previous period's undistributed realised income             | 36,819               | 61,209      | -39.8%        | -                        | 453         | -100.0%       |
| Total income available for distribution                          | 65,356               | 83,121      | -21.4%        | 118,233                  | 228,902     | -48.3%        |
| Less: Proposed / Declared income distribution to unitholders     | (55,824)             | (70,093)    | -20.4%        | (108,701)                | (215,874)   | -49.6%        |
| Balance undistributed realised income                            | 9,532                | 13,028      | -26.8%        | 9,532                    | 13,028      | -26.8%        |
| <b>Distribution per unit (sen)</b>                               | <b>1.63</b>          | <b>2.38</b> | <b>-31.5%</b> | <b>3.30</b>              | <b>7.33</b> | <b>-55.0%</b> |

<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**  
**FOURTH QUARTER ENDED 30 JUNE 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

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

|   | Current<br>Quarter<br>ended<br>30.06.2021 | Immediate<br>Preceding<br>Quarter<br>ended<br>31.03.2021 | Change        |
|---|---|--|---------------|
|   | RM'000                                    | RM'000   | %             |
| Rental and lease income   | 101,542                                   | 96,478   | 5.2%          |
| Other operating income  | 1,852                                     | 7,788  | -76.2%        |
| <b>Gross revenue</b>  | <b>103,394</b>                            | <b>104,266</b>   | <b>-0.8%</b>  |
| Quit rent, assessment and insurance                                 | (3,985)                                   | (3,784)  | 5.3%          |
| Other property operating expenses                                   | (37,061)                                  | (33,465)   | 10.7%         |
| <b>Property operating expenses</b>                                  | <b>(41,046)</b>                           | <b>(37,249)</b>  | <b>10.2%</b>  |
| <b>Net property income</b>  | <b>62,348</b>                             | <b>67,017</b>  | <b>-7.0%</b>  |
| Interest income   | 1,978                                     | 2,004  | -1.3%         |
| Other income  | 45  | 27   | 66.7%         |
| Net investment income   | 64,371                                    | 69,048   | -6.8%         |
| Manager's fees  | (8,728)                                   | (8,789)  | -0.7%         |
| Trustee's fees  | (192)                                     | (189)  | 1.6%          |
| Other trust expenses  | (624)                                     | (410)  | 52.2%         |
| Finance costs   | (21,306)                                  | (22,843)   | -6.7%         |
|   | (30,850)                                  | (32,231)   | -4.3%         |
| <b>Profit before tax</b>  | <b>33,521</b>                             | <b>36,817</b>  | <b>-9.0%</b>  |
| Income tax expense  | -   | -  | N/A           |
| <b>Profit for the period</b>  | <b>33,521</b>                             | <b>36,817</b>  | <b>-9.0%</b>  |
| Profit for the period comprises the following:                      |   |  |               |
| Realised  |   |  |               |
| - Unitholders   | 28,537                                    | 31,886   | -10.5%        |
| - Perpetual note holders  | 4,959                                     | 4,904  | 1.1%          |
|   | 33,496                                    | 36,790   | -9.0%         |
| Unrealised  | 25  | 27   | -7.4%         |
|   | 33,521                                    | 36,817   | -9.0%         |
| Basic earnings per unit attributable to unitholders (sen):          |   |  |               |
| Realised  | 0.77                                      | 0.94   | -18.1%        |
| Unrealised  | -   | -  | N/A           |
|   | 0.77                                      | 0.94   | -18.1%        |
| <b>Distributable income per unit (sen) <sup>1</sup></b>             | <b>0.83</b>                               | <b>0.93</b>  | <b>-10.8%</b> |
| <b>Proposed / Declared distribution per unit (sen) <sup>2</sup></b> | <b>1.63</b>                               | <b>-</b>   | <b>N/A</b>    |

N/A - Not Applicable

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

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

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**  
**FOURTH QUARTER ENDED 30 JUNE 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

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

|   | Current<br>Quarter<br>ended | Immediate<br>Preceding<br>Quarter<br>ended | Change        |
|---|-----------------------------|--|---------------|
|   | 30.06.2021                  | 31.03.2021                                 |               |
|   | <b>RM'000</b>               | <b>RM'000</b>                              | <b>%</b>      |
| <b>Profit for the period</b>                            | <b>33,521</b>               | <b>36,817</b>                              | <b>-9.0%</b>  |
| <b>Other comprehensive income / (loss):</b>             |                             |  |               |
| Cash flow hedge - fair value of derivative <sup>1</sup> | (35)                        | 9,720                                      | > -100%       |
| Cash flow hedge reserve recycled to profit or loss      | (570)                       | (9,086)                                    | -93.7%        |
| <b>Total comprehensive income for the period</b>        | <b>32,916</b>               | <b>37,451</b>                              | <b>-12.1%</b> |

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

**STATEMENT OF INCOME DISTRIBUTION**

|  | Current<br>Quarter<br>ended | Immediate<br>Preceding<br>Quarter<br>ended | Change     |
|--|-----------------------------|--|------------|
|  | 30.06.2021                  | 31.03.2021                                 |            |
|  | <b>RM'000</b>               | <b>RM'000</b>                              | <b>%</b>   |
| Rental and lease income  | 101,542                     | 96,478                                     | 5.2%       |
| Interest income  | 1,978                       | 2,004                                      | -1.3%      |
| Other income <sup>2</sup>  | 1,872                       | 7,788                                      | -76.0%     |
|  | 105,392                     | 106,270                                    | -0.8%      |
| Less: Expenses   | (71,896)                    | (69,480)                                   | 3.5%       |
| Realised income for the period                                   | 33,496                      | 36,790                                     | -9.0%      |
| Less: Amount reserved for distribution to perpetual note holders | (4,959)                     | (4,904)                                    | 1.1%       |
| Realised income attributable to unitholders                      | 28,537                      | 31,886                                     | -10.5%     |
| Add: Previous period's undistributed realised income             | 36,819                      | 4,933                                      | > 100%     |
| Total income available for distribution                          | 65,356                      | 36,819                                     | 77.5%      |
| Less: Proposed / Declared income distribution to unitholders     | (55,824)                    | -  | N/A        |
| Balance undistributed realised income                            | 9,532                       | 36,819                                     | -74.1%     |
| <b>Distribution per unit (sen)</b>                               | <b>1.63</b>                 | <b>-</b>                                   | <b>N/A</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**  
**FOURTH QUARTER ENDED 30 JUNE 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|   | As At<br>30.06.2021<br>(Unaudited) | As At<br>30.06.2020<br>(Restated) <sup>1</sup> |
|---|------------------------------------|--|
|   | RM'000                             | RM'000   |
| <b>Assets</b>   |                                    |  |
| <b>Non-current assets</b>                                   |                                    |  |
| Investment properties                                       | 8,700,895                          | 8,020,233                                      |
| Investment properties - accrued lease income                | 16,930                             | 16,930   |
| Plant and equipment   | 12,263                             | 12,902   |
|   | <u>8,730,088</u>                   | <u>8,050,065</u>                               |
| <b>Current assets</b>                                       |                                    |  |
| Trade receivables   | 61,298                             | 53,266   |
| Other receivables   | 12,595                             | 55,349   |
| Derivatives   | 8,963                              | 20,039   |
| Short term investment                                       | -                                  | 179,710  |
| Cash and bank balances                                      | 378,434                            | 101,816  |
|   | <u>461,290</u>                     | <u>410,180</u>                                 |
| <b>Total assets</b>   | <b>9,191,378</b>                   | <b>8,460,245</b>                               |
| <b>Equity and liabilities</b>                               |                                    |  |
| <b>Equity</b>   |                                    |  |
| Unitholders' capital  | 3,433,864                          | 2,727,829                                      |
| Undistributed income  | 1,699,237                          | 1,702,228                                      |
| Total Unitholders' funds                                    | 5,133,101                          | 4,430,057                                      |
| Perpetual note holders' funds                               | 339,717                            | 339,717  |
| Total equity  | <u>5,472,818</u>                   | <u>4,769,774</u>                               |
| <b>Non-current liabilities</b>                              |                                    |  |
| Borrowings  | 2,200,000                          | 1,800,000                                      |
| Long term liabilities                                       | 73,684                             | 78,524   |
| Deferred tax liability                                      | 13,941                             | 13,941   |
|   | <u>2,287,625</u>                   | <u>1,892,465</u>                               |
| <b>Current liabilities</b>                                  |                                    |  |
| Borrowings  | 1,194,095                          | 1,645,418                                      |
| Trade payables  | 4,092                              | 1,698  |
| Other payables  | 232,748                            | 150,890  |
|   | <u>1,430,935</u>                   | <u>1,798,006</u>                               |
| Total liabilities   | <u>3,718,560</u>                   | <u>3,690,471</u>                               |
| <b>Total equity and liabilities</b>                         | <b>9,191,378</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                                  | 5,133,101                          | 4,430,057                                      |
| After income distribution <sup>2</sup>                      | 5,077,277                          | 4,359,964                                      |
| <b>NAV per unit attributable to unitholders (RM):</b>       |                                    |  |
| Before income distribution                                  | 1.4988                             | 1.5042   |
| After income distribution <sup>2</sup>                      | 1.4825                             | 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 proposed interim income distribution of 1.63 sen per unit for semi-annual period ended 30 June 2021 (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**  
**FOURTH QUARTER ENDED 30 JUNE 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

