

SUNWAY REAL ESTATE INVESTMENT TRUST
THIRD QUARTER ENDED 30 SEPTEMBER 2022
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Third Quarter ended			Cumulative Quarter ended		
		30.09.2022	30.09.2021	Change	30.09.2022	30.09.2021	Change
		RM'000	RM'000	%	RM'000	RM'000	%
Rental and lease income		162,740	106,415	52.9%	448,361	304,435	47.3%
Other operating income		3,495	473	> 100%	16,353	10,113	61.7%
Revenue		166,235	106,888	55.5%	464,714	314,548	47.7%
Quit rent, assessment and insurance		(4,052)	(4,003)	1.2%	(11,380)	(11,772)	-3.3%
Other property operating expenses		(33,943)	(32,372)	4.9%	(99,284)	(102,898)	-3.5%
Property operating expenses		(37,995)	(36,375)	4.5%	(110,664)	(114,670)	-3.5%
Net property income		128,240	70,513	81.9%	354,050	199,878	77.1%
Interest income		1,213	1,901	-36.2%	3,523	5,883	-40.1%
Other income		29	25	16.0%	71	97	-26.8%
Changes in fair value of investment properties							
- As per valuation report		-	-	N/A	18,268	-	N/A
Net investment income		129,482	72,439	78.7%	375,912	205,858	82.6%
Manager's fees	B8	(10,849)	(9,077)	19.5%	(31,299)	(26,594)	17.7%
Trustee's fees	B9	(197)	(235)	-16.2%	(581)	(616)	-5.7%
Other trust expenses		(394)	(613)	-35.7%	(1,527)	(1,647)	-7.3%
Finance costs		(26,132)	(21,455)	21.8%	(69,769)	(65,604)	6.3%
		(37,572)	(31,380)	19.7%	(103,176)	(94,461)	9.2%
Profit before tax	A10	91,910	41,059	> 100%	272,736	111,397	> 100%
Taxation	A11	-	-	N/A	-	-	N/A
Profit for the period		91,910	41,059	> 100%	272,736	111,397	> 100%
Profit for the period comprises the following:							
Realised							
- Unitholders		86,868	36,025	> 100%	239,521	96,448	> 100%
- Perpetual note holders		5,013	5,013	0.0%	14,876	14,876	0.0%
		91,881	41,038	> 100%	254,397	111,324	> 100%
Unrealised		29	21	38.1%	18,339	73	> 100%
		91,910	41,059	> 100%	272,736	111,397	> 100%
Basic earnings per unit attributable to unitholders (sen):							
Realised		2.54	1.05	> 100%	7.00	2.76	> 100%
Unrealised		-	-	N/A	0.53	-	N/A
		2.54	1.05	> 100%	7.53	2.76	> 100%
Distributable income per unit (sen) ¹		2.54	1.05	> 100%	7.00	2.81	> 100%
Distribution per unit (sen)	A12	-	-	N/A	4.22	1.63	> 100%

N/A - Not Applicable

¹ Represents realised income attributable to unitholders and distribution adjustments, if any.

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

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

SUNWAY REAL ESTATE INVESTMENT TRUST
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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Third Quarter ended			Cumulative Quarter ended		
	30.09.2022	30.09.2021	Change	30.09.2022	30.09.2021	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Profit for the period	91,910	41,059	> 100%	272,736	111,397	> 100%
Other comprehensive income:						
Cash flow hedge - fair value of derivative ¹	(2,759)	3,937	> -100%	(194)	13,622	> -100%
Cash flow hedge reserve recycled to profit or loss	1,649	(3,325)	> 100%	(2,200)	(12,981)	-83.1%
Total comprehensive income for the period	90,800	41,671	> 100%	270,342	112,038	> 100%

¹ Please refer to Note B16 for further details of the derivative.

STATEMENT OF INCOME DISTRIBUTION

	Note	Third Quarter ended			Cumulative Quarter ended		
		30.09.2022	30.09.2021	Change	30.09.2022	30.09.2021	Change
		RM'000	RM'000	%	RM'000	RM'000	%
Rental and lease income		162,740	106,415	52.9%	448,361	304,435	47.3%
Interest income		1,213	1,901	-36.2%	3,523	5,883	-40.1%
Other income ²		3,495	477	> 100%	16,353	10,137	61.3%
		167,448	108,793	53.9%	468,237	320,455	46.1%
Less: Expenses		(75,567)	(67,755)	11.5%	(213,840)	(209,131)	2.3%
Realised income for the period		91,881	41,038	> 100%	254,397	111,324	> 100%
Less: Amount reserved for distribution to perpetual note holders		(5,013)	(5,013)	0.0%	(14,876)	(14,876)	0.0%
Realised income attributable to unitholders		86,868	36,025	> 100%	239,521	96,448	> 100%
Add: Previous period's undistributed realised income		8,126	9,532	-14.8%	-	4,933	-100%
Total income available for distribution		94,994	45,557	> 100%	239,521	101,381	> 100%
Less: Proposed / Declared income distribution to unitholders		-	-	N/A	(144,527)	(55,824)	> 100%
Balance undistributed realised income		94,994	45,557	> 100%	94,994	45,557	> 100%
Distribution per unit (sen)	A12	-	-	N/A	4.22	1.63	> 100%

N/A - Not Applicable

² Included other operating income.

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

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

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

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	Note	Current Quarter ended 30.09.2022	Immediate Preceding Quarter ended 30.06.2022	Change
		RM'000	RM'000	%
Rental and lease income		162,740	140,909	15.5%
Other operating income		3,495	3,600	-2.9%
Revenue		166,235	144,509	15.0%
Quit rent, assessment and insurance		(4,052)	(4,283)	-5.4%
Other property operating expenses		(33,943)	(33,336)	1.8%
Property operating expenses		(37,995)	(37,619)	1.0%
Net property income		128,240	106,890	20.0%
Interest income		1,213	1,042	16.4%
Other income		29	24	20.8%
Net investment income		129,482	107,956	19.9%
Manager's fees	B8	(10,849)	(10,087)	7.6%
Trustee's fees	B9	(197)	(194)	1.5%
Other trust expenses		(394)	(401)	-1.7%
Finance costs		(26,132)	(22,766)	14.8%
		(37,572)	(33,448)	12.3%
Profit before tax	A10	91,910	74,508	23.4%
Taxation	A11	-	-	N/A
Profit for the period		91,910	74,508	23.4%
Profit for the period comprises the following:				
Realised				
- Unitholders		86,868	69,525	24.9%
- Perpetual note holders		5,013	4,959	1.1%
		91,881	74,484	23.4%
Unrealised		29	24	20.8%
		91,910	74,508	23.4%
Basic earnings per unit attributable to unitholders (sen):				
Realised		2.54	2.03	25.0%
Unrealised		-	-	N/A
		2.54	2.03	25.0%
Distributable income per unit (sen) ¹		2.54	2.03	25.1%
Distribution per unit (sen)	A12	-	4.22	-100.0%

N/A - Not Applicable

¹ Represents realised income attributable to unitholders and distribution adjustments, if any.

