

SUNWAY REAL ESTATE INVESTMENT TRUST
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Fourth Quarter ended			Cumulative Quarter ended		
		31.12.2022	31.12.2021	Change	31.12.2022	31.12.2021	Change
		RM'000	RM'000	%	RM'000	RM'000	%
Rental and lease income							
- Realised		171,180	130,930	30.7%	619,541	435,365	42.3%
- Unrealised (in relation to unbilled lease income receivable) ¹		11,985	19,584	-38.8%	11,985	19,584	-38.8%
Other operating income		3,567	7,283	-51.0%	19,920	17,396	14.5%
Revenue		186,732	157,797	18.3%	651,446	472,345	37.9%
Quit rent, assessment and insurance		(4,456)	(3,840)	16.0%	(15,836)	(15,612)	1.4%
Other property operating expenses		(36,088)	(30,860)	16.9%	(135,372)	(133,758)	1.2%
Property operating expenses		(40,544)	(34,700)	16.8%	(151,208)	(149,370)	1.2%
Net property income		146,188	123,097	18.8%	500,238	322,975	54.9%
Interest income		1,232	1,779	-30.7%	4,755	7,662	-37.9%
Other income		29	26	11.5%	100	123	-18.7%
Changes in fair value of investment properties							
- As per valuation reports	A14	(91,269)	(57,343)	59.2%	(73,001)	(57,343)	27.3%
- As per SPA for non-current asset held for sale	A14	60,000	-	N/A	60,000	-	N/A
- Unbilled lease income receivable ¹		(11,985)	(19,584)	-38.8%	(11,985)	(19,584)	-38.8%
Net investment income		104,195	47,975	> 100%	480,107	253,833	89.1%
Manager's fees	B8	(11,089)	(10,037)	10.5%	(42,388)	(36,631)	15.7%
Trustee's fees	B9	(189)	(155)	21.9%	(770)	(771)	-0.1%
Other trust expenses		(2,497)	(1,034)	> 100%	(4,024)	(2,681)	50.1%
Finance costs		(30,281)	(21,406)	41.5%	(100,050)	(87,010)	15.0%
		(44,056)	(32,632)	35.0%	(147,232)	(127,093)	15.8%
Profit before tax	A10	60,139	15,343	> 100%	332,875	126,740	> 100%
Taxation	A11	(9,317)	850	> -100%	(9,317)	850	> -100%
Profit for the period/year		50,822	16,193	> 100%	323,558	127,590	> 100%
Profit for the period/year comprises the following:							
Realised							
- Unitholders		88,707	67,649	31.1%	328,228	164,097	> 100%
- Perpetual note holders		5,014	5,014	0.0%	19,890	19,890	0.0%
		93,721	72,663	29.0%	348,118	183,987	89.2%
Unrealised		(42,899)	(56,470)	-24.0%	(24,560)	(56,397)	-56.5%
		50,822	16,193	> 100%	323,558	127,590	> 100%
Basic earnings per unit attributable to unitholders (sen):							
Realised		2.58	2.01	28.4%	9.58	4.77	> 100%
Unrealised		(1.25)	(1.70)	-26.5%	(0.72)	(1.70)	-57.6%
		1.33	0.31	> 100%	8.86	3.07	> 100%
Distributable income per unit (sen) ²		2.58	1.98	30.3%	9.58	4.79	100.0%
Distribution per unit (sen)	A12	5.00	2.80	78.6%	9.22	4.43	> 100%

N/A - Not applicable

¹ Represents incremental lease income on straight-line basis over the lease period pursuant to MFRS 16 Leases.

² 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
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

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

	Fourth Quarter ended			Cumulative Quarter ended		
	31.12.2022	31.12.2021	Change	31.12.2022	31.12.2021	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Profit for the period/year	50,822	16,193	> 100%	323,558	127,590	> 100%
Other comprehensive income:						
Cash flow hedge - fair value of derivative ¹	(3,875)	(1,711)	> -100%	(4,069)	11,911	> -100%
Cash flow hedge reserve recycled to profit or loss	5,791	2,090	> 100%	3,591	(10,891)	> 100%
Total comprehensive income for the period/year	52,738	16,572	> 100%	323,080	128,610	> 100%

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

STATEMENT OF INCOME DISTRIBUTION

	Note	Fourth Quarter ended			Cumulative Quarter ended		
		31.12.2022	31.12.2021	Change	31.12.2022	31.12.2021	Change
		RM'000	RM'000	%	RM'000	RM'000	%
Rental and lease income		171,180	130,930	30.7%	619,541	435,365	42.3%
Interest income		1,232	1,779	-30.7%	4,755	7,662	-37.9%
Other income ²		5,909	7,286	-18.9%	22,262	17,423	27.8%
		178,321	139,995	27.4%	646,558	460,450	40.4%
Less: Expenses		(84,600)	(67,332)	25.6%	(298,440)	(276,463)	7.9%
Realised income for the period/year		93,721	72,663	29.0%	348,118	183,987	89.2%
Less: Amount reserved for distribution to perpetual note holders		(5,014)	(5,014)	0.0%	(19,890)	(19,890)	0.0%
Realised income attributable to unitholders		88,707	67,649	31.1%	328,228	164,097	> 100%
Add: Brought forward undistributed realised income		125,333	45,557	> 100%	30,339	4,933	> 100%
Total income available for distribution		214,040	113,206	89.1%	358,567	169,030	> 100%
Less: Proposed/Declared income distribution to unitholders		(171,240)	(95,895)	78.6%	(315,767)	(151,719)	> 100%
Balance undistributed realised income		42,800	17,311	> 100%	42,800	17,311	> 100%
Distribution per unit (sen)	A12	5.00	2.80	78.6%	9.22	4.43	> 100%