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

|   | Unitholders'<br>Capital | Undistributed<br>Income | Total<br>Unitholders'<br>Funds | Perpetual<br>Note Holders'<br>Funds | Total<br>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   | -                       | 138,232                 | 138,232                        | -                                   | 138,232         |
| Other comprehensive income:   |                         |                         |                                |                                     |                 |
| - Cash flow hedge - fair value of derivative  | -                       | 33,379                  | 33,379                         | -                                   | 33,379          |
| - Cash flow hedge reserve recycled to profit or loss  | -                       | (31,742)                | (31,742)                       | -                                   | (31,742)        |
| Total comprehensive income, representing the increase in net assets resulting from operations | 2,727,829               | 1,842,097               | 4,569,926                      | 339,717                             | 4,909,643       |
| <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                                    | -                       | (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 30 June 2021 (Unaudited)</b>   | 3,433,864               | 1,699,237               | 5,133,101                      | 339,717                             | 5,472,818       |

<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  
 FOURTH QUARTER ENDED 30 JUNE 2021  
 FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)

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

|   | Unitholders'<br>Capital | Undistributed<br>Income | Total<br>Unitholders'<br>Funds | Perpetual<br>Note Holders'<br>Funds | Total<br>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**  
**FOURTH QUARTER ENDED 30 JUNE 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

|  | <b>Cumulative Quarter ended</b> |   |
|--|---------------------------------|---|
|  | <b>30.06.2021</b>               | <b>30.06.2020<br/>(Restated) <sup>1</sup></b> |
|  | <b>RM'000</b>                   | <b>RM'000</b>                                 |
| <b>Cash flows from operating activities</b>  |                                 |   |
| Cash receipts from customers   | 457,888                         | 562,005                                       |
| Refundable security deposits from customers  | 6,300                           | 821   |
| Cash paid for operating expenses   | (180,097)                       | (217,919)                                     |
| Net cash from operating activities   | <u>284,091</u>                  | <u>344,907</u>                                |
| <b>Cash flows from investing activities</b>  |                                 |   |
| Acquisition of plant and equipment   | (1,733)                         | (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                                    | (210,323)                       | (72,358)                                      |
| Investment in short term money market instrument                                   | (600,000)                       | (1,020,000)                                   |
| Redemption of short term money market instrument                                   | 780,000                         | 840,000                                       |
| Net cash flows from licensed financial institutions with maturity of over 3 months | -                               | 20,000  |
| Interest received  | 7,083                           | 6,041   |
| Net cash used in investing activities  | <u>(438,100)</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  | (93,761)                        | (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>430,627</u>                  | <u>(16,742)</u>                               |
| Net increase in cash and cash equivalents  | 276,618                         | 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>378,434</u></b>           | <b><u>101,816</u></b>                         |
| Cash and bank balances   | 378,434                         | 101,816                                       |
| Deposits with licensed financial institutions with maturity of over 3 months       | -                               | -   |
| Cash and cash equivalents  | <u>378,434</u>                  | <u>101,816</u>                                |
| Cash and bank balances at end of period / year comprise:                           |                                 |   |
| Cash on hand and at banks  | 32,434                          | 31,816  |
| Deposits placed with licensed financial institutions                               | 346,000                         | 70,000  |
| Cash and bank balances   | <u>378,434</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**  
**FOURTH QUARTER ENDED 30 JUNE 2021**  
**FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021 (UNAUDITED)**

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

**A1. Corporate Information**

Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund") is a Malaysia-domiciled real estate investment trust constituted pursuant to a deed dated 20 May 2010, a supplementary deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (collectively referred to as the "Deed") between Sunway REIT Management Sdn. Bhd. (the "Manager") and RHB Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010. The unaudited condensed consolidated financial statements comprise Sunway REIT and its subsidiaries (the "Group").

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

The unaudited condensed consolidated financial statements of the Group for the financial period ended 30 June 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 June 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 June 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 June 2021.

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

**A8. Segmental Reporting**

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

| Business segments  | Fourth Quarter ended 30.06.2021 |        |        |          |                     |          | Fourth Quarter ended 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>Revenue and results</b>                                     |                                 |        |        |          |                     |          |                                 |        |        |          |                     |          |
| Gross revenue  |                                 |        |        |          |                     |          |                                 |        |        |          |                     |          |
| - Realised   | 58,582                          | 8,674  | 19,264 | 15,335   | 1,539               | 103,394  | 54,094                          | 7,016  | 10,428 | 14,918   | 1,539               | 87,995   |
| - Unrealised (in relation to unbilled lease income receivable) | -                               | -      | -      | -        | -                   | -        | -                               | -      | -      | 16,930   | -                   | 16,930   |
|  | 58,582                          | 8,674  | 19,264 | 15,335   | 1,539               | 103,394  | 54,094                          | 7,016  | 10,428 | 31,848   | 1,539               | 104,925  |
| Net property income  | 25,536                          | 6,996  | 12,942 | 15,335   | 1,539               | 62,348   | 32,131                          | 5,646  | 6,441  | 31,848   | 1,539               | 77,605   |
| Interest income  |                                 |        |        |          |                     | 1,978    |                                 |        |        |          |                     | 1,628    |
| Other income   |                                 |        |        |          |                     | 45       |                                 |        |        |          |                     | 34       |
| Changes in fair value of investment properties *               |                                 |        |        |          |                     | -        |                                 |        |        |          |                     | (58,213) |
| Trust and other expenses                                       |                                 |        |        |          |                     | (9,544)  |                                 |        |        |          |                     | (8,858)  |
| Finance costs  |                                 |        |        |          |                     | (21,306) |                                 |        |        |          |                     | (26,578) |
| Profit / (Loss) before tax                                     |                                 |        |        |          |                     | 33,521   |                                 |        |        |          |                     | (14,382) |
| Income tax expense   |                                 |        |        |          |                     | -        |                                 |        |        |          |                     | 900      |
| Profit / (Loss) for the period                                 |                                 |        |        |          |                     | 33,521   |                                 |        |        |          |                     | (13,482) |