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

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

	Current Quarter ended 30.09.2022	Immediate Preceding Quarter ended 30.06.2022	Change
	RM'000	RM'000	%
Profit for the period	91,910	74,508	23.4%
Other comprehensive income:			
Cash flow hedge - fair value of derivative ¹	(2,759)	(10,947)	-74.8%
Cash flow hedge reserve recycled to profit or loss	1,649	10,592	-84.4%
Total comprehensive income for the period	90,800	74,153	22.4%

¹ Please refer to Note B16 for further details of the derivative.

STATEMENT OF INCOME DISTRIBUTION

	Current Quarter ended 30.09.2022	Immediate Preceding Quarter ended 30.06.2022	Change
	RM'000	RM'000	%
Rental and lease income	162,740	140,909	15.5%
Interest income	1,213	1,042	16.4%
Other income ²	3,495	3,600	-2.9%
	167,448	145,551	15.0%
Less: Expenses	(75,567)	(71,067)	6.3%
Realised income for the period	91,881	74,484	23.4%
Less: Amount reserved for distribution to perpetual note holders	(5,013)	(4,959)	1.1%
Realised income attributable to unitholders	86,868	69,525	24.9%
Add: Previous period's undistributed realised income	8,126	83,128	-90.2%
Total income available for distribution	94,994	152,653	-37.8%
Less: Proposed / Declared income distribution to unitholders	-	(144,527)	-100.0%
Balance undistributed realised income	94,994	8,126	> 100%
Distribution per unit (sen)	-	4.22	-100.0%

² Included other operating income.

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 30.09.2022 (Unaudited)	As At 31.12.2021 (Audited)
		RM'000	RM'000
Assets			
Non-current assets			
Investment properties	A13	8,973,482	8,701,745
Investment properties - accrued lease income	A13	36,514	36,514
Plant and equipment		14,509	11,556
Right-of-use asset		814	871
		9,025,319	8,750,686
Current assets			
Trade receivables	A14	28,753	39,788
Other receivables		16,337	8,277
Derivatives	B16	-	11,188
Short term investment		26,934	49,991
Cash and bank balances		122,802	290,543
		194,826	399,787
Total assets		9,220,145	9,150,473
Equity and liabilities			
Equity			
Unitholders' capital		3,433,864	3,433,864
Undistributed income		1,706,673	1,691,629
Total unitholders' funds		5,140,537	5,125,493
Perpetual note holders' funds		339,717	339,717
Total equity		5,480,254	5,465,210
Non-current liabilities			
Borrowings	A15	1,800,000	1,810,000
Long term liabilities		69,709	57,072
Deferred tax liability		13,091	13,091
Lease liability		861	861
		1,883,661	1,881,024
Current liabilities			
Borrowings	A15	1,642,550	1,595,366
Trade payables		6,275	5,150
Other payables		205,655	203,693
Derivatives		1,735	-
Lease liability		15	30
		1,856,230	1,804,239
Total liabilities		3,739,891	3,685,263
Total equity and liabilities		9,220,145	9,150,473
Units in circulation ('000 units)		3,424,808	3,424,808
Net Asset Value ("NAV") attributable to unitholders:			
Before income distribution		5,140,537	5,125,493
After income distribution ¹		5,053,669	5,029,598
NAV per unit attributable to unitholders (RM):			
Before income distribution		1.5010	1.4966
After income distribution ¹		1.4756	1.4686

¹ After distributable income for 3Q2022 of 2.54 sen per unit is assumed for income distribution (31 December 2021: final income distribution of 2.80 sen per unit).

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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital	Undistributed Income	Total Unitholders' Funds	Perpetual Note Holders' Funds	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	3,433,864	1,691,629	5,125,493	339,717	5,465,210
Total comprehensive income					
Profit for the period	-	272,736	272,736	-	272,736
Other comprehensive income:					
- Cash flow hedge - fair value of derivative	-	(194)	(194)	-	(194)
- Cash flow hedge reserve recycled to profit or loss	-	(2,200)	(2,200)	-	(2,200)
Total comprehensive income, representing the increase in net assets resulting from operations	-	270,342	270,342	-	270,342
Unitholders' transactions					
Distribution to unitholders:					
- Income distribution declared and paid in current year	-	(144,527)	(144,527)	-	(144,527)
- Income distribution proposed in prior period but paid in current year	-	(95,895)	(95,895)	-	(95,895)
Decrease in net assets resulting from unitholders' transactions	-	(240,422)	(240,422)	-	(240,422)
Perpetual Note Holders' transactions					
Amount reserved for distribution to perpetual note holders	-	(14,876)	(14,876)	-	(14,876)
Decrease in net assets resulting from perpetual note holders' transactions	-	(14,876)	(14,876)	-	(14,876)
As at 30 September 2022 (Unaudited)	3,433,864	1,706,673	5,140,537	339,717	5,480,254

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

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

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

	Unitholders' Capital	Undistributed Income	Total Unitholders' Funds	Perpetual Note Holders' Funds	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2020	2,727,829	1,702,228	4,430,057	339,717	4,769,774
Total comprehensive income					
Profit for the period	-	195,484	195,484	-	195,484
Other comprehensive income:					
- Cash flow hedge - fair value of derivative	-	35,605	35,605	-	35,605
- Cash flow hedge reserve recycled to profit or loss	-	(32,977)	(32,977)	-	(32,977)
Total comprehensive income, representing the increase in net assets resulting from operations	-	198,112	198,112	-	198,112
Unitholders' transactions					
Creation of units pursuant to private placement ¹					
Unit issuance expenses	710,000	-	710,000	-	710,000
Distribution to unitholders:	(3,965)	-	(3,965)	-	(3,965)
- Income distribution declared and paid in current period	-	(108,701)	(108,701)	-	(108,701)
- Income distribution proposed in prior year but paid in current period	-	(70,093)	(70,093)	-	(70,093)
Increase in net assets resulting from unitholders' transactions	706,035	(178,794)	527,241	-	527,241
Perpetual Note Holders' transactions					
Amount reserved for distribution to perpetual note holders	-	(29,917)	(29,917)	-	(29,917)
Decrease in net assets resulting from perpetual note holders' transactions	-	(29,917)	(29,917)	-	(29,917)
As at 31 December 2021 (Audited)	3,433,864	1,691,629	5,125,493	339,717	5,465,210