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
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	Note	Current Quarter ended 31.12.2022	Immediate Preceding Quarter ended 30.09.2022	Change
		RM'000	RM'000	%
Rental and lease income				
- Realised		171,180	162,740	5.2%
- Unrealised (in relation to unbilled lease income receivable) ¹		11,985	-	N/A
Other operating income		3,567	3,495	2.1%
Revenue		186,732	166,235	12.3%
Quit rent, assessment and insurance		(4,456)	(4,052)	10.0%
Other property operating expenses		(36,088)	(33,943)	6.3%
Property operating expenses		(40,544)	(37,995)	6.7%
Net property income		146,188	128,240	14.0%
Interest income		1,232	1,213	1.6%
Other income		29	29	0.0%
Changes in fair value of investment properties				
- As per valuation reports		(91,269)	-	N/A
- As per SPA for non-current asset held for sale		60,000	-	N/A
- Unbilled lease income receivable ¹		(11,985)	-	N/A
Net investment income		104,195	129,482	-19.5%
Manager's fees	B8	(11,089)	(10,849)	2.2%
Trustee's fees	B9	(189)	(197)	-4.1%
Other trust expenses		(2,497)	(394)	> 100%
Finance costs		(30,281)	(26,132)	15.9%
		(44,056)	(37,572)	17.3%
Profit before tax	A10	60,139	91,910	-34.6%
Taxation	A11	(9,317)	-	N/A
Profit for the period		50,822	91,910	-44.7%
Profit for the period comprises the following:				
Realised				
- Unitholders		88,707	86,868	2.1%
- Perpetual note holders		5,014	5,013	0.0%
		93,721	91,881	2.0%
Unrealised		(42,899)	29	> -100%
		50,822	91,910	-44.7%
Basic earnings per unit attributable to unitholders (sen):				
Realised		2.58	2.54	1.6%
Unrealised		(1.25)	-	N/A
		1.33	2.54	-47.6%
Distributable income per unit (sen) ²		2.58	2.54	1.6%
Distribution per unit (sen)	A12	5.00	-	N/A

N/A - Not applicable

¹ Represents incremental lease income on straight-line basis over the lease period pursuant to MFRS 16 Leases .

² Represents realised income attributable to unitholders and distribution adjustments, if any.

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

SUNWAY REAL ESTATE INVESTMENT TRUST
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

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

	Current Quarter ended 31.12.2022	Immediate Preceding Quarter ended 30.09.2022	Change
	RM'000	RM'000	%
Profit for the period	50,822	91,910	-44.7%
Other comprehensive income:			
Cash flow hedge - fair value of derivative ¹	(3,875)	(2,759)	40.4%
Cash flow hedge reserve recycled to profit or loss	5,791	1,649	> 100%
Total comprehensive income for the period	52,738	90,800	-41.9%

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

STATEMENT OF INCOME DISTRIBUTION

	Current Quarter ended 31.12.2022	Immediate Preceding Quarter ended 30.09.2022	Change
	RM'000	RM'000	%
Rental and lease income	171,180	162,740	5.2%
Interest income	1,232	1,213	1.6%
Other income ²	5,909	3,495	69.1%
	178,321	167,448	6.5%
Less: Expenses	(84,600)	(75,567)	12.0%
Realised income for the period	93,721	91,881	2.0%
Less: Amount reserved for distribution to perpetual note holders	(5,014)	(5,013)	0.0%
Realised income attributable to unitholders	88,707	86,868	2.1%
Add: Brought forward undistributed realised income	125,333	38,465	> 100%
Total income available for distribution	214,040	125,333	70.8%
Less: Proposed/Declared income distribution to unitholders	(171,240)	-	N/A
Balance undistributed realised income	42,800	125,333	-65.9%
Distribution per unit (sen)	5.00	-	N/A

N/A - Not applicable

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
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 31.12.2022 (Unaudited)	As At 31.12.2021 (Audited)
		RM'000	RM'000
Assets			
Non-current assets			
Investment properties	A13	8,622,501	8,701,745
Investment properties - accrued lease income	A13	48,499	36,514
Plant and equipment		15,781	11,556
Right-of-use asset		795	871
		8,687,576	8,750,686
Current assets			
Trade receivables	A15	25,156	39,788
Other receivables		19,401	8,277
Derivatives	B16	-	11,188
Short term investment		-	49,991
Cash and bank balances		251,238	290,543
		295,795	399,787
Non-current asset held for sale	A18	430,000	-
Total assets		9,413,371	9,150,473
Equity and liabilities			
Equity			
Unitholders' capital		3,433,864	3,433,864
Undistributed income		1,754,397	1,691,629
Total unitholders' funds		5,188,261	5,125,493
Perpetual note holders' funds		339,717	339,717
Total equity		5,527,978	5,465,210
Non-current liabilities			
Borrowings	A16	1,900,000	1,810,000
Long term liabilities		84,964	57,072
Deferred tax liability		11,631	13,091
Lease liability		822	861
		1,997,417	1,881,024
Current liabilities			
Borrowings	A16	1,636,777	1,595,366
Trade payables		2,292	5,150
Other payables		232,481	203,693
Derivatives	B16	5,610	-
Deferred tax liability		10,777	-
Lease liability		39	30
		1,887,976	1,804,239
Total liabilities		3,885,393	3,685,263
Total equity and liabilities		9,413,371	9,150,473
Units in circulation ('000 units)		3,424,808	3,424,808
Net Asset Value ("NAV") attributable to unitholders:			
Before income distribution		5,188,261	5,125,493
After income distribution ¹		5,017,021	5,029,598
NAV per unit attributable to unitholders (RM):			
Before income distribution		1.5149	1.4966
After income distribution ¹		1.4649	1.4686

¹ After proposed final income distribution of 5.00 sen per unit for semi-annual period ended 31 December 2022 (31 December 2021: final income distribution of 2.80 sen per unit for semi-annual period ended 31 December 2021).

