

SUNWAY REAL ESTATE INVESTMENT TRUST
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Second Quarter ended			Cumulative Quarter ended		
		30.06.2024	30.06.2023	Change	30.06.2024	30.06.2023	Change
		RM'000	RM'000	%	RM'000	RM'000	%
Rental and lease income		170,823	162,634	5.0%	344,634	341,522	0.9%
Other operating income		4,743	3,896	21.7%	9,521	7,811	21.9%
Revenue		175,566	166,530	5.4%	354,155	349,333	1.4%
Quit rent, assessment and insurance		(4,096)	(4,364)	-6.1%	(7,997)	(8,685)	-7.9%
Other property operating expenses		(42,184)	(45,982)	-8.3%	(86,329)	(86,158)	0.2%
Property operating expenses		(46,280)	(50,346)	-8.1%	(94,326)	(94,843)	-0.5%
Net property income		129,286	116,184	11.3%	259,829	254,490	2.1%
Interest income		2,081	1,233	68.8%	8,365	3,299	> 100%
Other income		26	265	-90.2%	74	295	-74.9%
Changes in fair value of investment properties							
- As per valuation reports	A13	66,165	-	> 100%	66,165	-	> 100%
Net investment income		197,558	117,682	67.9%	334,433	258,084	29.6%
Manager's fees	B8	(11,281)	(10,539)	7.0%	(22,515)	(21,665)	3.9%
Trustee's fees	B9	(196)	(194)	1.0%	(390)	(384)	1.6%
Other trust expenses		(999)	(746)	33.9%	(1,834)	(1,505)	21.9%
Finance costs		(40,014)	(34,011)	17.7%	(77,646)	(65,881)	17.9%
		(52,490)	(45,490)	15.4%	(102,385)	(89,435)	14.5%
Profit before tax	A10	145,068	72,192	> 100%	232,048	168,649	37.6%
Tax expenses	A11	-	-	N/A	-	-	N/A
Profit for the period		145,068	72,192	> 100%	232,048	168,649	37.6%
Profit for the period comprises the following:							
Realised							
- Unitholders		78,042	67,198	16.1%	160,022	158,721	0.8%
- Perpetual note holders		817	4,959	-83.5%	5,776	9,863	-41.4%
		78,859	72,157	9.3%	165,798	168,584	-1.7%
Unrealised		66,209	35	> 100%	66,250	65	> 100%
		145,068	72,192	> 100%	232,048	168,649	37.6%
Basic earnings per unit attributable to unitholders (sen):							
Realised		2.28	1.96	16.3%	4.67	4.63	0.9%
Unrealised		1.93	-	N/A	1.93	-	N/A
		4.21	1.96	> 100%	6.60	4.63	42.5%
Distributable income per unit (sen) ¹		2.28	1.96	16.3%	4.67	4.63	0.9%
Distribution per unit (sen)	A12	4.66	4.62	0.9%	4.66	4.62	0.9%

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.

SUNWAY REAL ESTATE INVESTMENT TRUST
 SECOND QUARTER ENDED 30 JUNE 2024
 FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

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

	Second Quarter ended			Cumulative Quarter ended		
	30.06.2024	30.06.2023	Change	30.06.2024	30.06.2023	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Profit for the period	145,068	72,192	> 100%	232,048	168,649	37.6%
Other comprehensive income:						
Cash flow hedge - fair value of derivative ¹	(3,928)	11,548	> -100%	(18,944)	21,750	> -100%
Cash flow hedge reserve recycled to profit or loss	4,658	(11,655)	> 100%	20,480	(21,714)	> 100%
Total comprehensive income for the period	145,798	72,085	> 100%	233,584	168,685	38.5%

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

STATEMENT OF INCOME DISTRIBUTION

	Note	Second Quarter ended			Cumulative Quarter ended		
		30.06.2024	30.06.2023	Change	30.06.2024	30.06.2023	Change
		RM'000	RM'000	%	RM'000	RM'000	%
Rental and lease income		170,823	162,634	5.0%	344,634	341,522	0.9%
Interest income		2,081	1,233	68.8%	8,365	3,299	> 100%
Other income ²		4,725	4,126	14.5%	9,510	8,041	18.3%
		177,629	167,993	5.7%	362,509	352,862	2.7%
Less: Expenses		(98,770)	(95,836)	3.1%	(196,711)	(184,278)	6.7%
Realised income for the period		78,859	72,157	9.3%	165,798	168,584	-1.7%
Less: Amount reserved for distribution to perpetual note holders		(817)	(4,959)	-83.5%	(5,776)	(9,863)	-41.4%
Realised income attributable to unitholders		78,042	67,198	16.1%	160,022	158,721	0.8%
Add: Brought forward undistributed realised income		125,295	134,323	-6.7%	43,315	42,800	1.2%
Total income available for distribution		203,337	201,521	0.9%	203,337	201,521	0.9%
Less: Proposed/Declared income distribution to unitholders		(159,596)	(158,226)	0.9%	(159,596)	(158,226)	0.9%
Balance undistributed realised income		43,741	43,295	1.0%	43,741	43,295	1.0%
Distribution per unit (sen)	A12	4.66	4.62	0.9%	4.66	4.62	0.9%