¹ 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
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarter ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	471,696	324,765
Refundable security deposits from customers	7,288	(2,366)
Cash paid for operating expenses	(161,732)	(114,813)
Net cash from operating activities	317,252	207,586
Cash flows from investing activities		
Acquisition of plant and equipment	(4,557)	(1,042)
Deposit for acquisition of investment property	(6,005)	(3,410)
Balance payment for acquisition of investment property	(30,690)	-
Incidental costs on acquisition of investment property	(2,632)	500
Subsequent expenditure of investment properties	(196,852)	(198,363)
Investment in short term money market instrument	(407,000)	(150,000)
Redemption of short term money market instrument	430,000	100,000
Interest received	4,026	5,722
Net cash used in investing activities	(213,710)	(246,593)
Cash flows from financing activities		
Proceeds from issuance of commercial papers	190,000	-
Proceeds from issuance of unrated medium term notes	750,000	800,000
Drawdown of revolving loan - USD	292,552	384,893
Drawdown of revolving loan	190,000	-
Repayment of commercial papers	(190,000)	-
Repayment of unrated medium term notes	(800,000)	(800,000)
Repayment of revolving loan - USD	(384,893)	(373,680)
Interest paid	(68,602)	(68,178)
Payment of unit issuance expenses	-	(88)
Distribution paid to unitholders	(240,422)	(26,371)
Distribution paid to perpetual note holders	(9,918)	(9,918)
Net cash used in financing activities	(271,283)	(93,342)
Net decrease in cash and cash equivalents	(167,741)	(132,349)
Cash and cash equivalents at beginning of year	290,543	444,502
Cash and cash equivalents at end of period	122,802	312,153
Cash and bank balances	122,802	312,153
Deposits with licensed financial institutions with maturity of over 3 months	-	-
Cash and cash equivalents	122,802	312,153
Cash and bank balances at end of period comprise:		
Cash on hand and at banks	39,802	31,153
Deposits placed with licensed financial institutions	83,000	281,000
Cash and bank balances	122,802	312,153

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

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

**SUNWAY REAL ESTATE INVESTMENT TRUST
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Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134

A1. Corporate Information

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

A2. Significant Accounting Policies and Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the financial period ended 30 September 2022 have been prepared in accordance with MFRS 134: Interim Financial Reporting, paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deed and the Securities Commission's Guidelines on Listed Real Estate Investment Trusts (the "REIT Guidelines"). These unaudited condensed consolidated financial statements of the Group also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

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

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

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

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

A3. Audit Report of Preceding Financial Year

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

A4. Changes in Estimates

This is not applicable as no estimates were previously reported.

A5. Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 30 September 2022.

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

There were no issuance, repurchases and repayments of debt and equity securities for the current quarter ended 30 September 2022, except as disclosed in Note A15.

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

There was no change to Sunway REIT's fund size of 3,424.8 million units for the current quarter ended 30 September 2022.

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A8. Segmental Reporting

Segmental revenue and results for the third quarter ended 30 September 2022 and 30 September 2021 are as follows:

Business segments	Third Quarter ended 30.09.2022						Third Quarter ended 30.09.2021					
	Retail	Hotel	Office	Services	Industrial & Others	Total	Retail	Hotel	Office	Services	Industrial & Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue and results												
Gross revenue	110,332	18,439	20,009	15,761	1,694	166,235	64,899	6,185	18,929	15,335	1,540	106,888
Net property income	80,472	17,533	12,781	15,761	1,694	128,240	36,595	4,221	12,822	15,335	1,540	70,513
Interest income						1,213						1,901
Other income						29						25
Trust and other expenses						(11,440)						(9,925)
Finance costs						(26,132)						(21,455)
Profit before tax						91,910						41,059
Taxation						-						-
Profit for the period						91,910						41,059

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

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A8. Segmental Reporting (Cont'd)

Segmental revenue and results for the cumulative quarter ended 30 September 2022 and 30 September 2021 are as follows:

Business segments	Cumulative Quarter ended 30.09.2022						Cumulative Quarter ended 30.09.2021					
	Retail	Hotel	Office	Services	Industrial & Others	Total	Retail	Hotel	Office	Services	Industrial & Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue and results												
Gross revenue	310,126	42,940	59,210	47,357	5,081	464,714	177,132	29,262	57,530	46,005	4,619	314,548
Net property income	222,391	40,024	39,198	47,357	5,081	354,050	86,077	24,035	39,142	46,005	4,619	199,878
Interest income						3,523						5,883
Other income						71						97
Changes in fair value of investment properties						18,268						-
Trust and other expenses						(33,407)						(28,857)
Finance costs						(69,769)						(65,604)
Profit before tax						272,736						111,397
Taxation						-						-
Profit for the period						272,736						111,397

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

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

A8. Segmental Reporting (Cont'd)

Segmental assets and liabilities as at 30 September 2022 and 31 December 2021 are as follows:

Business segments	As at 30.09.2022						As at 31.12.2021					
	Retail	Hotel	Office	Services	Industrial & Others	Total	Retail	Hotel	Office	Services	Industrial & Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets												
Segment assets	5,168,407	1,847,132	961,900	940,494	100,000	9,017,933	5,106,699	1,702,199	953,023	940,129	100,000	8,802,050
Unallocated assets						202,212						348,423
Total assets						9,220,145						9,150,473
Liabilities												
Segment liabilities	214,819	3,568	25,149	-	-	243,536	201,440	7,657	24,707	-	-	233,804
Unallocated liabilities						3,496,355						3,451,459
Total liabilities						3,739,891						3,685,263

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A8. Segmental Reporting (Cont'd)