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

SUNWAY REAL ESTATE INVESTMENT TRUST
 FOURTH QUARTER ENDED 31 DECEMBER 2022
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital	Undistributed Income	Total Unitholders' Funds	Perpetual Note Holders' Funds	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
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 year	-	323,558	323,558	-	323,558
Other comprehensive income:					
- Cash flow hedge - fair value of derivative	-	(4,069)	(4,069)	-	(4,069)
- Cash flow hedge reserve recycled to profit or loss	-	3,591	3,591	-	3,591
Total comprehensive income, representing the increase in net assets resulting from operations	-	323,080	323,080	-	323,080
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	-	(19,890)	(19,890)	-	(19,890)
Decrease in net assets resulting from perpetual note holders' transactions	-	(19,890)	(19,890)	-	(19,890)
As at 31 December 2022 (Unaudited)	3,433,864	1,754,397	5,188,261	339,717	5,527,978

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

SUNWAY REAL ESTATE INVESTMENT TRUST
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 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
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarter ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	647,586	468,562
Refundable security deposits from/(to) customers	5,647	(2,719)
Cash paid for operating expenses	(218,246)	(160,058)
Net cash from operating activities	<u>434,987</u>	<u>305,785</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(6,941)	(1,224)
Deposit for acquisition of investment properties	(16,405)	(3,410)
Balance payment for acquisition of investment properties	(84,735)	-
Incidental costs on acquisition of investment properties	(3,316)	500
Subsequent expenditure of investment properties	(238,791)	(242,199)
Deposit received for disposal of investment property	30,100	-
Investment in short term money market instrument	(407,000)	(250,000)
Redemption of short term money market instrument	457,000	200,000
Interest received	4,596	7,634
Net cash used in investing activities	<u>(265,492)</u>	<u>(288,699)</u>
Cash flows from financing activities		
Proceeds from issuance of commercial papers	290,000	-
Proceeds from issuance of unrated medium term notes	1,150,000	810,000
Drawdown of revolving loan - USD	292,552	384,893
Drawdown of revolving loan	290,000	-
Repayment of commercial papers	(290,000)	-
Repayment of unrated medium term notes	(1,200,000)	(800,000)
Repayment of revolving loan - USD	(384,893)	(373,680)
Interest paid	(96,038)	(90,085)
Payment of unit issuance expenses	-	(88)
Distribution paid to unitholders	(240,422)	(82,195)
Distribution paid to perpetual note holders	(19,999)	(19,890)
Net cash used in financing activities	<u>(208,800)</u>	<u>(171,045)</u>
Net decrease in cash and cash equivalents	(39,305)	(153,959)
Cash and cash equivalents at beginning of year	290,543	444,502
Cash and cash equivalents at end of year	<u>251,238</u>	<u>290,543</u>
Cash and bank balances	251,238	290,543
Deposits with licensed financial institutions with maturity of over 3 months	-	-
Cash and cash equivalents	<u>251,238</u>	<u>290,543</u>
Cash and bank balances at end of year comprise:		
Cash on hand and at banks	29,238	19,543
Deposits placed with licensed financial institutions	222,000	271,000
Cash and bank balances	<u>251,238</u>	<u>290,543</u>

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
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)**

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

A1. Corporate Information

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

A2. Significant Accounting Policies and Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the financial year ended 31 December 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 Period

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.

SUNWAY REAL ESTATE INVESTMENT TRUST
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

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

A5. Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 31 December 2022, except for the following:

	Fourth Quarter ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
Profit for the period	50,822	16,193
Add: Fair value changes ¹	31,240	57,320
Add: Trust expenses	2,342	-
Add/(Less): Taxation ²	9,317	(850)
Realised profit for the period	93,721	72,663

¹ Mainly comprise changes in fair value of investment properties.

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

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

There were no issuance, repurchases and repayments of debt and equity securities for the current quarter ended 31 December 2022, except as disclosed in Note A16.

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

There was no change to Sunway REIT's fund size of 3,424.8 million units for the current quarter ended 31 December 2022.

SUNWAY REAL ESTATE INVESTMENT TRUST
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

A8. Segmental Reporting

Segmental revenue and results for the fourth quarter ended 31 December 2022 and 31 December 2021 are as follows:

Business segments	Fourth Quarter ended 31.12.2022						Fourth Quarter ended 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
Revenue and results												
Gross revenue												
- Realised	116,726	20,358	20,132	15,838	1,693	174,747	92,409	9,832	19,099	15,334	1,539	138,213
- Unrealised (in relation to unbilled lease income receivable)	-	-	-	11,985	-	11,985	-	-	-	19,584	-	19,584
Gross revenue	116,726	20,358	20,132	27,823	1,693	186,732	92,409	9,832	19,099	34,918	1,539	157,797
Net property income	84,707	19,415	12,578	27,823	1,665	146,188	65,759	8,475	12,406	34,918	1,539	123,097
Interest income						1,232						1,779
Other income						29						26
Changes in fair value of investment properties *						(43,254)						(76,927)
Trust and other expenses						(13,775)						(11,226)
Finance costs						(30,281)						(21,406)
Profit before tax						60,139						15,343
Taxation						(9,317)						850
Profit for the period						50,822						16,193

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

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
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

Segmental revenue and results for the cumulative quarter ended 31 December 2022 and 31 December 2021 are as follows:

Business segments	Cumulative Quarter ended 31.12.2022						Cumulative Quarter ended 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
Revenue and results												
Gross revenue												
- Realised	426,852	63,298	79,342	63,195	6,774	639,461	269,541	39,094	76,629	61,339	6,158	452,761
- Unrealised (in relation to unbilled lease income receivable)	-	-	-	11,985	-	11,985	-	-	-	19,584	-	19,584
Gross revenue	426,852	63,298	79,342	75,180	6,774	651,446	269,541	39,094	76,629	80,923	6,158	472,345
Net property income	307,098	59,439	51,775	75,180	6,746	500,238	151,836	32,510	51,548	80,923	6,158	322,975
Interest income						4,755						7,662
Other income						100						123
Changes in fair value of investment properties *						(24,986)						(76,927)
Trust and other expenses						(47,182)						(40,083)
Finance costs						(100,050)						(87,010)
Profit before tax						332,875						126,740
Taxation						(9,317)						850
Profit for the period						323,558						127,590