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

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
**FOURTH QUARTER ENDED 30 JUNE 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 June 2021 and 30 June 2020 are as follows:

| Business segments  | Cumulative Quarter ended 30.06.2021 |        |        |          |                     |          | Cumulative Quarter ended 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>Revenue and results</b>                                     |                                     |        |        |          |                     |          |                                     |        |        |          |                     |           |
| Gross revenue  |                                     |        |        |          |                     |          |                                     |        |        |          |                     |           |
| - Realised   | 246,739                             | 33,798 | 63,606 | 60,572   | 6,158               | 410,873  | 364,653                             | 68,530 | 41,679 | 58,925   | 6,158               | 539,945   |
| - Unrealised (in relation to unbilled lease income receivable) | -                                   | -      | -      | -        | -                   | -        | -                                   | -      | -      | 16,930   | -                   | 16,930    |
|  | 246,739                             | 33,798 | 63,606 | 60,572   | 6,158               | 410,873  | 364,653                             | 68,530 | 41,679 | 75,855   | 6,158               | 556,875   |
| Net property income  | 127,543                             | 27,643 | 41,550 | 60,572   | 6,158               | 263,466  | 248,538                             | 62,257 | 24,001 | 75,855   | 6,158               | 416,809   |
| Interest income  |                                     |        |        |          |                     | 7,627    |                                     |        |        |          |                     | 5,392     |
| Other income   |                                     |        |        |          |                     | 129      |                                     |        |        |          |                     | 224       |
| Changes in fair value of investment properties *               |                                     |        |        |          |                     | -        |                                     |        |        |          |                     | (58,213)  |
| Trust and other expenses                                       |                                     |        |        |          |                     | (38,882) |                                     |        |        |          |                     | (40,513)  |
| Finance costs  |                                     |        |        |          |                     | (94,108) |                                     |        |        |          |                     | (116,392) |
| Profit before tax  |                                     |        |        |          |                     | 138,232  |                                     |        |        |          |                     | 207,307   |
| Income tax expense   |                                     |        |        |          |                     | -        |                                     |        |        |          |                     | 900       |
| Profit for the period / year                                   |                                     |        |        |          |                     | 138,232  |                                     |        |        |          |                     | 208,207   |

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

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

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

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

| Business segments       | As at 30.06.2021 |           |         |          |                     |           | 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          | 5,135,207        | 1,731,491 | 946,485 | 915,001  | 96,000              | 8,824,184 | 4,997,765        | 1,625,718 | 486,257 | 910,057  | 96,000              | 8,115,797 |
| Unallocated assets      |                  |           |         |          |                     | 367,194   |                  |           |         |          |                     | 344,448   |
| Total assets            |                  |           |         |          |                     | 9,191,378 |                  |           |         |          |                     | 8,460,245 |
| <b>Liabilities</b>      |                  |           |         |          |                     |           |                  |           |         |          |                     |           |
| Segment liabilities     | 238,669          | 9,812     | 23,139  | -        | -                   | 271,620   | 180,036          | 10,567    | 11,230  | -        | -                   | 201,833   |
| Unallocated liabilities |                  |           |         |          |                     | 3,446,940 |                  |           |         |          |                     | 3,488,638 |
| Total liabilities       |                  |           |         |          |                     | 3,718,560 |                  |           |         |          |                     | 3,690,471 |