Properties	Gross Revenue				Net Property Income				Gross Revenue			Net Property Income		
	Third Quarter ended				Third Quarter ended				Cumulative Quarter ended			Cumulative Quarter ended		
	30.09.2022	30.09.2021	Change	30.06.2022	30.09.2022	30.09.2021	Change	30.06.2022	30.09.2022	30.09.2021	Change	30.09.2022	30.09.2021	Change
	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	RM'000	RM'000	%
Retail														
Sunway Pyramid Mall	81,798	52,441	56.0%	78,507	65,102	32,974	97.4%	61,973	237,876	131,276	81.2%	187,137	70,294	> 100%
Sunway Carnival Mall ¹	14,981	4,815	> 100%	9,317	7,645	1,525	> 100%	2,678	33,716	18,869	78.7%	14,994	7,612	97.0%
SunCity Ipoh Hypermarket	771	770	0.1%	770	758	743	2.0%	750	2,474	2,311	7.1%	2,407	2,229	8.0%
Sunway Putra Mall	12,733	6,873	85.3%	12,707	7,042	1,353	> 100%	6,540	35,962	24,676	45.7%	18,232	5,942	> 100%
Sunway Pier ²	49	N/A	N/A	49	(75)	N/A	N/A	(304)	98	N/A	N/A	(379)	N/A	N/A
Total Retail	110,332	64,899	70.0%	101,350	80,472	36,595	> 100%	71,637	310,126	177,132	75.1%	222,391	86,077	> 100%
Hotel														
Sunway Resort Hotel ³	3,658	62	> 100%	60	3,397	(694)	> 100%	(241)	4,259	262	> 100%	3,691	(1,279)	> 100%
Sunway Pyramid Hotel	7,732	(2)	> 100%	341	7,555	(159)	> 100%	175	8,360	319	> 100%	7,867	(179)	> 100%
Sunway Hotel Seberang Jaya	364	-	> 100%	475	321	(48)	> 100%	424	948	(34)	> 100%	809	(174)	> 100%
Sunway Putra Hotel	1,819	3,764	-51.7%	1,577	1,601	3,404	-53.0%	1,236	4,511	11,500	-60.8%	3,613	10,424	-65.3%
Sunway Hotel Georgetown	1,169	68	> 100%	1,202	1,118	17	> 100%	1,149	5,091	2,071	> 100%	4,935	1,918	> 100%
Sunway Lagoon Hotel ⁴	3,695	2,293	61.2%	2,325	3,540	1,701	> 100%	2,305	19,769	15,144	30.5%	19,108	13,325	43.4%
Total Hotel	18,439	6,185	> 100%	5,980	17,533	4,221	> 100%	5,048	42,940	29,262	46.7%	40,024	24,035	66.5%
Office														
Menara Sunway	4,231	4,221	0.2%	4,311	2,681	2,975	-9.9%	2,805	12,975	12,823	1.2%	8,204	8,879	-7.6%
Sunway Tower	961	1,106	-13.1%	838	(199)	172	> -100%	(186)	2,606	3,409	-23.6%	434	659	-34.1%
Sunway Putra Tower	3,275	3,036	7.9%	3,255	1,993	1,892	5.4%	2,079	9,695	9,113	6.4%	6,156	5,800	6.1%
Wisma Sunway	1,746	1,724	1.3%	1,738	975	968	0.7%	965	5,219	5,205	0.3%	2,898	2,885	0.5%
The Pinnacle Sunway	9,796	8,842	10.8%	9,581	7,330	6,815	7.6%	7,086	28,715	26,980	6.4%	21,505	20,919	2.8%
Total Office	20,009	18,929	5.7%	19,723	12,781	12,822	-0.3%	12,749	59,210	57,530	2.9%	39,198	39,142	0.1%
Services														
Sunway Medical Centre (Tower A & B)	6,608	6,386	3.5%	6,609	6,608	6,386	3.5%	6,609	19,827	19,159	3.5%	19,827	19,159	3.5%
Sunway university & college campus	9,153	8,949	2.3%	9,154	9,153	8,949	2.3%	9,154	27,530	26,846	2.5%	27,530	26,846	2.5%
Total Services	15,761	15,335	2.8%	15,763	15,761	15,335	2.8%	15,763	47,357	46,005	2.9%	47,357	46,005	2.9%
Industrial & Others														
Sunway REIT Industrial - Shah Alam 1	1,694	1,540	10.0%	1,693	1,694	1,540	10.0%	1,693	5,081	4,619	10.0%	5,081	4,619	10.0%
Total Industrial & Others	1,694	1,540	10.0%	1,693	1,694	1,540	10.0%	1,693	5,081	4,619	10.0%	5,081	4,619	10.0%
Total Revenue / NPI	166,235	106,888	55.5%	144,509	128,240	70,513	81.9%	106,890	464,714	314,548	47.7%	354,050	199,878	77.1%

N/A - Not Applicable

¹ New wing of Sunway Carnival Mall was opened on 24 June 2022.

² Sunway Pier was acquired on 26 January 2022 and currently in the planning stage for the redevelopment into a retail-centric tourist attraction.

³ Sunway Resort Hotel was closed for refurbishment from July 2020 and reopened progressively since 1 May 2022.

⁴ The property name of Sunway Clio Property has been changed to Sunway Lagoon Hotel in light of the theming with nearby Sunway Lagoon Theme Park for experiential marketing.

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A8. Segmental Reporting (Cont'd)

The Group comprises the following major business segments:

- (i) Retail - renting of retail premises to tenants
- (ii) Hotel - leasing of hotel premises to hotel operators
- (iii) Office - renting of office premises to tenants
- (iv) Services - leasing of services related premises on long term leases
- (v) Industrial & Others - leasing of industrial and other types of premises on long term leases

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

a) Review of Third Quarter Results

Retail segment

The retail segment increased by 70% or RM45.4 million compared the same period last year (3Q2021), due to the overall improved performance across retail properties, primarily from the increase in revenue of our flagship Sunway Pyramid Mall and also from the new wing of Sunway Carnival Mall which opened on 24 June 2022.

The improved performance of the retail properties was supported by higher sustained retail footfall and encouraging tenant sales in 3Q2022.

Net property income ("NPI") of the retail segment for 3Q2022 rose by more than 100%. The quantum of increase in NPI was higher than the revenue mainly contributed by the recovery of doubtful debts following the continued improvement in rental collection in the current quarter.

Hotel segment

Sunway Resort Hotel has re-opened for business, with the first phase of 56 rooms from 1 May 2022 and gradually increased to 138 rooms as at 30 June 2022 and 238 rooms as at 30 September 2022 respectively. Total rooms upon full completion of the refurbishment in 4Q2022 will be 460 rooms.

The hotel segment recorded improvements in average occupancy rates for the quarter under review pursuant to the nation transitioning into the endemic phase and the re-opening of Sunway Resort Hotel. This resulted in an increase of the revenue by 2 times to RM18.4 million for 3Q2022 despite the guaranteed rent from Sunway Putra Hotel of RM2.7 million in 3Q2021 which has since ceased.

Correspondingly, NPI increased by more than 3 times to RM17.5 million for 3Q2022.

Note: 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.

Office segment

The office segment recorded revenue of RM20.0 million for 3Q2022, an increase of 6% compared to 3Q2021, supported by stable occupancy rate. Overall occupancy rate for the office segment was maintained at 84% for 3Q2022.

NPI of the office segment reduced marginally by less than 1% despite the increase in revenue mainly due to the increase in utilities and maintenance expenses offsetting the higher revenue.

Services segment

The revenue and NPI of the services segment increased by 3% compared to 3Q2021 due to annual positive rental reversion for Sunway Medical Centre (Tower A & B) and Sunway university & college campus in accordance with the master lease agreements.