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

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
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

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

Business segments	As at 31.12.2022						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	5,219,106	1,816,023	954,329	1,007,203	161,000	9,157,661	5,106,699	1,702,199	953,023	940,129	100,000	8,802,050
Unallocated assets						255,710						348,423
Total assets						9,413,371						9,150,473
Liabilities												
Segment liabilities	207,315	11,241	26,894	30,100	-	275,550	201,440	7,657	24,707	-	-	233,804
Unallocated liabilities						3,609,843						3,451,459
Total liabilities						3,885,393						3,685,263

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A8. Segmental Reporting (Cont'd)

Properties	Gross Revenue				Net Property Income				Gross Revenue			Net Property Income		
	Fourth Quarter ended				Fourth Quarter ended				Cumulative Quarter ended			Cumulative Quarter ended		
	31.12.2022	31.12.2021	Change	30.09.2022	31.12.2022	31.12.2021	Change	30.09.2022	31.12.2022	31.12.2021	Change	31.12.2022	31.12.2021	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	86,161	71,500	20.5%	81,798	69,126	53,661	28.8%	65,102	324,037	202,776	59.8%	256,263	123,955	> 100%
Sunway Carnival Mall ¹	16,956	8,693	95.1%	14,981	8,170	4,487	82.1%	7,645	50,672	27,562	83.8%	23,164	12,099	91.5%
SunCity Ipoh Hypermarket	886	782	13.3%	771	864	854	1.2%	758	3,360	3,093	8.6%	3,271	3,083	6.1%
Sunway Putra Mall	12,637	11,434	10.5%	12,733	6,771	6,757	0.2%	7,042	48,599	36,110	34.6%	25,003	12,699	96.9%
Sunway Pier ²	86	N/A	N/A	49	(224)	N/A	N/A	(75)	184	N/A	N/A	(603)	N/A	N/A
Total Retail	116,726	92,409	26.3%	110,332	84,707	65,759	28.8%	80,472	426,852	269,541	58.4%	307,098	151,836	> 100%
Hotel														
Sunway Resort Hotel ³	5,796	147	> 100%	3,658	5,508	(234)	> 100%	3,397	10,055	409	> 100%	9,199	(1,513)	> 100%
Sunway Pyramid Hotel	5,790	326	> 100%	7,732	5,619	151	> 100%	7,555	14,150	645	> 100%	13,486	(28)	> 100%
Sunway Hotel Seberang Jaya	747	367	> 100%	365	704	336	> 100%	322	1,696	333	> 100%	1,514	162	> 100%
Sunway Putra Hotel	3,133	1,752	78.8%	1,819	2,794	1,475	89.4%	1,601	7,644	13,252	-42.3%	6,407	11,899	-46.2%
Sunway Hotel Georgetown	1,664	696	> 100%	1,169	1,616	645	> 100%	1,118	6,755	2,767	> 100%	6,551	2,563	> 100%
Sunway Lagoon Hotel ⁴	3,228	6,544	-50.7%	3,696	3,174	6,102	-48.0%	3,540	22,998	21,688	6.0%	22,282	19,427	14.7%
Total Hotel	20,358	9,832	> 100%	18,439	19,415	8,475	> 100%	17,533	63,298	39,094	61.9%	59,439	32,510	82.8%
Office														
Menara Sunway	4,202	4,384	-4.2%	4,231	2,556	3,131	-18.4%	2,681	17,177	17,207	-0.2%	10,760	12,010	-10.4%
Sunway Tower	1,002	825	21.5%	961	(342)	(83)	> -100%	(199)	3,608	4,234	-14.8%	92	576	-84.0%
Sunway Putra Tower	3,131	3,029	3.4%	3,275	1,944	1,640	18.5%	1,993	12,826	12,142	5.6%	8,100	7,440	8.9%
Wisma Sunway	1,742	1,724	1.0%	1,746	972	964	0.8%	975	6,961	6,929	0.5%	3,870	3,849	0.5%
The Pinnacle Sunway	10,055	9,137	10.0%	9,796	7,448	6,754	10.3%	7,330	38,770	36,117	7.3%	28,953	27,673	4.6%
Total Office	20,132	19,099	5.4%	20,009	12,578	12,406	1.4%	12,780	79,342	76,629	3.5%	51,775	51,548	0.4%
Services														
Sunway Medical Centre (Tower A & B)	6,612	6,386	3.5%	6,608	6,612	6,386	3.5%	6,608	26,439	25,545	3.5%	26,439	25,545	3.5%
Sunway university & college campus	9,226	8,948	3.1%	9,153	9,226	8,948	3.1%	9,153	36,756	35,794	2.7%	36,756	35,794	2.7%
Total Services	15,838	15,334	3.3%	15,761	15,838	15,334	3.3%	15,761	63,195	61,339	3.0%	63,195	61,339	3.0%
Industrial & Others														
Sunway REIT Industrial - Shah Alam 1	1,693	1,539	10.0%	1,694	1,693	1,539	10.0%	1,694	6,774	6,158	10.0%	6,774	6,158	10.0%
Sunway REIT Industrial - Petaling Jaya 1 ⁵	-	N/A	N/A	N/A	(28)	N/A	N/A	N/A	-	N/A	N/A	(28)	N/A	N/A
Total Industrial & Others	1,693	1,539	10.0%	1,694	1,665	1,539	8.2%	1,694	6,774	6,158	10.0%	6,746	6,158	9.5%
Total Revenue / NPI	174,747	138,213	26.4%	166,235	134,203	103,513	29.6%	128,240	639,461	452,761	41.2%	488,253	303,391	60.9%

N/A - Not applicable

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

² Sunway Pier was acquired on 17 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.

⁵ Acquired on 10 November 2022.