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

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

| Properties                           | Gross Revenue <sup>1</sup> |               |              | Net Property Income <sup>1</sup> |               |             | Gross Revenue <sup>1</sup> |                |               | Net Property Income <sup>1</sup> |                |               |
|--------------------------------------|----------------------------|---------------|--------------|----------------------------------|---------------|-------------|----------------------------|----------------|---------------|----------------------------------|----------------|---------------|
|                                      | Fourth Quarter ended       |               |              | Fourth Quarter ended             |               |             | Cumulative Quarter ended   |                |               | Cumulative Quarter ended         |                |               |
|                                      | 30.06.2021                 | 30.06.2020    | Change       | 30.06.2021                       | 30.06.2020    | Change      | 30.06.2021                 | 30.06.2020     | Change        | 30.06.2021                       | 30.06.2020     | Change        |
|                                      | RM'000                     | RM'000        | %            | RM'000                           | RM'000        | %           | RM'000                     | RM'000         | %             | RM'000                           | RM'000         | %             |
| <b>Retail</b>                        |                            |               |              |                                  |               |             |                            |                |               |                                  |                |               |
| Sunway Pyramid Shopping Mall         | 40,272                     | 41,228        | -2.3%        | 18,260                           | 27,634        | -33.9%      | 178,190                    | 278,982        | -36.1%        | 98,095                           | 204,825        | -52.1%        |
| Sunway Carnival Shopping Mall        | 7,338                      | 5,454         | 34.5%        | 3,408                            | 1,987         | 71.5%       | 31,556                     | 39,725         | -20.6%        | 15,830                           | 22,265         | -28.9%        |
| SunCity Ipoh Hypermarket             | 771                        | 445           | 73.3%        | 743                              | 377           | 97.1%       | 2,952                      | 3,745          | -21.2%        | 2,841                            | 3,423          | -17.0%        |
| Sunway Putra Mall                    | 10,201                     | 6,967         | 46.4%        | 3,125                            | 2,133         | 46.5%       | 34,041                     | 42,201         | -19.3%        | 10,777                           | 18,025         | -40.2%        |
|                                      | 58,582                     | 54,094        | 8.3%         | 25,536                           | 32,131        | -20.5%      | 246,739                    | 364,653        | -32.3%        | 127,543                          | 248,538        | -48.7%        |
| <b>Hotel</b>                         |                            |               |              |                                  |               |             |                            |                |               |                                  |                |               |
| Sunway Resort Hotel <sup>2</sup>     | -                          | 968           | -100.0%      | (390)                            | 598           | > -100%     | 523                        | 19,163         | -97.3%        | (1,053)                          | 17,455         | > -100%       |
| Sunway Pyramid Hotel                 | 128                        | 2,568         | -95.0%       | (34)                             | 2,427         | > -100%     | 823                        | 13,219         | -93.8%        | 148                              | 12,571         | -98.8%        |
| Sunway Hotel Seberang Jaya           | (43)                       | 914           | > -100%      | (89)                             | 868           | > -100%     | 58                         | 2,721          | -97.9%        | (126)                            | 2,553          | > -100%       |
| Sunway Putra Hotel                   | 7,135                      | 1,802         | > 100%       | 6,775                            | 1,469         | > 100%      | 9,010                      | 9,684          | -7.0%         | 7,628                            | 8,422          | -9.4%         |
| Sunway Hotel Georgetown              | 65                         | 36            | 80.6%        | 14                               | (14)          | > 100%      | 2,370                      | 2,651          | -10.6%        | 2,171                            | 2,448          | -11.3%        |
| Sunway Clio Property                 | 1,389                      | 728           | 90.8%        | 720                              | 298           | > 100%      | 21,014                     | 21,092         | -0.4%         | 18,875                           | 18,808         | 0.4%          |
|                                      | 8,674                      | 7,016         | 23.6%        | 6,996                            | 5,646         | 23.9%       | 33,798                     | 68,530         | -50.7%        | 27,643                           | 62,257         | -55.6%        |
| <b>Office</b>                        |                            |               |              |                                  |               |             |                            |                |               |                                  |                |               |
| Menara Sunway                        | 4,300                      | 4,510         | -4.7%        | 2,966                            | 3,196         | -7.2%       | 17,596                     | 18,143         | -3.0%         | 12,091                           | 12,357         | -2.2%         |
| Sunway Tower                         | 1,119                      | 1,147         | -2.4%        | 137                              | 225           | -39.1%      | 4,684                      | 4,396          | 6.6%          | 808                              | 251            | > 100%        |
| Sunway Putra Tower                   | 3,040                      | 3,068         | -0.9%        | 1,953                            | 2,102         | -7.1%       | 12,125                     | 12,409         | -2.3%         | 7,678                            | 7,851          | -2.2%         |
| Wisma Sunway                         | 1,719                      | 1,703         | 0.9%         | 962                              | 918           | 4.8%        | 6,973                      | 6,731          | 3.6%          | 3,797                            | 3,542          | 7.2%          |
| The Pinnacle Sunway <sup>3</sup>     | 9,086                      | N/A           | N/A          | 6,924                            | N/A           | N/A         | 22,228                     | N/A            | N/A           | 17,176                           | N/A            | N/A           |
|                                      | 19,264                     | 10,428        | 84.7%        | 12,942                           | 6,441         | > 100%      | 63,606                     | 41,679         | 52.6%         | 41,550                           | 24,001         | 73.1%         |
| <b>Services</b>                      |                            |               |              |                                  |               |             |                            |                |               |                                  |                |               |
| Sunway Medical Centre (Tower A & B)  | 6,387                      | 6,170         | 3.5%         | 6,387                            | 6,170         | 3.5%        | 25,113                     | 24,263         | 3.5%          | 25,113                           | 24,263         | 3.5%          |
| Sunway university & college campus   | 8,948                      | 8,748         | 2.3%         | 8,948                            | 8,748         | 2.3%        | 35,459                     | 34,662         | 2.3%          | 35,459                           | 34,662         | 2.3%          |
|                                      | 15,335                     | 14,918        | 2.8%         | 15,335                           | 14,918        | 2.8%        | 60,572                     | 58,925         | 2.8%          | 60,572                           | 58,925         | 2.8%          |
| <b>Industrial &amp; Others</b>       |                            |               |              |                                  |               |             |                            |                |               |                                  |                |               |
| Sunway REIT Industrial - Shah Alam 1 | 1,539                      | 1,539         | 0.0%         | 1,539                            | 1,539         | 0.0%        | 6,158                      | 6,158          | 0.0%          | 6,158                            | 6,158          | 0.0%          |
|                                      | 1,539                      | 1,539         | 0.0%         | 1,539                            | 1,539         | 0.0%        | 6,158                      | 6,158          | 0.0%          | 6,158                            | 6,158          | 0.0%          |
| <b>Total Revenue / NPI</b>           | <b>103,394</b>             | <b>87,995</b> | <b>17.5%</b> | <b>62,348</b>                    | <b>60,675</b> | <b>2.8%</b> | <b>410,873</b>             | <b>539,945</b> | <b>-23.9%</b> | <b>263,466</b>                   | <b>399,879</b> | <b>-34.1%</b> |

N/A - Not Applicable

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

<sup>2</sup> Closed for phased refurbishment commencing from July 2020 for 12 - 24 months.

<sup>3</sup> Acquired on 20 November 2020.

**SUNWAY REAL ESTATE INVESTMENT TRUST**  
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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 annual financial statements.

**a) Review of Current Quarter Results**

Retail segment

Retail segment registered higher gross revenue for the current quarter ended 30 June 2021 (4Q2021) of RM58.6 million, an increase of 8.3% or RM4.5 million from the preceding year corresponding quarter (4Q2020), on the back of better tenants' sales and lesser rental support for affected tenants in the current quarter. Average occupancy rate of the malls remained stable at above 90%.

Property operating expenses was higher by RM11.1 million mainly due to higher provision for doubtful debts, marketing expenses and utilities.

Correspondingly, net property income of the retail segment for 4Q2021 was RM25.5 million, lower by 20.5% or RM6.6 million compared to 4Q2020.

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 for 4Q2021 was RM8.6 million, higher by 23.6% or RM1.7 million compared to 4Q2020 mainly contributed by guaranteed rent from Sunway Putra Hotel.

Net property income of the hotel segment for 4Q2021 correspondingly registered an increase of 23.9% or RM1.4 million compared to 4Q2020.

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

A new office, The Pinnacle Sunway, was added to the office segment on 20 November 2020 (in 2Q2021). Gross revenue of the office segment for 4Q2021 was RM19.3 million, a hike of 84.7% or RM8.8 million from 4Q2020 due to the new income contribution from The Pinnacle Sunway of RM9.1 million and largely stable average occupancy rate for the offices.

Similarly, property operating expenses for 4Q2021 increased by RM2.3 million largely due to the property operating expenses of The Pinnacle Sunway of RM2.2 million.

Net property income of the office segment for 4Q2021 was RM12.9 million, higher by RM6.5 million compared to 4Q2020.

## **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 4Q2021, an increase of 2.8% or RM0.4 million compared to 4Q2020 contributed by 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 4Q2021 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.

No change in fair value of investment properties reported in 4Q2021 as the revaluation exercise will 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 from 30 June to 31 December as disclosed in Note B19.

Manager's fees for 4Q2021 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 4Q2021 was lower by RM5.3 million due to the lower average interest rate.

Income tax expense in 4Q2020 represents reversal of deferred tax expense on unrealised fair value gain of freehold land component within the investment properties which is expected to be recovered through sale, pursuant to lower fair value from annual revaluation of the investment properties.

Profit for the quarter of RM33.5 million (4Q2020: Loss of RM13.5 million) mainly comprise of realised profit of RM33.5 million (4Q2020: RM26.9 million).

Realised profit for 4Q2021 was higher by RM6.6 million mainly due to lower finance costs as explained above. Unrealised loss for 4Q2020 of RM40.4 million was largely in relation to revaluation loss on investment properties of RM41.3 million in June 2020.