A8. Segmental Reporting (Cont'd)

a) Review of Third Quarter Results (Cont'd)

Industrial & Others segment

The industrial & others segment, comprising of Sunway REIT Industrial - Shah Alam 1, delivered an increase of 10% in revenue and NPI compared to 3Q2021, in accordance with the master lease agreement where rent review will be conducted every three years, with the last rent review on 1 January 2022.

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

Overall

	3Q2022	3Q2021	Change	
	RM'000	RM'000	RM'000	%
Revenue	166,235	106,888	59,347	55.5%
NPI	128,240	70,513	57,727	81.9%
Profit for the period, comprise of:				
Realised				
- Unitholders	86,868	36,025	50,843	> 100%
- Perpetual note holders	5,013	5,013	-	0.0%
	<u>91,881</u>	<u>41,038</u>	<u>50,843</u>	<u>> 100%</u>
Unrealised	29	21	8	38.1%
	<u>91,910</u>	<u>41,059</u>	<u>50,851</u>	<u>> 100%</u>

Sunway REIT registered a profit of RM91.9 million for 3Q2022, more than double of the profit in 3Q2021, predominantly contributed by the sharp improvement in both retail and hotel segments as discussed above. The increase in NPI by RM57.5 million was partially reduced by higher Manager's fees (RM1.8 million) in tandem with the improved NPI, higher finance costs (RM4.7 million) resulting from the OPR hikes in May, July and September 2022 totaling 75 bps and lower interest income (RM0.7 million) due to lower cash and placements after progress payments for capital expenditure.

b) Review of Cumulative Quarter Results

Retail segment

Revenue of the retail segment jumped by 75% to RM310.1 million for the cumulative period ended 30 September 2022 (YTD3Q2022). The improvement was largely due to marginal rental support required in the current financial period, higher turnover rent, promotion and car park income following the increased retail footfall and tenant sales.

Correspondingly, NPI of the retail segment for YTD3Q2022 increased by more than 2.5 folds to RM222.4 million, in tandem with the increase in revenue coupled with the recovery of doubtful debts.

Hotel segment

Revenue registered a 47% increase to RM42.9 million for YTD3Q2022, contributed by the re-opening of Sunway Resort Hotel in May 2022 and also Malaysia's transition to endemic phase from 1 April 2022 which saw improvement in domestic leisure, business travel and MICE activities. The increase was after offsetting the guaranteed rent for Sunway Putra Hotel last year to the tune of RM11.1 million for YTD3Q2021 which has since ceased. Sunway Lagoon Hotel (formerly known as Sunway Clio Hotel) recorded lower percentage of increase compared to other hotels as Sunway Clio Hotel served as a quarantine hotel during the pandemic.

The hotel segment registered a 67% increase in NPI to RM40.0 million for YTD3Q2022, higher than the increase in revenue mainly due to lower operating expenses from the retail component in Sunway Clio Property (currently known as Sunway Lagoon Hotel).

A8. Segmental Reporting (Cont'd)

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

Office segment

The office segment registered revenue of RM59.2 million for YTD3Q2022, an increase of 3% backed by stable occupancy rate of about 84%.

NPI of the office segment also inched marginally by less than 1% to RM39.2 million for YTD3Q2022.

Services segment

The services segment registered revenue and NPI of RM47.4 million for YTD3Q2022, representing an increase of 3% compared to YTD3Q2021, in accordance to the contractual annual rental uplifts for Sunway Medical Centre (Tower A & B) and Sunway university & college campus.

Industrial & Others segment

The industrial & others segment contributed RM5.1 million to revenue and NPI for YTD3Q2022, an increase of 10% compared to YTD3Q2021, contributed by positive rental reversion for Sunway REIT Industrial - Shah Alam 1.

Overall

	YTD3Q2022	YTD3Q2021	Change	
	RM'000	RM'000	RM'000	%
Revenue	464,714	314,548	150,166	47.7%
NPI	354,050	199,878	154,172	77.1%

Profit for the period, comprise of:

Realised

- Unitholders

- Perpetual note holders

Unrealised

	239,521	96,448	143,073	> 100%
	14,876	14,876	-	0.0%
	254,397	111,324	143,073	> 100%
	18,339	73	18,266	> 100%
	272,736	111,397	161,339	> 100%

Overall profit of Sunway REIT for YTD3Q2022 was at RM272.7 million, increased by RM161.3 million compared to YTD3Q2021 due to the improved performance of all business segments. The increase was also contributed by the unrealised valuation gain for Sunway Pier (RM18.3 million), partially offset by higher Manager's fees (RM4.7 million) in line with the increased NPI, higher finance costs (RM4.2 million) from OPR hikes and lower interest income (RM2.4 million) due to lower cash and placements.

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:

	Third Quarter ended		Cumulative Quarter ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Net changes in fair value of long term liabilities	(29)	(21)	(71)	(73)
Realised foreign exchange loss	11	-	11	-
Unrealised foreign exchange (gain) / loss (hedged item)	(1,649)	3,325	2,200	12,981
Cash flow hedge reserve recycled to profit or loss (Reversal) / Allowance of impairment on trade receivables	1,649	(3,325)	(2,200)	(12,981)
Depreciation of plant and equipment	(3,251)	4,939	(9,437)	14,488
Loss on disposal of plant and equipment	781	600	2,047	1,789
Write off of plant and equipment	-	3	7	46
	-	-	17	-

A11. Taxation

Taxation of the REIT

The tax transparency system under Section 61A of the Malaysian Income Tax Act 1967 exempts the REIT from income tax in a year of assessment if the REIT distributes at least 90% of its total taxable income in the same year of assessment.

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

Taxation of the Unitholders

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

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

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

A12. Income Distribution

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

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

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

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

- i) For the semi-annual period from 1 January 2022 to 30 June 2022, interim income distribution amounting to RM144.5 million or 4.22 sen per unit, comprising taxable and non-taxable / tax-exempt amount of 2.95 sen per unit and 1.27 sen per unit respectively, paid in cash on 15 September 2022.

Final income distribution for the current financial year will be based on the distributable income for the semi-annual period ending 31 December 2022.

A13. Investment Properties

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Investment properties	8,973,482	8,449,486
Investment property under construction	-	252,259
Investment property - accrued lease income	36,514	36,514
	<u>9,009,996</u>	<u>8,738,259</u>

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

A13. Investment Properties (Cont'd)

Sunway Resort Hotel has been undergoing refurbishment from July 2020, to modernise its offerings with technology-enhanced features and family-friendly amenities. The hotel has re-opened progressively since May 2022. Total property development costs incurred to-date of RM207.1 million has been capitalised as investment properties.