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
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	Note	Current Quarter ended	Preceding Quarter ended	Change
		30.06.2024	31.03.2024	
		RM'000	RM'000	%
Rental and lease income				
- Realised		170,823	173,811	-1.7%
- Unrealised (in relation to unbilled lease income receivable) ¹		-	-	N/A
Other operating income		4,743	4,778	-0.7%
Revenue		175,566	178,589	-1.7%
Quit rent, assessment and insurance		(4,096)	(3,901)	5.0%
Other property operating expenses		(42,184)	(44,145)	-4.4%
Property operating expenses		(46,280)	(48,046)	-3.7%
Net property income		129,286	130,543	-1.0%
Interest income		2,081	6,284	-66.9%
Other income		26	48	-45.8%
Changes in fair value of investment properties				
- As per valuation reports	A13	66,165	-	N/A
Net investment income		197,558	136,875	44.3%
Manager's fees	B8	(11,281)	(11,234)	0.4%
Trustee's fees	B9	(196)	(194)	1.0%
Other trust expenses		(999)	(835)	19.6%
Finance costs		(40,014)	(37,632)	6.3%
		(52,490)	(49,895)	5.2%
Profit before tax	A10	145,068	86,980	66.8%
Tax expenses	A11	-	-	N/A
Profit for the period		145,068	86,980	66.8%
Profit for the period comprises the following:				
Realised				
- Unitholders		78,042	81,980	-4.8%
- Perpetual note holders		817	4,959	-83.5%
		78,859	86,939	-9.3%
Unrealised		66,209	41	> 100%
		145,068	86,980	66.8%
Basic earnings per unit attributable to unitholders (sen):				
Realised		2.28	2.39	-4.6%
Unrealised		1.93	-	N/A
		4.21	2.39	76.2%
Distributable income per unit (sen) ¹		2.28	2.39	-4.6%
Distribution per unit (sen)	A12	4.66	-	N/A

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.

SUNWAY REAL ESTATE INVESTMENT TRUST
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

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

	Current Quarter ended	Preceding Quarter ended	Change
	30.06.2024	31.03.2024	
	RM'000	RM'000	%
Profit for the period	145,068	86,980	66.8%
Other comprehensive income:			
Cash flow hedge - fair value of derivative ¹	(3,928)	(15,016)	> -100%
Cash flow hedge reserve recycled to profit or loss	4,658	15,822	> -100%
Total comprehensive income for the period	145,798	87,786	66.1%

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

STATEMENT OF INCOME DISTRIBUTION

	Note	Current Quarter ended	Preceding Quarter ended	Change
		30.06.2024	31.03.2024	
		RM'000	RM'000	%
Rental and lease income		170,823	173,811	-1.7%
Interest income		2,081	6,284	-66.9%
Other income ²		4,725	4,785	-1.3%
		177,629	184,880	-3.9%
Less: Expenses		(98,770)	(97,941)	0.8%
Realised income for the period		78,859	86,939	-9.3%
Less: Amount reserved for distribution to perpetual note holders		(817)	(4,959)	-83.5%
Realised income attributable to unitholders		78,042	81,980	-4.8%
Add: Brought forward undistributed realised income		125,295	43,315	> 100%
Total income available for distribution		203,337	125,295	62.3%
Less: Proposed/Declared income distribution to unitholders		(159,596)	-	N/A
Balance undistributed realised income		43,741	125,295	-65.1%
Distribution per unit (sen)	A12	4.66	-	N/A

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
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 30.06.2024 (Unaudited)	As At 31.12.2023 (Audited)
		RM'000	RM'000
Assets			
Non-current assets			
Investment properties	A13	9,603,658	8,912,360
Investment properties - accrued lease income	A13	59,640	59,640
Plant and equipment		16,908	17,399
Right-of-use asset		682	720
		9,680,888	8,990,119
Current assets			
Trade receivables	A14	23,892	19,384
Other receivables		61,390	88,799
Derivatives	B16	-	15,016
Cash and bank balances		121,227	425,305
		206,509	548,504
Total assets		9,887,397	9,538,623
Equity and liabilities			
Equity			
Unitholders' capital		3,433,864	3,433,864
Undistributed income		1,810,025	1,742,498
Total unitholders' funds		5,243,889	5,176,362
Perpetual note holders' funds		(283)	339,717
Total equity		5,243,606	5,516,079
Non-current liabilities			
Borrowings	A15	2,630,000	2,000,000
Long term liabilities		96,970	101,697
Deferred tax liabilities		12,991	12,991
Lease liability		773	773
		2,740,734	2,115,461
Current liabilities			
Borrowings	A15	1,693,605	1,636,985
Trade payables		2,345	1,498
Other payables		203,156	268,552
Derivatives	B16	3,927	-
Lease liability		24	48
		1,903,057	1,907,083
Total liabilities		4,643,791	4,022,544
Total equity and liabilities		9,887,397	9,538,623
Units in circulation ('000 units)		3,424,808	3,424,808
Net Asset Value ("NAV") attributable to unitholders (RM'000):			
Before income distribution		5,243,889	5,176,362
After income distribution ¹		5,084,293	5,016,081
NAV per unit attributable to unitholders (RM):			
Before income distribution		1.5311	1.5114
After income distribution ¹		1.4845	1.4646

¹ After proposed interim distribution for 1H 2024 of 4.66 sen per unit for semi-annual period ended 30 June 2024 (31 December 2023: Final income distribution of 4.68 sen per unit for semi-annual period ended 31 December 2023).