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A8. Segmental Reporting (Cont'd)

The Group comprises the following major business segments:

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

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

a) Review of Fourth Quarter Results

Retail segment

The revenue of the retail segment for the current quarter (4Q2022) increased by 26% or RM24.3 million, to RM116.7 million, contributed by the improved performance across all retail properties, primarily from our flagship Sunway Pyramid Mall and from commencement of the new wing of Sunway Carnival Mall since June 2022.

The improvement in revenue of the malls in 4Q2022 continued to be supported by higher retail footfall and encouraging tenant sales.

Net property income ("NPI") of the retail segment for 4Q2022 rose by 29% or RM18.9 million, to RM84.7 million, in tandem with the increase in revenue and further reversal of doubtful debts in the current quarter.

Hotel segment

Sunway Resort Hotel has re-opened for business from 1 May 2022 with the first phase of 56 rooms, which has then gradually increased to 315 rooms as at 31 December 2022. Upon full completion of the refurbishment in the first quarter of 2023, the hotel will have a total inventory of 460 rooms.

The hotel segment has doubled both revenue and NPI for 4Q2022, to RM20.4 million and RM19.4 million respectively, led by the higher lease rental from both Sunway Resort Hotel and Sunway Pyramid Hotel with the improvement in hotel room occupancy, food & beverage, banquet and MICE activities.

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 RM20.1 million for 4Q2022, an increase of 5% supported by stable occupancy rate of above 80%. NPI of the office segment inched marginally by 1% to RM12.6 million for 4Q2022.

Services segment

The revenue and NPI of the services segment for 4Q2022 was RM15.8 million, increased by 3% 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.

Industrial & Others segment

The industrial & others segment delivered revenue and NPI of RM1.7 million for 4Q2022, increased by 10% in accordance with the master lease agreement for Sunway REIT Industrial - Shah Alam 1, where rent review will be conducted every three years, with the last rent review on 1 January 2022.

In the current quarter, Sunway REIT has completed the acquisition of Sunway REIT Industrial - Petaling Jaya 1. The property was not leased in 4Q2022 and the Manager is actively looking for quality anchor lessees, given the size and strategic location of the property.

A8. Segmental Reporting (Cont'd)

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

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

	4Q2022 RM'000	4Q2021 RM'000	Change RM'000	%
Revenue	186,732	157,797	28,935	18.3%
NPI	146,188	123,097	23,091	18.8%
Profit for the period, comprise of:				
Realised				
- Unitholders	88,707	67,649	21,058	31.1%
- Perpetual note holders	5,014	5,014	-	0.0%
	93,721	72,663	21,058	29.0%
Unrealised	(42,899)	(56,470)	13,571	-24.0%
	50,822	16,193	34,629	> 100%

Sunway REIT registered a profit of RM50.8 million for 4Q2022, more than 3 times of the profit in 4Q2021, following a strong quarter performance from the retail and hotel segments as explained above, coupled with lower unrealised valuation loss on investment properties in line with the improved property performance.

b) Review of Cumulative Quarter Results

Retail segment

The retail segment closed the financial year (YTD4Q2022) with revenue of RM426.9 million, improved significantly by 58% or RM157.3 million compared to the corresponding period last year (YTD4Q2021), largely due to marginal rental support and higher turnover rent, promotion and car park income following the increased retail footfall and tenant sales.

NPI of the retail segment for YTD4Q2022 has doubled, to RM307.1 million, in line with the improved revenue and the reversal of doubtful debts from the improved rental collection during the financial year.

Hotel segment

The hotel segment also recorded sharp increase in revenue by 62% or RM24.2 million, to RM63.3 million for YTD4Q2022, contributed by the re-opening of Sunway Resort Hotel in May 2022 and the transition to endemic phase since 1 April 2022 which saw improvement in domestic leisure, business travel and MICE activities that translated to increased average occupancy rate of the hotel segment from 30% to 54%. Included in the revenue for YTD4Q2021 was guaranteed rent for Sunway Putra Hotel totaling RM11.1 million which has since ceased.

NPI of the hotel segment has correspondingly leaped by 83% or RM26.9 million, to RM59.4 million for YTD4Q2022, higher than the increase in revenue. This was mainly due to both Sunway Resort Hotel and Sunway Pyramid Hotel recorded net property losses for YTD4Q2021 in view that Sunway Resort Hotel was undergoing refurbishment for the whole last year and both hotels are under one master lease with variable lease rental based on combined hotel operating profit.

Office segment

The office segment registered revenue of RM79.3 million for YTD4Q2022, an increase of 4% backed by stable average occupancy rate of about 83%.

NPI of the office segment remained largely unchanged at RM51.8 million for YTD4Q2022.

A8. Segmental Reporting (Cont'd)

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

Services segment

The services segment contributed revenue and NPI of RM63.2 million for YTD4Q2022, representing an increase of 3% compared to corresponding period last year, 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 recorded revenue and NPI of RM6.8 million for YTD4Q2022, an increase of 10% compared to corresponding period last year, contributed by positive rental reversion for Sunway REIT Industrial - Shah Alam 1.

Overall

	YTD4Q2022 RM'000	YTD4Q2021 RM'000	Change RM'000	%
Revenue	651,446	472,345	179,101	37.9%
NPI	500,238	322,975	177,263	54.9%
Profit for the year, comprise of:				
Realised				
- Unitholders	328,228	164,097	164,131	100.0%
- Perpetual note holders	19,890	19,890	-	0.0%
	348,118	183,987	164,131	89.2%
Unrealised	(24,560)	(56,397)	31,837	-56.5%
	323,558	127,590	195,968	> 100%

Overall profit of Sunway REIT for YTD4Q2022 was at RM323.6 million, increased by RM196.0 million compared to YTD4Q2021, contributed by the improved performance of all business segments and lower unrealised valuation loss on investment properties, partially offset by higher Manager's fees in line with the increased NPI and higher finance costs from OPR hikes during the financial year totaling 100 bps.