Investment property under construction relates to the property development activities for the expansion of Sunway Carnival Mall. The new wing of Sunway Carnival Mall has been completed and was opened on 24 June 2022.

Investment properties - accrued lease income is in relation to the 30-year non-cancellable lease agreements for Sunway university & college campus, commencing on 15 April 2019 and expiring on 30 November 2048, with in-built incremental lease rental of 2.3% every year. The lease income has been recognised on a straight-line based over the lease period of 30 years pursuant to MFRS 16 Leases, with a total accrued lease income of RM36.5 million (2Q2022 : RM36.5 million).

A14. Trade Receivables

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Third parties	39,436	58,738
Amount due from parties related to the Manager	5,394	6,769
	<u>44,830</u>	<u>65,507</u>
Less: Allowance for impairment	(16,077)	(25,719)
Total trade receivables	<u>28,753</u>	<u>39,788</u>

Trade receivables was lower by RM11.0 million mainly due to improved rental collection from the retail segment.

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

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Neither past due nor impaired	11,427	11,063
Past due but not impaired		
1 to 30 days	1,328	2,385
31 to 60 days	4,570	7,363
61 to 90 days	2,012	830
91 to 120 days	1,538	5,558
More than 120 days	7,878	12,589
	<u>17,326</u>	<u>28,725</u>
Impaired	16,077	25,719
	<u>44,830</u>	<u>65,507</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 30.09.2022 RM'000	As at 31.12.2021 RM'000
At beginning of financial year / period	25,719	6,047
(Reversal) / Charge for the financial period	(9,437)	20,294
Written off	(205)	(622)
At end of financial period	<u>16,077</u>	<u>25,719</u>

A15. Borrowings and Debt Securities

	As at 30.09.2022 RM'000	As at 30.09.2021 RM'000
<u>Short term borrowings</u>		
Secured		
- Revolving loan (USD)	292,804	397,765
- Unrated medium term notes	1,350,000	800,000
	<u>1,642,804</u>	<u>1,197,765</u>
Less: Unamortised transaction costs	(254)	(327)
Total short term borrowings	<u>1,642,550</u>	<u>1,197,438</u>
<u>Long term borrowings</u>		
Secured - Unrated medium term notes	10,000	600,000
Unsecured - Revolving loan (RM)	1,790,000	1,600,000
Total long term borrowings	<u>1,800,000</u>	<u>2,200,000</u>
Total borrowings	<u>3,442,550</u>	<u>3,397,438</u>

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

The revolving loan (USD) was drawn in AUD97.0 million (equivalent to RM292.6 million) to partially refinance the existing revolving loan (USD) drawn in USD95.0 million (equivalent to RM384.9 million). The revolving loan (USD) is fully hedged with 1-year AUD-MYR cross currency swap ("CCS") contract until February 2023 (30 September 2021: 1-year USD-MYR CCS contracts until February 2022) to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period.

The revolving loan (USD) of AUD97.0 million was translated at an exchange rate of 3.0186 on 30 September 2022 (30 September 2021: USD95.0 million at an exchange rate of 4.1870) with cumulative unrealised foreign exchange translation loss of RM0.3 million (30 September 2021: loss of RM12.9 million) since the drawdown.

The unamortised transaction costs of RM0.3 million as at 30 September 2022 relates to upfront expenses incurred for establishment of the 7-year CP Programme of up to RM3.0 billion commencing from April 2019.

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

Total borrowings of Sunway REIT stood at RM3.4 billion as at 30 September 2022 and 30 September 2021.

The weighted average interest rate of borrowings as at 30 September 2022 was 3.11% (30 September 2021: 2.66%) and the proportion of debt based on fixed interest rate and floating interest rate was 32 : 68 (30 September 2021: 38 : 62).

A16. Fair Value Hierarchy

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

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

A16. Fair Value Hierarchy (Cont'd)

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 September 2022				
<u>Financial asset</u>				
Investment properties	-	-	8,541,000	8,541,000
<u>Financial liability</u>				
Derivatives	-	(1,735)	-	(1,735)
At 31 December 2021				
<u>Financial assets</u>				
Investment properties	-	-	8,486,000	8,486,000
Derivatives	-	11,188	-	11,188

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

A17. Material Event

There was no material event since the end of the last annual reporting period.

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

There was no material event subsequent to the current quarter ended 30 September 2022.

A19. Capital Commitments

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

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Approved and contracted for	257,531	310,074
Approved but not contracted for	369,017	202,107
	<u>626,548</u>	<u>512,181</u>

The capital commitment largely relates to expansion and refurbishment of Sunway Carnival Mall, refurbishment of Sunway Resort Hotel, planned refurbishment of Sunway Pyramid Mall and balance purchase consideration for an industrial property in Petaling Jaya.

A20. Contingent Liability and Asset

There was no contingent asset as at 30 September 2022. The contingent liability as at 30 September 2022 is in respect to the material litigation as disclosed in Note B12.

A21. Transactions with Parties Related to the Manager

The following table provides information on the transactions which have been entered into with parties related to the Manager during the period ended 30 September 2022:

	Third Quarter ended		Cumulative Quarter ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
a) Sunway Berhad Group				
- Sales	(39,130)	(19,156)	(103,523)	(85,179)
- Purchases	49,653	47,689	216,041	205,736
- Net (redemption)/investment in money market	(53,000)	50,000	(23,000)	50,000
Structured entities controlled by Sunway Berhad Group				
- Distribution to perpetual note holders	5,014	5,013	14,877	14,876
b) Sunway Technology Sdn. Bhd. Group				
- Sales	(722)	(708)	(2,170)	(2,234)
- Purchases	182	190	801	825

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

The following table provides information on the balances with the parties related to the Manager as at 30 September 2022 and 31 December 2021:

	As at 30.09.2022	As at 31.12.2021
	RM'000	RM'000
<u>Amount owed by parties related to the Manager:</u>		
a) Sunway Berhad Group	7,822	8,938
<u>Amount owed to parties related to the Manager:</u>		
a) Sunway Berhad Group	2,806	15,097

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

B1. Review of Performance

a) **Statement of Profit or Loss and Other Comprehensive Income**

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

b) **Statement of Financial Position**

Investment properties increased by RM271.7 million predominantly contributed by the capital expenditure for expansion of Sunway Carnival Mall and refurbishment of Sunway Resort Hotel, as well as the acquisition of Sunway Pier in January 2022.

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

Other receivables was higher by RM8.0 million mainly due to deposit paid for an industrial property in Petaling Jaya upon signing of the sale and purchase agreement in June 2022. The acquisition is targeted to complete in 4Q2022.