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
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (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 2024	3,433,864	1,742,498	5,176,362	339,717	5,516,079
Total comprehensive income					
Profit for the period	-	232,048	232,048	-	232,048
Other comprehensive income:					
- Cash flow hedge - fair value of derivative	-	(18,944)	(18,944)	-	(18,944)
- Cash flow hedge reserve recycled to profit or loss	-	20,480	20,480	-	20,480
Total comprehensive income, representing the increase in net assets resulting from operations	-	233,584	233,584	-	233,584
Unitholders' transactions					
Distribution to unitholders:					
- Income distribution proposed in prior year but paid in current period	-	(160,281)	(160,281)	-	(160,281)
Decrease in net assets resulting from unitholders' transactions	-	(160,281)	(160,281)	-	(160,281)
Perpetual note holders' transactions					
Amount reserved for distribution to perpetual note holders	-	(5,776)	(5,776)	-	(5,776)
Redemption of perpetual note	-	-	-	(340,000)	(340,000)
Decrease in net assets resulting from perpetual note holders' transactions	-	(5,776)	(5,776)	(340,000)	(345,776)
As at 30 June 2024 (Unaudited)	3,433,864	1,810,025	5,243,889	(283)	5,243,606

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
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (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 January 2023	3,433,864	1,754,397	5,188,261	339,717	5,527,978
Total comprehensive income					
Profit for the year	-	338,191	338,191	-	338,191
Other comprehensive income:					
- Cash flow hedge - fair value of derivative	-	17,813	17,813	-	17,813
- Cash flow hedge reserve recycled to profit or loss	-	(18,548)	(18,548)	-	(18,548)
Total comprehensive income, representing the increase in net assets resulting from operations	-	337,456	337,456	-	337,456
Unitholders' transactions					
Distribution to unitholders:					
- Income distribution declared and paid in current year	-	(158,226)	(158,226)	-	(158,226)
- Income distribution proposed in prior period but paid in current year	-	(171,240)	(171,240)	-	(171,240)
Decrease in net assets resulting from unitholders' transactions	-	(329,466)	(329,466)	-	(329,466)
Perpetual note holders' transactions					
Amount reserved for distribution to perpetual note holders	-	(19,889)	(19,889)	-	(19,889)
Decrease in net assets resulting from perpetual note holders' transactions	-	(19,889)	(19,889)	-	(19,889)
As at 31 December 2023 (Audited)	3,433,864	1,742,498	5,176,362	339,717	5,516,079

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
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarter ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	360,337	363,540
Refundable security deposits from/(to) customers	4,870	(2,032)
Cash paid for operating expenses	(124,670)	(140,742)
Net cash from operating activities	240,537	220,766
Cash flows from investing activities		
Acquisition of plant and equipment	(1,289)	(3,848)
Deposit for acquisition of investment properties	(24,700)	(45,760)
Balance payment for acquisition of investment properties	(468,000)	-
Incidental costs on acquisition of investment properties	(6,490)	-
Subsequent expenditure of investment properties	(172,446)	(77,489)
Net cash flows to licensed financial institutions with maturity of over 3 months	(50,000)	(85,000)
Interest received	9,427	3,947
Net cash used in investing activities	(713,498)	(208,150)
Cash flows from financing activities		
Proceeds from issuance of commercial papers	2,210,000	130,000
Proceeds from issuance of unrated medium term notes	870,000	300,000
Drawdown of revolving loan - USD	688,985	200,267
Drawdown of revolving loan	50,000	100,000
Repayment of commercial papers	(2,030,000)	(100,000)
Repayment of unrated medium term notes	(700,000)	(300,000)
Repayment of revolving loan - USD	(331,503)	(292,552)
Repayment of revolving loan	(50,000)	-
Redemption of perpetual note	(340,000)	-
Interest paid	(78,400)	(63,672)
Distribution paid to unitholders	(160,281)	(171,240)
Distribution paid to perpetual note holders	(9,918)	(9,918)
Net cash from/(used in) financing activities	118,883	(207,115)
Net increase/(decrease) in cash and cash equivalents	(354,078)	(194,499)
Cash and cash equivalents at beginning of period	425,305	251,238
Cash and cash equivalents at end of period	71,227	56,739
Cash and bank balances	121,227	141,739
Deposits with licensed financial institutions with maturity of over 3 months	(50,000)	(85,000)
Cash and cash equivalents	71,227	56,739
Cash and bank balances at end of period comprise:		
Cash on hand and at banks	46,227	26,739
Deposits placed with licensed financial institutions	75,000	115,000
Cash and bank balances	121,227	141,739