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	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Net changes in fair value of long term liabilities	(29)	(23)	(100)	(96)
Realised foreign exchange loss	5	-	16	-
Unrealised foreign exchange (gain)/loss (hedged item)	(5,791)	(2,090)	(3,591)	10,891
Cash flow hedge reserve recycled to profit or loss (Reversal)/Allowance of impairment on trade receivables	5,791	2,090	3,591	(10,891)
Depreciation of plant and equipment	(6,969)	(881)	(16,406)	13,607
Loss on disposal of plant and equipment	892	633	2,939	2,422
Write off of plant and equipment	43	(19)	50	27
	-	-	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.
- ii) For the semi-annual period from 1 July 2022 to 31 December 2022, final income distribution amounting to RM171.2 million or 5.00 sen per unit comprising taxable and non-taxable/tax-exempt amount of 3.13 sen per unit and 1.87 sen per unit respectively, payable in cash on 28 February 2023.

With the proposed final income distribution, the Manager will be distributing at least 90% of the distributable income to the unitholders of Sunway REIT for the financial year ended 31 December 2022.

A13. Investment Properties

	Note	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Investment properties			
- As per valuation reports	A14	8,671,000	8,486,000
- Accrued lease income		(48,499)	(36,514)
		<u>8,622,501</u>	<u>8,449,486</u>
Investment property under construction	A14	-	252,259
		<u>8,622,501</u>	<u>8,701,745</u>

On 17 January 2022, Sunway REIT through its wholly owned subsidiary, SUNREIT Hartanah Sdn Bhd, acquired Sunway Pier 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.

On 10 November 2022, Sunway REIT completed the acquisition of Sunway REIT Industrial - Petaling Jaya 1 at a cash consideration of RM60.05 million.

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 up to 31 December 2022 of RM244.3 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 RM48.5 million as at 31 December 2022.

A14. Valuation of Investment Properties

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

For non-current asset held for sale, fair value represents the price that would be received to sell the asset.

The difference between the valuation and the carrying amounts of the respective investment properties are charged or credited to the profit or loss for the period in which they arise.

A14. Valuation of Investment Properties (Cont'd)

Properties	Note	Fair Value		
		As at 31.12.2022 ¹	As at 31.12.2021 ²	Increase/ (Decrease)
		RM'000	RM'000	RM'000
Retail				
Sunway Pyramid Mall		3,840,000	3,830,000	10,000
Sunway Carnival Mall		700,000	393,000	307,000
SunCity Ipoh Hypermarket		55,000	53,000	2,000
Sunway Putra Mall		525,000	525,000	-
Sunway Pier		55,000	-	55,000
		5,175,000	4,801,000	374,000
Hotel				
Sunway Resort Hotel		695,000	575,000	120,000
Sunway Pyramid Hotel		345,000	344,000	1,000
Sunway Hotel Seberang Jaya		55,000	60,000	(5,000)
Sunway Putra Hotel		330,000	330,000	-
Sunway Hotel Georgetown		80,000	80,000	-
Sunway Lagoon Hotel (formerly known as Sunway Clio Property)		307,000	307,000	-
		1,812,000	1,696,000	116,000
Office				
Menara Sunway		174,000	172,000	2,000
Sunway Tower		115,000	120,000	(5,000)
Sunway Putra Tower		133,000	133,000	-
Wisma Sunway		60,000	60,000	-
The Pinnacle Sunway		466,000	466,000	-
		948,000	951,000	(3,000)
Services				
Sunway Medical Centre (Tower A & B)		430,000 ⁴	370,000	60,000
Sunway university & college campus		575,000	568,000	7,000
		1,005,000	938,000	67,000
Industrial & Others				
Sunway REIT Industrial - Shah Alam 1		100,000	100,000	-
Sunway REIT Industrial - Petaling Jaya 1		61,000 ³	-	61,000
		161,000	100,000	61,000
Total		9,101,000	8,486,000	615,000
Less: Transfer to non-current asset held for sale	A18	(430,000)	-	
Total investment properties	A13	8,671,000	8,486,000	
Less: Acquisitions during the year ⁵				(97,466)
Less: Capital expenditure				(278,276)
Less: Transfer from investment property under construction	A13			(252,259)
Net fair value loss				(13,001)

¹ Appraised value based on valuation carried out on 31 December 2022.

² Appraised value based on valuation carried out on 31 December 2021.

³ Appraised value based on valuation carried out on 25 May 2022.

⁴ Value based on sale and purchase agreement dated 29 December 2022.

⁵ Acquisition cost comprises purchase consideration and incidental costs on acquisition, i.e. acquisition fee, legal fee and valuation fee.

A15. Trade Receivables

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Third parties	25,761	58,738
Amount due from parties related to the Manager	7,036	6,769
	<u>32,797</u>	<u>65,507</u>
Less: Allowance for impairment	(7,641)	(25,719)
Total trade receivables	<u>25,156</u>	<u>39,788</u>

Trade receivables was lower by RM14.6 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 31.12.2022 RM'000	As at 31.12.2021 RM'000
Neither past due nor impaired	9,857	11,063
Past due but not impaired		
1 to 30 days	6,078	2,385
31 to 60 days	2,280	7,363
61 to 90 days	1,570	830
91 to 120 days	927	5,558
More than 120 days	4,444	12,589
	<u>15,299</u>	<u>28,725</u>
Impaired	7,641	25,719
	<u>32,797</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:

	Note	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
At beginning of financial year/period		25,719	6,047
(Reversal)/Charge for the financial year/period	A10	(16,406)	20,294
Written off		(1,672)	(622)
At end of financial year/period		<u>7,641</u>	<u>25,719</u>

A16. Borrowings and Debt Securities

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
<u>Short term borrowings</u>		
Secured		
- Revolving loan (USD)	287,013	395,765
- Unrated medium term notes	1,350,000	1,200,000
	<u>1,637,013</u>	<u>1,595,765</u>
Less: Unamortised transaction costs	(236)	(309)
Total short term borrowings	<u>1,636,777</u>	<u>1,595,456</u>
<u>Long term borrowings</u>		
Secured - Unrated medium term notes	10,000	210,000
Unsecured - Revolving loan (RM)	1,890,000	1,600,000
Total long term borrowings	<u>1,900,000</u>	<u>1,810,000</u>
Total borrowings	<u>3,536,777</u>	<u>3,405,456</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 Australian Dollar ("AUD").