### **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 re-introduction of CMCO and MCO. The retail segment recorded gross revenue of RM246.7 million for the cumulative period ended 30 June 2021 (YTD 4Q2021), a decrease of 32.3% or RM117.9 million from the preceding year corresponding period (YTD 4Q2020) mainly due to the ongoing rental support programme provided on a case-to-case basis to affected tenants, lower turnover rent, promotion and car park income.

Property operating expenses of the retail segment for YTD 4Q2021 was RM119.2 million, higher by 2.7% or RM3.0 million compared to YTD 4Q2020 mainly due to higher provision for doubtful debts, partially mitigated by cost containment initiatives and electricity tariff rebate.

Net property income of the retail segment for YTD 4Q2021 was RM127.5 million, a decrease of 48.7% or RM121.0 million from YTD 4Q2020.

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

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

#### Hotel segment

The hotel segment recorded gross revenue of RM33.8 million for YTD 4Q2021, a decrease of 50.7% or RM34.7 million from YTD4Q2020 mainly due to 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. Revenue from the hotel segment for current financial period was largely supported by guaranteed income from Sunway Clio Property, Sunway Putra Hotel and Sunway Hotel Georgetown.

Correspondingly, net property income of the hotel segment for YTD 4Q2021 was RM27.6 million, lower by 55.6% or RM34.6 million compared to YTD 4Q2020.

#### Office segment

The office segment recorded gross revenue of RM63.6 million for YTD 4Q2021, an increase of 52.6% or RM21.9 million from YTD 4Q2020 due to new income contribution from The Pinnacle Sunway of RM22.2 million.

Property operating expenses of the office segment for YTD 4Q2021 was RM22.1 million, higher by 24.8% or RM4.4 million compared to YTD 4Q2020 due the expenses of The Pinnacle Sunway of RM5.1 million, partially offset by lower expenses of the other offices.

Correspondingly, net property income of the office segment for YTD 4Q2021 stood at RM41.5 million, higher by 73.1% or RM17.5 million compared to YTD 4Q2020.

#### Services segment

Revenue and net property income for the services segment stood at RM60.6 million, increased by 2.8% or RM1.6 million compared to YTD 4Q2020 due to annual rental reversion in accordance with the master lease agreements.

#### Industrial & Others segment

Sunway REIT Industrial - Shah Alam 1 contributed RM6.2 million to revenue and net property income for YTD 4Q2021 and YTD 4Q2020, in accordance with the master lease agreement.

#### Results for the period

Interest income for YTD 4Q2021 increased by RM2.2 million contributed by higher deposits placed with financial institutions, largely with the balance proceeds from private placement.

Manager's fees for YTD 4Q2021 was lower by RM2.2 million following the decline in net property income for the period.

Other trust expenses for YTD 4Q2021 was higher by RM0.5 million due to the one-off consent fee for borrowings facilities in 2Q2021.

Finance costs for YTD 4Q2021 was lower by RM22.3 million mainly due to lower average interest rate for the period, from the periodic rate adjustments on floating rate borrowings and refinancing of borrowings at lower market interest rate.

Profit for the period was RM138.2 million (YTD 4Q2020: RM208.2 million) mainly comprised of realised profit of RM138.1 million (YTD 4Q2020: RM248.4 million).

Realised profit for YTD 4Q2021 was lower by RM110.3 million primarily due to lower net property income, partially cushioned by higher interest income and lower finance costs and Manager's fees as explained 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:

|  | Fourth Quarter ended |            | Cumulative Quarter ended |            |
|--|----------------------|------------|--------------------------|------------|
|  | 30.06.2021           | 30.06.2020 | 30.06.2021               | 30.06.2020 |
|  | RM'000               | RM'000     | RM'000                   | RM'000     |
| Interest income                                    | (1,978)              | (1,628)    | (7,627)                  | (5,392)    |
| Net changes in fair value of long term liabilities | (25)                 | (31)       | (109)                    | (197)      |
| Unrealised foreign exchange loss (hedged item)     | 570                  | 44,752     | 31,742                   | 11,300     |
| Cash flow hedge reserve recycled to profit or loss | (570)                | (44,752)   | (31,742)                 | (11,300)   |
| Allowance of impairment on trade receivables       | 6,555                | 1,934      | 16,236                   | 3,370      |
| Depreciation of plant and equipment                | 604                  | 611        | 2,380                    | 2,388      |
| Loss on disposal of plant and equipment            | 50                   | -          | 58                       | 30         |

#### 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 year as it will distribute at least 90% of its distributable income which translates to more than 90% of its total taxable income.

##### Taxation of the Unitholders

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

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

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

#### A12. Income Distribution

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

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

Distribution reinvestment scheme 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.

## A12. Income Distribution (Cont'd)

For the current financial year, 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, comprising taxable and non-taxable / tax-exempt amount of 1.17 sen per unit and 0.46 sen per unit respectively, payable in cash on 29 September 2021.

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

## A13. Investment Properties

|  | <b>As at<br/>30.06.2021<br/>RM'000</b> | <b>As at<br/>30.06.2020<br/>RM'000</b> |
|--|--|--|
| Investment properties                      | 8,489,629                              | 7,916,070                              |
| Investment property under construction     | 211,266                                | 104,163                                |
| Investment property - accrued lease income | 16,930                                 | 16,930                                 |
| Total property value                       | <u>8,717,825</u>                       | <u>8,037,163</u>                       |

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 RM84.3 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 RM194.0 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 June 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

|  | As at<br>30.06.2021<br>RM'000 | As at<br>30.06.2020<br>RM'000 |
|--|-------------------------------|-------------------------------|
| Third parties                                  | 74,548                        | 55,505                        |
| Amount due from parties related to the Manager | 8,939                         | 3,808                         |
|  | <u>83,487</u>                 | <u>59,313</u>                 |
| Less: Allowance for impairment                 | (22,189)                      | (6,047)                       |
| Total trade receivables                        | <u>61,298</u>                 | <u>53,266</u>                 |

Trade receivables, before allowance for impairment, has increased by RM24.2 million as at 30 June 2021 mainly due to slower collection from retail tenants and guaranteed rent from Sunway Putra Hotel received after June 2021.

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

|                               | As at<br>30.06.2021<br>RM'000 | As at<br>30.06.2020<br>RM'000 |
|-------------------------------|-------------------------------|-------------------------------|
| Neither past due nor impaired | 11,126                        | 9,696                         |
| Past due but not impaired     |                               |                               |
| 1 to 30 days                  | 13,010                        | 15,482                        |
| 31 to 60 days                 | 12,335                        | 15,328                        |
| 61 to 90 days                 | 9,014                         | 6,177                         |
| 91 to 120 days                | 6,733                         | 513                           |
| More than 120 days            | 9,080                         | 6,070                         |
|                               | <u>50,172</u>                 | <u>43,570</u>                 |
| Impaired                      | 22,189                        | 6,047                         |
|                               | <u>83,487</u>                 | <u>59,313</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:

|                                      | As at<br>30.06.2021<br>RM'000 | As at<br>30.06.2020<br>RM'000 |
|--------------------------------------|-------------------------------|-------------------------------|
| At beginning of financial year       | 6,047                         | 2,692                         |
| Charge for the financial period/year | 16,236                        | 3,370                         |
| Written off                          | (94)                          | (15)                          |
| At end of financial period/year      | <u>22,189</u>                 | <u>6,047</u>                  |

## A16. Borrowings and Debt Securities

|                                     | As at<br>30.06.2021<br>RM'000 | As at<br>30.06.2020<br>(Restated)<br>RM'000 |
|-------------------------------------|-------------------------------|---|
| <u>Short term borrowings</u>        |                               |   |
| Secured                             |                               |   |
| - Commercial paper                  | -                             | 50,000                                      |
| - Revolving loan (USD)              | 394,440                       | 395,941                                     |
| - Unrated medium term notes         | 800,000                       | 1,200,000                                   |
|                                     | <u>1,194,440</u>              | <u>1,645,941</u>                            |
| Less: Discount on commercial paper  | -                             | (105)                                       |
| Less: Unamortised transaction costs | (345)                         | (418)                                       |
| Total short term borrowings         | <u>1,194,095</u>              | <u>1,645,418</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>3,394,095</u>              | <u>3,445,418</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").