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

**SUNWAY REAL ESTATE INVESTMENT TRUST
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)**

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

A1. Corporate Information

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

A2. Significant Accounting Policies and Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the financial period ended 30 June 2024 have been prepared in accordance with MFRS 134: Interim Financial Reporting, paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deed and the Securities Commission's Guidelines on Listed Real Estate Investment Trusts (the "REIT Guidelines"). These unaudited condensed consolidated financial statements of the Group also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The unaudited condensed consolidated financial statements of the Group should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements. The audited financial statements of the Group for the financial year ended 31 December 2023 were prepared under MFRS and are available upon request from the Manager's registered office at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The accounting policies adopted by the Group in this unaudited condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following Standards that are effective for annual periods beginning on or after 1 January 2024:

- Amendments to MFRS 16 *Lease liability in a sale and leaseback*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*
- Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangements*

The adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

A3. Audit Report of Preceding Financial Year

The auditors have expressed an unqualified opinion on Sunway REIT's financial statements for the preceding financial year ended 31 December 2023.

A4. Changes in Estimates

This is not applicable as no estimates were previously reported.

A5. Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 30 June 2024 except for the inclusion of six Sunway REIT Hypermarkets with fair value of RM593.0 million on 30 April 2024.

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

There were no issuance, repurchases and repayments of debt and equity securities for the current quarter ended 30 June 2024, 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 June 2024.

SUNWAY REAL ESTATE INVESTMENT TRUST
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

A8. Segmental Reporting

Segmental revenue and results for the second quarter ended 30 June 2024 and 30 June 2023 are as follows:

Business segments	Second Quarter ended 30.06.2024						Second Quarter ended 30.06.2023					
	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	123,709	19,213	20,822	9,580	2,242	175,566	110,903	17,457	20,502	15,974	1,694	166,530
Net property income	86,170	18,499	13,014	9,579	2,024	129,286	69,462	16,502	12,897	15,974	1,349	116,184
Interest income						2,081						1,233
Other income						26						265
Changes in fair value of investment properties						66,165						-
Trust and other expenses						(12,476)						(11,479)
Finance costs						(40,014)						(34,011)
Profit before tax						145,068						72,192
Tax expenses						-						-
Profit for the period						145,068						72,192

SUNWAY REAL ESTATE INVESTMENT TRUST
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

Segmental revenue and results for the period ended 30 June 2024 and 30 June 2023 are as follows:

Business segments	Cumulative Quarter ended 30.06.2024						Cumulative Quarter ended 30.06.2023					
	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	250,025	38,341	42,104	19,160	4,525	354,155	237,167	35,930	40,899	31,949	3,388	349,333
Net property income	173,118	36,630	26,886	19,159	4,036	259,829	159,419	34,040	26,374	31,949	2,708	254,490
Interest income						8,365						3,299
Other income						74						295
Changes in fair value of investment properties						66,165						-
Trust and other expenses						(24,739)						(23,554)
Finance costs						(77,646)						(65,881)
Profit before tax						232,048						168,649
Tax expenses						-						-
Profit for the period						232,048						168,649

SUNWAY REAL ESTATE INVESTMENT TRUST
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

Segmental assets and liabilities as at 30 June 2024 and 31 December 2023 are as follows:

Business segments	As at 30.06.2024						As at 31.12.2023					
	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	6,154,619	1,866,696	969,598	580,008	171,663	9,742,584	5,455,592	1,865,569	965,926	580,000	167,226	9,034,313
Unallocated assets						144,813						504,310
Total assets						9,887,397						9,538,623
Liabilities												
Segment liabilities	231,917	20,903	23,044	-	1,069	276,933	279,409	32,236	27,762	-	1,385	340,792
Unallocated liabilities						4,366,858						3,681,752
Total liabilities						4,643,791						4,022,544

SUNWAY REAL ESTATE INVESTMENT TRUST
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