The revolving loan (USD) was drawn in AUD97.0 million (equivalent to RM292.6 million). The revolving loan (USD) is fully hedged with 1-year AUD-MYR cross currency swap ("CCS") contract until February 2023 (31 December 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 2.9589 on 31 December 2022 (31 December 2021: USD95.0 million at an exchange rate of 4.1650) with cumulative unrealised foreign exchange translation gain of RM5.5 million (31 December 2021: loss of RM10.8 million) since the drawdown.

The unamortised transaction costs of RM0.2 million as at 31 December 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 as at 31 December 2022 increased by RM131.3 million compared to 31 December 2021, primarily to fund the acquisitions during the financial year as mentioned in Note A13 above.

The weighted average interest rate of borrowings as at 31 December 2022 was 2.98% (31 December 2021: 2.79%) and the proportion of debt based on fixed interest rate and floating interest rate was 31 : 69 (31 December 2021: 38 : 62).

A17. Fair Value Hierarchy

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2022				
<u>Financial asset</u>				
Investment properties	-	-	8,671,000	8,671,000
<u>Financial liability</u>				
Derivatives	-	5,610	-	5,610
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 year and the preceding financial year.

A18. Material Event during the Current Quarter

Proposed disposal of Sunway Medical Centre (Tower A & B) for a cash consideration of RM430 million

On 29 December 2022, Sunway REIT had entered into a conditional sale and purchase agreement with Sunway Medical Centre Sdn Bhd for the disposal of 2 parcels of leasehold lands held under PN 12549 Lot 38160, Bandar Sunway, Daerah Petaling, Negeri Selangor and PN 12550 Lot 45, Bandar Sunway, Daerah Petaling, Negeri Selangor together with a 7-storey medical centre with a lower ground floor car park, an elevated car park and a convention centre known as "Sunway Medical Centre (Tower A & B)", located at No. 5, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, for a total cash consideration of RM430 million ("Proposed Disposal").

The status of the Proposed Disposal is disclosed in Note B10.

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

There was no material event subsequent to the current quarter ended 31 December 2022.

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 31.12.2022 RM'000	As at 31.12.2021 RM'000
Approved and contracted for	178,714	310,074
Approved but not contracted for	333,427	202,107
	<u>512,141</u>	<u>512,181</u>

The capital commitment largely relates to expansion of Sunway Carnival Mall, refurbishment of Sunway Resort Hotel and refurbishment of Sunway Pyramid Mall.

A21. Contingent Liability and Asset

There was no contingent asset as at 31 December 2022. The contingent liability as at 31 December 2022 was in respect to the material litigation as disclosed in Note B12.

A22. Transactions with Parties Related to the Manager

The following table provides information on the transactions which have been entered into with parties related to the Manager during the financial year ended 31 December 2022:

	Fourth Quarter ended		Cumulative Quarter ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
a) Sunway Berhad Group				
- Sales	(41,049)	(19,947)	(144,572)	(105,126)
- Purchases	67,164	49,469	283,205	255,205
- Net (redemption)/investment in money market	(50,000)	-	(50,000)	50,000
Structured entities controlled by Sunway Berhad Group				
- Distribution to perpetual note holders	5,014	5,014	19,890	19,890
b) Sunway Technology Sdn. Bhd. Group				
- Sales	(628)	(742)	(2,798)	(2,976)
- Purchases	190	186	991	1,011

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

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

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

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
<u>Amount owed by parties related to the Manager:</u>		
a) Sunway Berhad Group	7,294	8,938
b) Sunway Technology Sdn. Bhd. Group	6	-
	<hr/>	<hr/>
<u>Amount owed to parties related to the Manager:</u>		
a) Sunway Berhad Group	26,628	15,238
	<hr/>	<hr/>

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 decreased by RM79.2 million primarily due to reclassification of Sunway Medical Centre (Tower A & B) of RM430 million to non-current assets held for sale pursuant to the sale and purchase agreement executed on 29 December 2022. The decrease was partially offset by additions from subsequent expenditure of RM278.3 million and from acquisitions of Sunway Pier and Sunway REIT Industrial - Petaling Jaya 1 totaling RM97.5 million.

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 RM11.0 million mainly due to the deposit paid for an identified investment.

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 A16 and B16.

Cash and bank balances has decreased by RM39.3 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 31 December 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 RM62.8 million was derived from the total comprehensive income for the financial period of RM323.1 million, partially reduced by distribution to unitholders of RM240.4 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, maintained at approximately RM1.47 as at 31 December 2022.

B1. Review of Performance (Cont'd)

c) Statement of Cash Flows

Net cash from operating activities for YTD4Q2022 of RM435.0 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 YTD4Q2022 of RM265.5 million was mainly to fund the progress payments for refurbishment of Sunway Resort Hotel and expansion of Sunway Carnival Mall and the acquisitions of Sunway Pier and Sunway REIT Industrial - Petaling Jaya 1.

Net cash used in financing activities for YTD4Q2022 of RM208.8 million was mainly for income distribution payments to unitholders in February and September 2022 totaling RM240.4 million and interest paid of RM96.0 million.

Cash and bank balances as at 31 December 2022 and 31 December 2021 stood at RM251.2 million and RM290.5 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 RM61.5 million for 4Q2022, 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 31.12.2022 RM'000	Immediate Preceding Quarter ended 30.09.2022 RM'000	Change %
Realised profit	93,721	91,881	2.0%
Unrealised (loss)/profit	(42,899)	29	>-100%
Profit for the quarter	50,822	91,910	-44.7%

Realised profit for current quarter increased by 2% compared to immediate preceding quarter contributed by sustained performance of all segments. The unrealised loss in current quarter was primarily derived from the annual revaluation of the investment properties of Sunway REIT.