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 June 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 4.1520 on 30 June 2021 (30 June 2020: AUD135.0 million at an exchange rate of 2.9329) with cumulative unrealised foreign exchange translation loss of RM9.5 million (30 June 2020: loss of RM22.3 million) since the drawdown.

The unamortised transaction costs of RM0.3 million as at 30 June 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 June 2021, slightly reduced by RM51.3 million compared to 30 June 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 June 2021 was 2.86% (30 June 2020: 3.66%) and the percentage proportion of debt that is based on fixed interest rate and floating interest rate was 38 : 62 (30 June 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<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|-------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>At 30 June 2021</b>  |                   |                   |                   |                 |
| <u>Financial assets</u> |                   |                   |                   |                 |
| Investment properties   | -                 | -                 | 7,933,000         | 7,933,000       |
| Derivatives             | -                 | 8,963             | -                 | 8,963           |
| <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 YTD 4Q2021 is discussed in Note A8b) 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 June 2021, Sunway REIT has cash and bank balances amounting to RM378 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 June 2021.

#### iii) Impact on occupancies

Average occupancy rate of the retail segment remained relatively stable at 96% for YTD 4Q2021, while office segment has registered higher average occupancy rate of 84% for YTD 4Q2021 compared to 78% for YTD 4Q2020 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 26% for YTD 4Q2021, a drop of 27% compared to 53% for YTD 4Q2020. 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.

## A18. Material Event (Cont'd)

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

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 June 2021.

### A20. Capital Commitments

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

|                                 | As at<br>30.06.2021<br>RM'000 | As at<br>30.06.2020<br>RM'000 |
|---------------------------------|-------------------------------|-------------------------------|
| Approved and contracted for     | 453,138                       | 329,682                       |
| Approved but not contracted for | 149,121                       | 304,114                       |
|                                 | <u>602,259</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 June 2021. The contingent liabilities as at 30 June 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 June 2021 and 30 June 2020:

|   | Fourth Quarter ended |            | Cumulative Quarter ended |            |
|---|----------------------|------------|--------------------------|------------|
|   | 30.06.2021           | 30.06.2020 | 30.06.2021               | 30.06.2020 |
|   | RM'000               | RM'000     | RM'000                   | RM'000     |
| <u>(Sales to)/purchases from parties related to the Manager</u> |                      |            |                          |            |
| (a) Sunway Berhad Group   |                      |            |                          |            |
| - Sales   | (27,957)             | (30,839)   | (103,777)                | (144,068)  |
| - Purchases   | 77,849               | 23,688     | 244,824                  | 101,314    |
| (b) Sunway Technology Sdn. Bhd. Group ("STSB Group")            |                      |            |                          |            |
| - Sales   | (756)                | (179)      | (2,001)                  | (533)      |
| - Purchases   | 323                  | 156        | 691                      | 665        |

## A22. Transactions with Parties Related to the Manager (Cont'd)

The following table provides information on the transactions which have been entered into with parties related to the Manager during the period ended 30 June 2021 and 30 June 2020: (Cont'd)

|   | Fourth Quarter ended |            | Cumulative Quarter ended |            |
|---|----------------------|------------|--------------------------|------------|
|   | 30.06.2021           | 30.06.2020 | 30.06.2021               | 30.06.2020 |
|   | RM'000               | RM'000     | RM'000                   | RM'000     |
| <u>Other transactions with parties related to the Manager</u> |                      |            |                          |            |
| (a) Sunway Berhad Group                                       |                      |            |                          |            |
| - Net investment/(redemption) in money market                 | -                    | 100,000    | (180,000)                | 180,000    |
| - Acquisition of investment property                          | -                    | 45,000     | 405,000                  | 45,000     |
| - Distribution to perpetual note holders                      | 4,959                | 4,958      | 19,890                   | 19,944     |

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 June 2021 and 30 June 2020:

|   | As at<br>30.06.2021<br>RM'000 | As at<br>30.06.2020<br>RM'000 |
|---|-------------------------------|-------------------------------|
| <u>Amount owed by parties related to the Manager:</u> |                               |                               |
| (a) Sunway Berhad Group                               | 9,377                         | 6,046                         |
| <u>Amount owed to parties related to the Manager:</u> |                               |                               |
| (a) Sunway Berhad Group                               | 10,739                        | 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**

Investment properties increased by RM680.7 million pursuant to the completion of 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 RM42.8 million primarily due to reclassification of deposit for The Pinnacle Sunway of RM45.0 million as investment properties upon completion of the acquisition.

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

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

Derivatives of RM9.0 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.

The increase in cash and bank balances by RM276.6 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 RM51.3 million due to redemption of commercial papers of RM50.0 million.

Other payables increased by RM81.8 million mainly due to accrued rent rebate and increase in refundable deposits.

Total net asset value as at 30 June 2021 was RM5,472.8 million, comprise of unitholders' funds of RM5,133.1 million and perpetual note holders' funds of RM339.7 million. Unitholders' funds increased by RM703.0 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 RM139.9 million, partially reduced by distribution to unitholders of RM123.0 million and amount reserved for distribution to perpetual note holders of RM19.9 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 June 2021 and 30 June 2020.

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

Net cash from operating activities for YTD 4Q2021 of RM284.1 million was lower by RM60.8 million compared to YTD 4Q2020 mainly attributable to lower collection from hotel lessees and tenants of RM104.1 million, partially offset by higher refundable deposits of RM5.5 million mainly from The Pinnacle Sunway and lower cash paid for operating expenses of RM37.8 million.

Net cash used in investing activities for YTD 4Q2021 of RM438.1 million was largely 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.

Net cash from financing activities for YTD 4Q2021 of RM430.6 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 RM93.8 million.

Cash and bank balances as at 30 June 2021 and 30 June 2020 stood at RM378.4 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 RM74.2 million for 4Q2021 and RM225.1 million for YTD 4Q2021, primarily 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<br/>Quarter<br/>ended<br/>30.06.2021<br/>RM'000</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>ended<br/>31.03.2021<br/>RM'000</b> | <b>Change<br/>%</b> |
|------------------------|--|--|---------------------|
| Realised profit        | 33,496   | 36,790   | -9.0%               |
| Unrealised profit      | 25   | 27   | -7.4%               |
| Profit for the quarter | <u>33,521</u>  | <u>36,817</u>  | <u>-9.0%</u>        |

Realised profit for 4Q2021 was lower by RM3.3 million compared to the immediate preceding quarter (3Q2021), mainly due to lower guaranteed rent from Sunway Putra Hotel in 4Q2021 compared to guaranteed income from Sunway Clio Property and Sunway Hotel Georgetown in 3Q2021. The reduction was partially reduced by better income from retail segment following the festive season in current quarter. No significant change for the other segments of Sunway REIT.