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

B1. Review of Performance (Cont'd)

b) Statement of Financial Position (Cont'd)

Short term investment relates to investment in 1-month commercial paper issued by Sunway Berhad Group at the nominal value of RM27.0 million.

Cash and bank balances has decreased by RM167.7 million largely due to funding for the additions of investment properties mentioned above.

Perpetual note holders' funds represent proceed from an issuance of perpetual note of RM340.0 million by SUNREIT Perpetual Bond Berhad in April 2019, net of transaction costs incurred for establishment of the Perpetual Note Programme of RM0.3 million. The perpetual note was subscribed by wholesale funds, which are regarded as structured entities controlled by Sunway Berhad Group. The distribution to the perpetual note holders is a related party transaction as disclosed in Note A21 above.

Total net asset value as at 30 September 2022 was RM5.5 billion, comprised unitholders' funds of RM5.2 billion and perpetual note holders' funds of RM0.3 billion. The increase in unitholders' funds of RM15.0 million was derived from the total comprehensive income for the financial period of RM270.3 million, partially reduced by distribution to unitholders of RM240.4 million and amount reserved for distribution to perpetual note holders of RM14.9 million. There was no movement in the perpetual note holders' funds during the financial period.

Net asset value per unit, after income distribution, increased marginally to RM1.48 as at 30 September 2022 primarily due to the valuation gain for Sunway Pier of RM18.3 million.

c) Statement of Cash Flows

Net cash from operating activities for YTD3Q2022 of RM317.3 million was contributed by the collection from tenants and lessees and the refundable deposits received, partially used for operating expenses.

Net cash used in investing activities for YTD3Q2022 of RM213.7 million was largely due to the progress payments for refurbishment works at Sunway Resort Hotel and expansion works at Sunway Carnival Mall and the acquisition of Sunway Pier.

Net cash used in financing activities for YTD3Q2022 of RM271.3 million was mainly for income distribution payments to unitholders in February and September 2022 totaling RM240.4 million and interest paid of RM68.6 million.

Cash and bank balances as at 30 September 2022 and 30 September 2021 stood at RM122.8 million and RM312.2 million respectively. The decrease in cash and bank balances was mainly due to investing activities above. In 2021, Sunway REIT has also maintained a higher cash reserve on prudence in view of the uncertainty caused by the pandemic.

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 RM51.0 million for 3Q2022, mainly for the completed expansion of Sunway Carnival Mall and the ongoing refurbishment of Sunway Resort Hotel, details as disclosed in Note A13.

B3. Material Changes in Quarterly Results

	Current Quarter ended 30.09.2022 RM'000	Immediate Preceding Quarter ended 30.06.2022 RM'000	Change %
Realised profit	91,881	74,484	23.4%
Unrealised profit	29	24	20.8%
Profit for the quarter	91,910	74,508	23.4%

Realised profit for current quarter was higher by more than 23% compared to the immediate preceding quarter (2Q2022) sustained by continued demand from retail segment including new contribution from the new wing of Sunway Carnival Mall which opened in June 2022, coupled with a good uptick from the hotel segment contributed by the phased opening of our flagship Sunway Resort Hotel which saw a gradual increase of rooms for sale from May 2022.

Unrealised profit for current quarter was minimal for both quarters under comparison.

B4. Commentary on Prospects

Indicator	2022 (F)	3Q2022(A)	2Q2022 (A)	1Q2022 (A)	2021 (A)
Gross Domestic Product (GDP) (y-o-y)	6.5% - 7.0% ⁴	14.2% ¹	8.9%	5.0%	3.1%
Consumer Price Index (y-o-y)	3.3% ⁴	4.5% ²	2.8%	2.2%	2.5%
Overnight Policy Rate (OPR)	2.75% ⁵	2.75% ³	2.25%	1.75%	1.75%

¹ GDP growth in 3Q2022 (Source: Bank Negara Malaysia)

² Source: Department of Statistics Malaysia

³ OPR announced on 3 November 2022 (Source: Bank Negara Malaysia)

⁴ Federal Budget 2023, Ministry of Finance

⁵ Bloomberg's economists consensus forecast

The Manager maintains an optimistic outlook for FY2022, underpinned by strong growth in the retail segment on the back of strong retail sales and low base in the preceding year. The outlook is further supported by gradual recovery in the hotel segment, new income contribution from the new wing of Sunway Carnival Mall and resumption of income contribution from phased re-opening of Sunway Resort Hotel.

The Manager proactively optimises its capital management strategy to minimise the impact of higher finance costs. In addition, the Manager strives to increase the NPI moving forward to negate the impact.

Review of retail market

The outlook for retail segment remains positive, underpinned by strong improvement in retail footfall and retail sales which have recovered to pre-pandemic level in 2019. The outlook is further supported by healthy economic growth, sustained domestic consumption, gradual pick up in international travelling and new income contribution from the new wing of Sunway Carnival Mall following its launch in June 2022.

B4. Commentary on Prospects (Cont'd)

Review of hotel market

The Manager expects the occupancy rates for the hotel segment to continue to improve in 4Q2022, predominantly supported by domestic leisure, corporate and MICE businesses. In addition, the re-opening of international border augurs well to welcome international tourists to Malaysia.

Sunway Resort Hotel has re-opened its refurbished rooms progressively since May 2022 and has open a total room inventory of 238 rooms out of 460 total rooms. This is expected to contribute positively to the hotel segment going forward.

In the mainland of Penang, Sunway Hotel Seberang Jaya is in a favourable position to benefit from the ongoing Sunway's township development, particularly from the recent launch of the new wing of Sunway Carnival Mall and the impending opening of Sunway Medical Centre Penang.

Review of office market

The Manager expects the office segment to remain resilient as businesses are operating at full capacity as the economy transitions into the endemic phase. The Corporate Suite@19, a 30,000 sq.ft. of newly completed office space at Sunway Resort Hotel, will further strengthen the income base of the office segment.

The demand for office space in strategic location with captive market and transit-oriented developments (TODs) are expected to remain stable. The Manager is closely monitoring trends which may impact the demand of office space in the medium to long term and execute asset management and/or enhancement initiatives accordingly in managing attrition risk.

B5. Investment Objectives

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

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

B6. Performance Benchmark

Performance indicators	Period ended 30.09.2022	Period ended 31.12.2021
a) Management expense ratio *	0.83%	0.74%
b) Total return *	6.0%	-10.1%
c) Average annual total return (5 years) *	0.5%	1.8%
d) Distribution yield *	6.7%	2.9%
e) NAV per unit (after income distribution) (RM)	1.4756	1.4686

* The performance indicators for the period ended 30 September 2022 was based on annualised results.