B4. Commentary on Prospects

Indicator	2022 (F)	4Q2022(A) *	3Q2022(A)	2Q2022 (A)	1Q2022 (A)	2021 (A)
Gross Domestic Product (GDP) (y-o-y)	6.5% - 7.0% ⁴	N/A	14.2% ¹	8.9%	5.0%	3.1%
Consumer Price Index (y-o-y)	3.3% ⁴	3.8% ²	4.5%	2.8%	2.2%	2.5%
Overnight Policy Rate (OPR)	2.75%	2.75% ³	2.75%	2.25%	1.75%	1.75%

N/A - Not applicable as Malaysia's GDP for 4Q2022 will only be released in February 2023, hence the above table only reflected the data up to 3Q2022.

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

B4. Commentary on Prospects (Cont'd)

The Manager maintains a positive outlook for FY2023 underpinned by stable 2023 GDP growth projection of 4% to 5%. The outlook is further supported by expectation of a sustained growth momentum for the retail segment, further recovery in the hotel segment and full year income contribution from Sunway Carnival Mall (new wing) and Sunway Resort Hotel upon full completion of the refurbishment in the first quarter of 2023.

The Manager proactively optimises its capital management strategy to minimise the impact to interest cost in view of potential OPR hikes in 2023 which will be guided by global and domestic economic growth and inflation trend. In addition, the full impact of 100bps hike in FY2022 will be seen in FY2023. The Manager strives to improve NPI moving forward to offset the impact of higher interest cost.

Review of retail market

The outlook for retail segment remains positive, underpinned by sustained strong improvement in retail footfall and retail sales in FY2022 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.

Review of hotel market

The Manager expects the occupancy rates for the hotel segment to continue to improve in FY2023, predominantly supported by domestic leisure, corporate and MICE businesses. In addition, the reopening of international border including China border on 8 January 2023 augurs well to welcome international tourists to Malaysia, hence the Manager expects stronger demand momentum in second half of 2023.

Sunway Resort Hotel has re-opened its refurbished rooms progressively since May 2022 and has opened a total of 315 rooms by December 2022. The full room inventory of 460 rooms is expected to be delivered by first quarter of 2023.

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 launch of the new wing of Sunway Carnival Mall and the opening of Sunway Medical Centre Penang in November 2022.

Review of office market

The Manager expects the office segment to remain resilient as businesses are operating at full capacity. 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 year under review.

B6. Performance Benchmark

Performance indicators	Year ended 31.12.2022	Year ended 31.12.2021
a) Management expense ratio	0.88%	0.74%
b) Total return	9.8%	-10.1%
c) Average annual total return (5 years)	1.3%	1.8%
d) Distribution yield	6.3%	2.9%
e) NAV per unit (after income distribution) (RM)	1.4649	1.4686

- a) The ratio of trust expenses in operating Sunway REIT to the NAV of Sunway REIT.
- b) Total return represents the change in unit price from beginning of financial year plus distribution yield for the financial year.
- c) Average annual total return is the sum of the return rates of Sunway REIT over a given number of years divided by that number of years.
- d) Based on DPU of 9.22 sen divided by the closing unit price as at 31 December 2022 of RM1.46 (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).
- e) NAV of Sunway REIT as determined by deducting the value of total liabilities from the total assets as at year end and after proposed final income distribution of 9.22 sen per unit (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 year under review.

B8. Manager's Fees

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

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

During the financial year, there were acquisition fees totalling RM0.9 million paid to the Manager for the acquisition of Sunway Pier and Sunway REIT Industrial - Petaling Jaya 1, which have been 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 31 December 2022 was RM0.2 million and RM0.7 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, except for the Proposed Disposal as disclosed in Note A18.

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the first half of 2023.

B11. Status of Utilisation of Proceeds

As at 31 December 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 in 3Q2022, 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 held on 4, 5, 6, 12 and 13 January 2023 has been concluded. Upon conclusion of the trial, the High Court judge directed the Defendants and Metroplex to appear before the High Court for oral submission on 9 May 2023. At this stage, the financial impact cannot be determined pending the outcome of the said proceedings and decision of the High Court.

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 31.12.2022	Immediate Preceding Quarter ended 30.09.2022	Change %
Number of units in issue (units)	3,424,807,700	3,424,807,700	0.0%
Realised net income (RM'000)	93,721	91,881	2.0%
Realised earnings per unit (EPU) (sen)	2.58	2.54	1.6%
Income distribution (RM'000) ¹	171,240	-	N/A
Distribution per unit (DPU) (sen) ¹	5.00	-	N/A
Net Asset Value (NAV) attributable to unitholders (After income distribution) (RM'000) ²	5,017,021	5,053,669	-0.7%
NAV per unit (After income distribution) (RM) ²	1.4649	1.4756	-0.7%
Market price per unit (RM)	1.46	1.40	4.3%

¹ Income distribution of Sunway REIT is on a semi-annual basis, for each six-month year ended 31 December.

² After proposed final income distribution of 5.00 sen per unit (30 September 2022: After distributable income for 3Q2022 of 2.54 sen per unit is assumed for income distribution).

B15. Income Distribution

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

B16. Disclosure of Nature of Outstanding Derivative Financial Instruments

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

Type of Derivatives	Contract / Notional Value		Fair Value at Reporting Date Derivative (Liability) / Asset	
	As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	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	(5,610)	11,188

Sunway REIT entered into CCS contract to manage its exposure in foreign currency risk arising from borrowings in 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 FY2022 was a loss of RM4.1 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 RM5.6 million, where the latter has been reflected as a derivative liability on the balance sheet as at 31 December 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 31 December 2022 and of its financial performance and cash flows for the year ended on that date and duly authorised for release by the Board of the Manager on 30 January 2023.

BY ORDER OF THE BOARD

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

Tan Kim Aun
Lee Chun Shian
Company Secretaries

Bandar Sunway
Date: 30 January 2023