### B4. Commentary on Prospects

The economic prospects across countries have diverged further on the back of differing inoculation rates and countries' access to vaccines. The International Monetary Fund (IMF) maintained its global economic growth projection at 6.0% in CY2021 (unchanged from IMF's forecast in April 2021). The economic growth projection for emerging markets and developing economies was revised downwards, offset by an upward revision for the advanced economies.

IMF forecasts the global economy to expand at a faster pace of 4.9% in CY2022 (IMF's forecast in April 2021: 4.4%), underpinned by anticipation of additional fiscal support and improved health metrics across advanced economies.

The global economy continued to see improvements in 2Q CY2021, albeit with uneven growth across advanced and emerging market economies. Advanced economies generally achieved higher vaccination rates, facilitating the reopening of the economy as compared to emerging markets which have been disrupted by COVID-19 containment measures.

Slower-than-anticipated vaccine rollout globally would potentially cause further virus mutation, weighing on the recovery and set back global growth rate to below the outlook's baseline.

On the domestic front, Malaysia's gross domestic product (GDP) soared by 16.1% in 2Q CY2021 (GDP 2Q CY2020: -17.2%), boosted by continued improvement in most economic sectors, led by manufacturing and services sectors, strong external demand and improvement in domestic demand. However, the re-imposition of FMCO in June 2021 has caused a sharp deterioration in economic activities towards the later part of 2Q CY2021.

Bank Negara Malaysia (BNM) has trimmed Malaysia's GDP growth projection from 6.0% - 7.5%, to 3.0% - 4.0% in CY2021. The revision in Malaysia's GDP growth in CY2021 was necessitated by the re-imposition of total lockdown nationwide in June 2021, which was expected to cause significant business disruptions and private consumptions.

Domestic economic growth in the 2H CY2021 are expected to be driven by strong global demand with major trade partners, continued global tech upcycle, rapid vaccination rate to facilitate reopening of economic activities, ongoing fiscal and monetary policies to support businesses and households and continuation of large-scale infrastructure projects. That said, BNM cautioned on anticipation of slow improvement in services sector, particularly consumer and tourism-related activities.

The government has introduced the National Recovery Plan (NRP), a four-phase exit strategy from the COVID-19 crisis, which is contingent on three core indicators, that is, symptomatic admission cases, bed utilisation rate in intensive care unit (ICU) wards and inoculation rate.

The speed to achieving mass vaccination rate coupled with ability to contain the infection rate are crucial parameter for the economic activities to progress to Phase 3 and Phase 4 by 4Q CY2021.

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

Headline inflation trended higher in 2Q CY2021, driven by the transitional base effect from low base effect from low fuel prices and lapse in impact from electricity tariff rebates. For CY2021, headline inflation is expected to average between 2.0% and 3.0%. Underlying inflation, as measured by core inflation, is expected to hover between 0.5% and 1.5%.

Headline inflation increased by 3.4% in June 2021 (May 2021: 4.4%) on the back of lower base effect in the preceding year in the Transport, Housing, Water, Electricity, Gas and Other Fuels and Food and Non-Alcoholic Beverages categories. Underlying inflation, as measured by core inflation, fell to 0.7% in June 2021 (May 2021: 0.8%).

The Monetary Policy Committee (MPC) of BNM has maintained the Overnight Policy Rate (OPR) at 1.75%, consistent with BNM's accommodative policy stance to support the economic activities amidst heightened economic uncertainties during the various phases of NRP and prolonged duration of the pandemic.

The government announced the PEMULIH fiscal stimulus package in June 2021, which consists of various relief measures amounting to RM150 billion. The government has collectively announced 8 stimulus packages worth RM225 billion since the first movement control order (MCO) in March 2020. PEMULIH package is also aimed to accelerate the pace and rate of the National Vaccination Programme and to support the recovery path under the NRP.

Sunway REIT registered encouraging recovery in its business performance in April and May 2021. However, implementation of Full MCO (FMCO) in June 2021 had thwarted the recovery on the back of massively scaled-down business activities for the retail and hotel segments during the lockdown period.

The Manager maintains a cautious outlook for the remaining period in FP2021 due to the uncertainties surrounding the success in containing the COVID-19 cases in Malaysia, political stability and heightened macroeconomic headwinds.

Sunway REIT continues to place high priorities in:

- cost containment and cash preservation
- supporting retail tenants to ensure business sustainability and maintaining healthy occupancy rates / managing attrition rates
- explore asset acquisition and mergers and acquisitions opportunities
- vaccination for its front-facing employees
- extensive safety measures for shoppers, tenants and employees to ensure minimal business disruptions and prepare ahead for "revenge spending" in the near term
- acceleration of innovation / digitalisation initiatives

##### Review of retail market

Retail Group Malaysia revised its retail sales growth to between 1% and 2% in CY2021, from an earlier forecast of 4%, on the back of the uncertainties surrounding the of COVID-19 and stricter containment measures during the lockdown period.

The Malaysian Institute of Economic Research (MIER) Consumer Sentiment Index (CSI) declined to 64.3 points in 2Q CY2021, from 98.9 points in 1Q CY2021. The sharp deterioration was triggered by the implementation of a total lockdown nationwide which has led to concerns of deterioration in finances and weakened income and employment outlook.

The Retail segment was adversely impacted during the implementation of total lockdown in June 2021 on the back of massively scaled-down operations. During Phase 1 of NRP, retail malls are restricted to only provision of essential product and service offerings, which has resulted in a significant decline in footfall.

Under the PEMULIH package, the government continued to assist to reduce the burden of businesses in managing operating costs through the extension of electricity tariff rebate to December 2021 and wage subsidy programme for a period of four months.

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

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

The Retail Industry Vaccination Program (RiVAC) was introduced in July 2021, a public-private strategic cooperation aimed to accelerate the vaccination rate amongst workforce in the retail sector.

The government lifted the restrictions for 11 types of economic activities for states under Phase 1 and 2 of the NRP with effect from 16 August 2021, subject to achieving 50% vaccination rate amongst the workforce. The relaxation in the containment measures is expected to gradually improve the retail footfall and retail sales in the malls.

The Manager remains cautious on the outlook for the retail segment for the remaining period in FP2021 on the back of headwinds confronting the retail segment. The Manager is proactively striving towards vaccinating its front-facing workforce to prepare ahead for "green bubbles" malls.

##### Review of hotel market

The Malaysian Association of Hotels (MAH) has reported an average occupancy rate of 20% for hotels in Malaysia, on the back of persistently high daily COVID-19 cases and strict restrictions which constrict the recovery of the tourism industry. Since the start of MCO in March 2020, MAH reported that approximately 120 hotels that have closed (on permanent or temporary basis) in Malaysia.