Properties	Revenue ¹				Net Property Income ¹				Revenue			Net Property Income		
	Second Quarter ended				Second Quarter ended				Cumulative Quarter ended			Cumulative Quarter ended		
	30.06.2024	30.06.2023	Change	31.03.2024	30.06.2024	30.06.2023	Change	31.03.2024	30.06.2024	30.06.2023	Change	30.06.2024	30.06.2023	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 ²	82,894	83,926	-1.2%	92,963	60,388	57,554	4.9%	69,077	175,857	178,275	-1.4%	129,465	131,284	-1.4%
Sunway Carnival Mall ³	19,467	13,166	47.9%	20,105	11,124	5,725	94.3%	11,566	39,572	31,571	25.3%	22,690	15,825	43.4%
Sunway Putra Mall	13,140	12,973	1.3%	12,310	6,687	5,567	20.1%	5,563	25,450	25,650	-0.8%	12,250	11,059	10.8%
SunCity Ipoh Hypermarket	880	781	12.7%	880	866	769	12.6%	866	1,760	1,551	13.5%	1,732	1,527	13.4%
Sunway Pier ⁴	52	57	-8.8%	58	(171)	(153)	11.8%	(124)	110	120	-8.3%	(295)	(276)	6.9%
Sunway REIT Hypermarket- Kinrara ⁵	1,669	-	N/A	-	1,669	-	N/A	-	1,669	-	N/A	1,669	-	N/A
Sunway REIT Hypermarket- Putra Heights ⁵	913	-	N/A	-	913	-	N/A	-	913	-	N/A	913	-	N/A
Sunway REIT Hypermarket- USJ ⁵	1,526	-	N/A	-	1,526	-	N/A	-	1,526	-	N/A	1,526	-	N/A
Sunway REIT Hypermarket- Klang ⁵	778	-	N/A	-	778	-	N/A	-	778	-	N/A	778	-	N/A
Sunway REIT Hypermarket- Ulu Kelang ⁵	648	-	N/A	-	648	-	N/A	-	648	-	N/A	648	-	N/A
Sunway REIT Hypermarket- Plentong ⁵	1,742	-	N/A	-	1,742	-	N/A	-	1,742	-	N/A	1,742	-	N/A
	123,709	110,903	11.5%	126,316	86,170	69,462	24.1%	86,948	250,025	237,167	5.4%	173,118	159,419	8.6%
Hotel														
Sunway Resort Hotel ⁶	6,406	3,726	71.9%	6,048	6,090	3,511	73.5%	5,748	12,454	6,177	> 100%	11,838	5,704	> 100%
Sunway Pyramid Hotel ⁶	6,055	6,703	-9.7%	5,482	5,835	6,482	-10.0%	5,303	11,537	15,063	-23.4%	11,138	14,679	-24.1%
Sunway Lagoon Hotel	3,040	2,958	2.8%	2,388	3,338	2,895	15.3%	2,313	5,428	5,363	1.2%	5,651	5,226	8.1%
Sunway Putra Hotel	1,721	1,835	-6.2%	2,657	1,357	1,495	-9.2%	2,325	4,378	4,841	-9.6%	3,682	4,163	-11.6%
Sunway Hotel Seberang Jaya	726	557	30.3%	933	673	498	35.1%	879	1,659	1,237	34.1%	1,552	1,131	37.2%
Sunway Hotel Georgetown	1,265	1,678	-24.6%	1,620	1,206	1,621	-25.6%	1,563	2,885	3,249	-11.2%	2,769	3,137	-11.7%
	19,213	17,457	10.1%	19,128	18,499	16,502	12.1%	18,131	38,341	35,930	6.7%	36,630	34,040	7.6%
Office														
Menara Sunway	4,818	4,286	12.4%	4,687	2,953	2,467	19.7%	2,968	9,505	8,625	10.2%	5,921	5,256	12.7%
Sunway Tower	1,230	1,104	11.4%	1,347	92	(218)	>100%	375	2,577	2,192	17.6%	467	(101)	>100%
Sunway Putra Tower	2,548	3,104	-17.9%	3,077	1,338	1,840	-27.3%	1,798	5,625	6,104	-7.8%	3,136	3,705	-15.4%
Wisma Sunway	1,811	1,740	4.1%	1,748	984	968	1.7%	918	3,559	3,491	1.9%	1,902	2,047	-7.1%
Sunway Pinnacle	10,415	10,268	1.4%	10,423	7,647	7,840	-2.5%	7,813	20,838	20,487	1.7%	15,460	15,467	0.0%
	20,822	20,502	1.6%	21,282	13,014	12,897	0.9%	13,872	42,104	40,899	2.9%	26,886	26,374	1.9%
Services														
Sunway Medical Centre (Tower A & B) ⁷	-	6,609	N/A	-	-	6,609	N/A	-	-	13,219	N/A	-	13,219	N/A
Sunway university & college campus	9,580	9,365	2.3%	9,580	9,579	9,365	2.3%	9,580	19,160	18,730	2.3%	19,159	18,730	2.3%
	9,580	15,974	-40.0%	9,580	9,579	15,974	-40.0%	9,580	19,160	31,949	-40.0%	19,159	31,949	-40.0%
Industrial & Others														
Sunway REIT Industrial-Shah Alam 1	1,693	1,694	-0.1%	1,693	1,693	1,694	-0.1%	1,693	3,386	3,388	-0.1%	3,386	3,337	1.5%
Sunway REIT Industrial-Petaling Jaya 1 ⁸	549	-	N/A	590	331	(345)	> 100%	319	1,139	-	N/A	650	(629)	> 100%
	2,242	1,694	32.3%	2,283	2,024	1,349	50.0%	2,012	4,525	3,388	33.6%	4,036	2,708	49.0%
Total Revenue / NPI	175,566	166,530	5.4%	178,589	129,286	116,184	11.3%	130,543	354,155	349,333	1.4%	259,829	254,490	2.1%

¹ Excluded unrealised lease income (in relation to unbilled lease income receivable).