- The ratio of annualised trust expenses in operating Sunway REIT to the NAV of Sunway REIT.
- Total return represents the change in unit price from beginning of financial year plus annualised distribution yield for the financial year.
- Average annual total return is the sum of the return rates of Sunway REIT over a given number of years divided by that number of years.
- Annualised distributable income of 9.36 sen per unit (based on distributable income for YTD3Q2022 of 7.00 sen per unit) divided by the closing unit price as at 30 September 2022 of RM1.40 (31 December 2021: Annualised DPU of 4.06 sen (based on DPU of 6.10 sen for financial period ended 31 December 2021) divided by the closing unit price as at 31 December 2021 of RM1.41).
- NAV of Sunway REIT as determined by deducting the value of total liabilities from the total assets as at the period-end and after distributable income for 3Q2022 of 2.54 sen per unit is assumed for income distribution (31 December 2021: final income distribution of 2.80 sen per unit), divided by total issued units.

B7. Strategies and Policies

The Manager's strategies can be broadly categorised as:

- 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 Fees

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

- a) Base fee of 0.3% per annum on the total assets value;
- b) Performance fee of 3% per annum of net property income, but before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement;
- c) Acquisition fee of 1% of the acquisition price of any future 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.

The Manager's fees (base and performance) were discussed in Notes A8a) and A8b) above. In 1Q2022, there was acquisition fee of RM0.3 million paid to the Manager for the acquisition of Sunway Pier, which was capitalised as part of the acquisition cost of investment properties.

B9. Trustee's Fees

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

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

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

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

The trustees' fees for current and cumulative quarter ended 30 September 2022 was RM0.2 million and RM0.6 million respectively 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 September 2022, 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 Mall	295.4	295.4	-	Within 36 months
Defray estimated expenses for the Proposals	9.6	9.6	-	Immediately
	710.0	710.0	-	

The proceeds have been fully utilised during the current quarter, within 23 months from completion of the private placement in October 2020.

B12. Material Litigation

Metroplex Holdings Sdn Bhd ("Metroplex") v RHB Trustees Berhad (as trustees for Sunway REIT) and Sunway REIT Management Sdn Bhd (collectively, the "Defendants")

On 28 September 2015, Metroplex filed writ of summons and a statement of claim against the Defendants to claim, amongst others, damages for various chattels and movable items (e.g. furniture and office equipment, decorations, cutlery, kitchen equipment, bar equipment, concierge and reception tables, blinds and curtains) ("Chattels and Movable Items") which Metroplex alleged the Chattels and Movable Items were acquired and owned by them and were not removed when the Defendants took possession of the hotel at Sunway Putra on 27 September 2011. Metroplex has in its statement of claim alleged that the Chattels and Movable Items were worth in excess of RM80 million as at September 2011.

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

Subsequently, the Defendants appealed to the Court of Appeal against the High Court's Decision on 6 November 2017. The Court of Appeal allowed the Defendants' appeal and the High Court's Decision was set aside on 22 January 2019 ("Court of Appeal's Decision").

On 20 February 2019, Metroplex filed motion for leave to appeal to the Federal Court against the Court of Appeal's Decision ("Motion"). The Motion was allowed on 25 November 2019. Subsequently, Metroplex filed notice of appeal to appeal against the Court of Appeal's Decision on 2 December 2019 ("Appeal"). The hearing for the Appeal was fixed on 31 March 2021.

On 31 March 2021, the Federal Court allowed Metroplex's appeal by setting aside the Court of Appeal's Decision, restoring the High Court's Decision and ordered the assessment of damages against the Defendants to proceed before the High Court. In Metroplex's claim, Metroplex is claiming for the Chattels and Movable Items amounting to approximately RM402 million. The Defendants are strenuously objecting to the amount claimed as being overly excessive and have appointed subject matter experts to dispute the quantum of claim.

During the case management hearing on 24 June 2022, the original trial dates of 3 to 6 October 2022 for the assessment of damages have been vacated. The trial for the said assessment is now fixed on 4, 5, 6, 12 and 13 January 2023. At this stage, the financial impact cannot be determined pending the outcome of the said assessment proceedings.

B13. Soft Commission

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

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

	Current Quarter ended 30.09.2022	Immediate Preceding Quarter ended 30.06.2022	Change %
Number of units in issue (units)	3,424,807,700	3,424,807,700	0.0%
Realised net income (RM'000)	91,881	74,484	23.4%
Realised earnings per unit (EPU) (sen)	2.54	2.03	25.0%
Income distribution (RM'000) ¹	-	144,527	-100.0%
Distribution per unit (DPU) (sen) ¹	-	4.22	-100.0%
Net Asset Value (NAV) attributable to unitholders (After income distribution) (RM'000) ²	5,053,669	5,054,750	*
NAV per unit (After income distribution) (RM) ²	1.4756	1.4759	*
Market price per unit (RM)	1.40	1.49	-6.0%

* Denotes < 0.1%

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

² After distributable income for 3Q2022 of 2.54 sen per unit is assumed for income distribution (30 June 2022: interim income distribution of 4.22 sen per unit for semi-annual period ended 30 June 2022).

B15. Income Distribution

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

B16. Disclosure of Nature of Outstanding Derivative Financial Instruments

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

Type of Derivatives	Contract / Notional Value		Fair Value at Reporting Date Derivative (Liability) / Asset	
	As at 30.09.2022	As at 31.12.2021	As at 30.09.2022	As at 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Cross currency swap (CCS) - Less than 1 year	292,552	384,893	(1,735)	11,188

Sunway REIT entered into CCS contract to manage its exposure in foreign currency risk arising from borrowings in AUD as disclosed Note A15 above. Sunway REIT uses cash flow hedge to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period on the foreign currency borrowings.

Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognized directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the income statement. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the income statement.

The fair value of the CCS recognised in the statement of comprehensive income for YTD3Q2022 was a loss of RM0.2 million, which comprised fair value gain of the CCS which has matured in February 2022 of RM1.5 million and fair value loss of the new CCS entered from February 2022 of RM1.7 million, where the latter has been reflected as a derivative liability on the balance sheet as at 30 September 2022.

B17. Risks and Policies of Derivatives

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

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

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

Please refer to Note A10 for details.

B19. Directors' Declaration

In the opinion of the Manager, this quarterly report has been prepared in accordance with MFRS 134 *Interim Financial Reporting* and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Sunway REIT as at 30 September 2022 and of its financial performance and cash flows for the period ended on that date and duly authorised for release by the Board of the Manager on 17 November 2022.

BY ORDER OF THE BOARD

Sunway REIT Management Sdn. Bhd.

(As Manager for Sunway Real Estate Investment Trust)

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

**Bandar Sunway
Date: 17 November 2022**