MAH forecasted that the average occupancy rate for the hotels in Malaysia to hover around 28% by 4Q CY2021 upon achieving higher vaccination rate which may lead to re-opening of interstate border travels. In all, the average occupancy rate in CY2021 is anticipated to remain subdued at 23%, which the occupancy rate was partially contributed by hotels which are designated as quarantine hotels.

In the absence of international tourism activities in CY2021, the hotel industry relies on domestic tourism and business travelers, which are contingent on the relaxation of inter-district and inter-state travels. Meanwhile, meetings, incentives, conference and events (MICE) activities are constricted as part of the endeavour to contain the infection rates.

Under the PEMULIH stimulus package, the government has extended a 10% electricity tariff discounts to affected economic sectors and waiver of tourism tax and services tax for hotel operators until 31 December 2021.

The Manager expects the hotel segment to remain challenging on the back of stringent COVID-19 containment measures and restriction of domestic and international travel borders.

##### Review of office market

The implementation of the CMCO in early March 2021, followed by FMCO in June 2021, where only essential services were allowed to operate, has weighed on the nascent economic recovery. Businesses are required to continue with the implementation of rotational schedules and work from home (WFH) policies.

Moving forward, the demand for office space are expected to evolve to cater for WFH, work from anywhere (WFA), rotational schedules coupled with social distancing requirement under the new normal.

The office space in Malaysia may potentially benefit from the relocation of multinational companies (MNCs) or outsourcing of services to Malaysian companies which are able to operate at relatively lower costs.

Taking into consideration of the evolving trend, office building owners are also exploring opportunities to repurpose under-utilised office spaces to flexible offices, shared meeting spaces, smart commercial hubs incorporating latest technology settings.

The Manager expects the office segment to register stable performance, backed by new income contribution from The Pinnacle Sunway and relatively stable occupancy rates.

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

##### Review of industrial market

The manufacturing sector in Malaysia expanded by 26.6% in 2Q CY2021 (1Q CY2021: 6.6%) on the back of robust external demand for electronics and electrical (E&E) products. The sector is anticipated to remain resilient amid the continued global tech upcycle and recovery in global growth.

Malaysia's Industrial Production Index (IPI) recorded a positive growth of 1.4% in June 2021 underpinned by an expansion in Mining (10.3%), while Manufacturing and Electricity index fell by 0.2% and 4.8% respectively. The main sub-sectors contributing to the manufacturing index were the growth in Petroleum, Chemical, Rubber & Plastic products (19.0%) and E&E products (8.4%), while other sub-sectors contracted.

The Purchasing Managers' Index (PMI) stood at 40.1 and 39.9 in July and June respectively, a drop from 51.3 in May, indicating a contraction sign in manufacturing activities and decline in business conditions hit by the ongoing COVID-19 stricter containment measures. The output and incoming orders were softer and prolonged duration of the pandemic remains as the major downside risk to the outlook for the year ahead.

The Manager continues lookout for yield-accretive assets in this segment backed by the long-term strong fundamentals of the industrial sector, supported by the growing demand of 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<br>30.06.2021 | Year ended<br>30.06.2020 |
|--|----------------------------|--------------------------|
| a) Management expense ratio                      | 0.72%                      | 0.86%                    |
| b) Total return                                  | -9.4%                      | -8.9%                    |
| c) Average annual total return (5 years)         | 1.9%                       | 6.5%                     |
| d) Distribution yield                            | 2.3%                       | 4.5%                     |
| e) NAV per unit (after income distribution) (RM) | 1.4825                     | 1.4804                   |

- 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 period plus distribution yield for the financial period.
- 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 3.30 sen divided by the closing unit price as at 30 June 2021 of RM1.43 (30 June 2020: DPU of 7.33 sen for FY2020; closing unit price as at 30 June 2020 of RM1.62).
- e) 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 proposed interim distribution of 1.63 sen per unit for semi-annual period ended 30 June 2021 (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:

- a) active asset management strategy
- b) acquisition growth strategy
- c) capital and risk management strategy
- d) asset enhancement initiatives, including property development activities

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

**B8. Manager's Fee**

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

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

The 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.

Total Trustee's fees for 4Q2021 and YTD 4Q2021 were largely in line with preceding year corresponding period.

**B10. Status of Corporate Proposals**

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

**B11. Status of Utilisation of Proceeds**

As at 30 June 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                           | 192.2              | 103.2              | Within 36 months  |
| Defray estimated expenses for the Proposals                         | 9.6                             | 9.6                | -                  | Immediately   |
|   | 710.0                           | 606.8              | 103.2              |   |

**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<br/>Quarter ended<br/>30.06.2021</b> | <b>Immediate<br/>Preceding<br/>Quarter ended<br/>31.03.2021</b> | <b>Change<br/>%</b> |
|--|---|---|---------------------|
| Number of units in issue (units)   | 3,424,807,700                                   | 3,424,807,700   | 0.0%                |
| Realised net income (RM'000)   | 33,496  | 36,790  | -9.0%               |
| Realised earnings per unit (EPU) (sen)   | 0.77  | 0.94  | -18.1%              |
| Income distribution (RM'000)   | 55,824  | -   | N/A                 |
| Distribution per unit (sen)  | 1.63  | -   | N/A                 |
| Net Asset Value (NAV) attributable to unitholders<br>(After income distribution) (RM'000) <sup>1</sup> | 5,077,277                                       | 5,073,258   | *                   |
| NAV per unit (After income distribution) (RM) <sup>1</sup>   | 1.4825  | 1.4813  | *                   |
| Market price per unit (RM)   | 1.43  | 1.49  | -4.0%               |

\* Denotes < 0.1%

N/A - Not Applicable as the income distribution is on semi-annual basis

<sup>1</sup> After proposed interim distribution of 1.63 sen per unit for semi-annual period ended 30 June 2021 (31 March 2021: distributable income of 0.93 sen per unit for 3Q2021 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*.

| <b>Type of Derivatives</b>                       | <b>Contract/Notional Value</b> |                             | <b>Fair value at reporting date<br/>Derivative Asset</b> |                             |
|--|--------------------------------|-----------------------------|--|-----------------------------|
|  | <b>As at<br/>30.06.2021</b>    | <b>As at<br/>30.06.2020</b> | <b>As at<br/>30.06.2021</b>                              | <b>As at<br/>30.06.2020</b> |
|  | <b>RM'000</b>                  | <b>RM'000</b>               | <b>RM'000</b>  | <b>RM'000</b>               |
| <b>Cross currency swap</b><br>- Less than 1 year | 384,893                        | 373,680                     | 8,963  | 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 4Q2021 and YTD 4Q2021 were a loss of RM35,000 (4Q2020: gain of RM43.0 million) and a gain of RM33.4 million (YTD 4Q2020: gain of RM9.2 million) respectively. The net cumulative fair value gain of the new CCS from February 2021 of RM9.0 million was reflected as a derivative asset on the balance sheet as at 30 June 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**

There was no gain/loss arising from fair value changes of financial liabilities for YTD 4Q2021.

**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<br/>Stated<br/>RM'000</b> | <b>Reclassification<br/>RM'000</b> | <b>Restated<br/>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 June 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 June 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 30 August 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: 30 August 2021**