² Refurbishment of ex-anchor tenant's space commenced in September 2023 with targeted completion by end-2024.

³ Refurbishment of the existing wing commenced in July 2023 with phased completion between early 2024 to end-2025.

⁴ Acquired in January 2022 with the plan for redevelopment into a retail-centric tourism attraction.

⁵ Six Sunway REIT Hypermarkets acquired on 30 April 2024.

⁶ Both hotels is under a single master lease agreement, with the rent formula of 90% on total hotels' gross operating profit.

⁷ Disposed on 30 August 2023.

⁸ Acquired in November 2022. A tenant occupied approximately 31% of net lettable area from December 2023.

SUNWAY REAL ESTATE INVESTMENT TRUST
SECOND QUARTER ENDED 30 JUNE 2024
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

The Group comprises the following major business segments:

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

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 Second Quarter Results

Retail segment

Revenue of Retail segment for second quarter ended 30 June 2024 (Q2 2024) was higher by 12% or RM12.8 million compared to the same quarter of the preceding year (Q2 2023), contributed by rental from the six Sunway REIT Hypermarkets of RM7.6 million which acquisition was completed on 30 April 2024 and better performance from Sunway Carnival Mall by RM6.3 million.

In line with the increase in revenue as well as lower A&P expenses, NPI of Retail segment for Q2 2024 higher by 24% or RM16.7 million.

Hotel segment

The Hotel segment recorded moderate revenue growth of 10% or RM1.8 million, contributed by overall improvement in tourism activity.

Correspondingly, NPI of the Hotel segment increase in tandem.

Office segment

Revenue and NPI of Office segment stood at RM20.8 million and RM13.0 million in Q2 2024, marginal improvement supported by stable average occupancy rate of 84%.

Services segment

Revenue and NPI of Services segment for Q2 2024 were lower by 40% or RM6.4 million following the completion of disposal of Sunway Medical Centre (Tower A & B) on 30 August 2023. Accordingly, rental contribution has since ceased.

Sunway university & college campus' rental contribution increased by 2.3% in accordance with the master lease agreement.

Industrial & Others segment

Industrial & Others segment recorded a sharp increase in revenue and NPI for Q2 2024, supported by an average occupancy rate of 31% for Sunway REIT Industrial – Petaling Jaya 1 in Q2 2024. The property was vacant prior to December 2023.

Overall

	30.06.2024	30.06.2023	Change	
	RM'000	RM'000	RM'000	%
Revenue	175,566	166,530	9,036	5.4%
NPI	129,286	116,184	13,102	11.3%
Profit for the period, comprise of:				
Realised				
- Unitholders	78,042	67,198	10,844	16.1%
- Perpetual note holders	817	4,959	(4,142)	-83.5%
	<u>78,859</u>	<u>72,157</u>	<u>6,702</u>	<u>9.3%</u>
Unrealised	66,209	35	66,174	>100%
	<u>145,068</u>	<u>72,192</u>	<u>72,876</u>	<u>>100%</u>

Sunway REIT registered a realised profit attributable to unitholders of RM78.0 million for Q2 2024, higher by 16.1% or RM10.8 million compared to Q2 2023 mainly attributable to the increase in NPI by RM13.1 million, partially reduced by higher finance costs of RM6.0 million.

The unrealised profit for Q2 2024 was primarily due to valuation gain recognised from six Sunway REIT Hypermarkets following the completion of its acquisition on 30 April 2024.

A8. Segmental Reporting (Cont'd)

b) Review of Cumulative Quarter Results

Retail segment

The revenue of the Retail segment improved by 5% or RM12.9 million, bringing it to RM250.0 million for the cumulative period ended 30 June 2024 (YTD Q2 2024). This increase was largely driven by rental income from the six Sunway REIT Hypermarkets, as explained earlier, as well as strong performance from Sunway Carnival Mall despite its ongoing AEI which is expected to be completed in June 2025.

NPI of the Retail segment for YTD Q2 2024 was higher by 9% or RM13.7 million, to RM173.1 million, in line with the improved revenue and lower A&P expenses.

Hotel segment

The revenue of the Hotel segment increased by 7% or RM2.4 million to RM38.3 million for YTD Q2 2024 attributable to the overall improvement in tourism activity and the inflow of foreign tourists evidenced by the increase in average occupancy rate of the Hotel segment from 60% to 62% in YTD Q2 2024.

NPI of the Hotel segment has correspondingly leaped by 8% or RM2.6 million, to RM36.6 million for YTD Q2 2024, in line with the increase in revenue.

Office segment

The Office segment registered revenue of RM42.1 million for YTD Q2 2024, an increase of 3% or RM1.2 million, backed by stable average occupancy rate.

NPI of the Office segment increased marginally by 2% or RM0.5 million, to RM26.9 million for YTD Q2 2024.

Services segment

The Services segment contributed revenue and NPI of RM19.2 million for YTD Q2 2024, representing a decrease of 40% or RM12.8 million compared to YTD Q2 2023 following the completion of disposal of Sunway Medical Centre (Tower A & B) on 30 August 2023.

Industrial & Others segment

The Industrial & Others segment recorded a sharp increase in revenue and NPI in YTD Q2 2024, supported by an average occupancy rate of 27% for Sunway REIT Industrial – Petaling Jaya 1. Accordingly, NPI increased in line with the increase in revenue.

Overall

	YTD Q2 2024 RM'000	YTD Q2 2023 RM'000	Change RM'000	%
Revenue	354,155	349,333	4,822	1.4%
NPI	259,829	254,490	5,339	2.1%
Profit for the year, comprise of:				
Realised				
- Unitholders	160,022	158,721	1,301	0.8%
- Perpetual note holders	5,776	9,863	(4,087)	-41.4%
	165,798	168,584	(2,786)	-1.7%
Unrealised	66,250	65	66,185	>100%
	232,048	168,649	63,399	37.6%

Realised profit attributable to unitholders of Sunway REIT for YTD Q2 2024 was RM160.0 million, increased by 0.8% or RM1.3 million compared to YTD Q2 2023, mainly attributed to the higher NPI by RM5.3 million, higher interest income by RM5.1 million, partially offset by higher finance costs.

A9. Seasonality of Operations

The quarterly results were not materially affected by seasonal or cyclical factors.

A10. Profit Before Tax

Included in the profit before tax are the following items:

Note	Second Quarter ended		Cumulative Quarter ended		
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000	
Net changes in fair value of long term liabilities	B18	(44)	(35)	(85)	(65)
Unrealised foreign exchange (gain)/loss (hedged item)		(4,658)	11,655	(20,480)	21,714
Cash flow hedge reserve recycled to profit or loss		4,658	(11,655)	20,480	(21,714)
Reversal of impairment on trade receivables	A14	(379)	(661)	(286)	(1,904)
Depreciation of plant and equipment		1,022	988	2,016	1,866
Loss on disposal of plant and equipment		18	48	25	50
Write off of plant and equipment		-	-	-	81

A11. Tax Expenses

Taxation of the REIT

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

Sunway REIT should not incur any tax expense in the current financial year as it will distribute almost 100% of its distributable income which translates to more than 90% of its total taxable income.

Taxation of the Unitholders

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

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

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

A12. Income Distribution

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

The Manager intends to distribute 100% of the distributable income to the unitholders of Sunway REIT in each financial year on a semi-annual basis, for each six-month period ending 30 June and 31 December, unless varied by the Manager.

Distribution reinvestment scheme ("DRS") of Sunway REIT was established following the approval of the unitholders at the Eighth Annual General Meeting ("AGM") on 2 October 2020 and the renewal of DRS authority granted to the Board has been approved by unitholders at the Eleventh AGM on 25 April 2024. The Manager may, at its absolute discretion, determine whether to pay a particular income distribution declared in cash or to offer the unitholders of Sunway REIT the option to reinvest all or part of their cash income distribution in new units of Sunway REIT.

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

- i) For the semi-annual period from 1 January 2024 to 30 June 2024, interim income distribution amounting to RM159.6 million or 4.66 sen per unit, comprising taxable and non-taxable/tax-exempt amount of 4.14 sen per unit and 0.52 sen per unit respectively, payable in cash on 4 October 2024.

Final income distribution for the current financial year will be based on the distributable income for the semi-annual year ending 31 December 2024.

A13. Investment Properties

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
Investment properties	9,603,658	8,912,360
Investment property - accrued lease income	59,640	59,640
	<u>9,663,298</u>	<u>8,972,000</u>

On 30 April 2024, Sunway REIT acquired six Sunway REIT Hypermarkets for a cash consideration of RM520.0 million, resulting in an unrealized fair value gain of RM66.1 million. The properties are all under triple net leases with an average remaining lease term of 5 to 10 years.

Investment properties - accrued lease income is in relation to the 30-year non-cancellable lease agreements for Sunway university & college campus, commencing on 15 April 2019 and expiring on 30 November 2048, with in-built incremental lease rental of 2.3% every year. The lease income has been recognised on a straight-line based over the lease period of 30 years pursuant to MFRS 16 Leases, with a total accrued lease income of RM59.6 million as at 30 June 2024.

A14. Trade Receivables

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
Third parties	18,139	15,105
Amount due from parties related to the Manager	8,725	7,556
	<u>26,864</u>	<u>22,661</u>
Less: Allowance for impairment	(2,972)	(3,277)
Total trade receivables	<u>23,892</u>	<u>19,384</u>

Trade receivables was higher by RM4.5 million mainly due to higher rental from tenants and lessees.

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

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
Current	8,519	7,863
1 to 30 days	6,142	6,525
31 to 60 days	5,837	1,879
61 to 90 days	1,433	880
91 to 120 days	503	524
More than 120 days	4,430	4,990
	<u>18,345</u>	<u>14,798</u>
Less: Impaired	(2,972)	(3,277)
	<u>23,892</u>	<u>19,384</u>

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 30.06.2024 RM'000	As at 31.12.2023 RM'000
At beginning of financial period / year	3,277	7,641
Charge / (Reversal) for the financial period / year	(286)	(4,333)
Written off	(19)	(31)
At end of financial period / year	<u>2,972</u>	<u>3,277</u>

A15. Borrowings and Debt Securities

	As at 30.06.2024 RM'000	As at 30.06.2023 RM'000
<u>Short term borrowings</u>		
Secured		
- Commercial paper	270,000	30,000
- Revolving loan (USD)	684,327	219,255
- Unrated medium term notes	740,000	1,350,000
	<u>1,694,327</u>	<u>1,599,255</u>
Less: Discount on commercial paper	(595)	(246)
Less: Unamortised transaction costs	(127)	(200)
Total short term borrowings	<u>1,693,605</u>	<u>1,598,809</u>
<u>Long term borrowings</u>		
Secured - Unrated medium term notes	630,000	10,000
Unsecured - Revolving loan (RM)	2,000,000	1,990,000
Total long term borrowings	<u>2,630,000</u>	<u>2,000,000</u>
Total borrowings	<u>4,323,605</u>	<u>3,598,809</u>

Borrowings of Sunway REIT is denominated in Ringgit Malaysia ("RM"), except for revolving loan (USD) which is denominated in United States Dollar ("USD"). These USD revolving loan are fully swapped to MYR as disclosed under note B16.

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 30 June 2024 increased by RM774.8 million compared to 30 June 2023, due to additional borrowings for capital expenditure.

Proportion of borrowings based on fixed and floating interest rates as at 30 June 2024 was 23 : 77 (30 June 2023: 37 : 63). For the financial period ended 30 June 2024, average interest rate of borrowings was 3.86% (30 June 2023: 3.69%).

A16. Fair Value Hierarchy

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2024				
<u>Financial asset</u>				
Investment properties	-	-	9,565,000	9,565,000
<u>Financial liability</u>				
Derivatives	-	3,927	-	3,927
At 31 December 2023				
<u>Financial assets</u>				
Investment properties	-	-	8,972,000	8,972,000
Derivatives	-	15,016	-	15,016

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

A17. Material Event since the last Annual Reporting

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

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

Sunway REIT received unconditional approval from Economic Planning Unit of the Prime Minister's Office ("EPU") in respect of the proposed acquisition on 18 April 2024 and the SPA was unconditional on the even date. The acquisition was completed on 30 April 2024 following the payment of balance purchase price.

A17. Material Event since the last Annual Reporting (Cont'd)

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

On 18 December 2023, Sunway REIT entered into a conditional sale and purchase agreement with Best Corridor Venture Sdn. Bhd., to acquire an industrial property that is strategically located in Bukit Tengah Industrial Park, Prai, Penang for a cash consideration of RM66.8 million. A supplemental agreement has been signed to extend the unconditional period till 17 September 2024.

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

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

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

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

Proposed acquisition of a shopping mall known as "Kluang Mall" in Kluang, Johor for cash consideration of RM158.0 million

On 8 August 2024, Sunway REIT entered into a conditional sale and purchase agreement with Tenaga Nusantara Sdn. Bhd., to acquire a shopping mall known as "Kluang Mall" that is strategically located in Kluang, Johor for a cash consideration of RM158.0 million.

Barring any unforeseen circumstances, the proposed acquisition is expected to be completed in Q4 2024.

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

As part of our ongoing efforts to optimize our financial structure, Sunway REIT has successfully converted its existing revolving loan facility into an unrated medium-term note of RM1.2 billion in nominal value, with the tenures of 3 to 7 years on 31 July 2024.

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 30.06.2024 RM'000	As at 31.12.2023 RM'000
Approved and contracted for	556,547	903,527
Approved but not contracted for	638,998	609,177
	<u>1,195,545</u>	<u>1,512,704</u>

Amount approved and contracted for was largely in regards to the balance purchase consideration totalling RM253.6 million for the proposed acquisitions stated in Note A17, which is payable within three (3) months from the unconditional date of the respective sale and purchase agreements. In addition, there were ongoing Phase 2 refurbishment of Sunway Carnival Mall with targeted phased completion between early 2024 to end-2025 and reconfiguration of a previous anchor tenant's area in Sunway Pyramid Mall with targeted completion in end-2024.

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

A20. Contingent Liability and Asset

There was no contingent asset as at 30 June 2024. The contingent liability as at 30 June 2024 was 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 financial period ended 30 June 2024:

	Cumulative Quarter ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
a) Sunway Berhad Group		
- Sales	(68,351)	(77,748)
- Purchases	82,223	83,945
Structured entities controlled by Sunway Berhad Group		
- Distribution to perpetual note holders	5,721	9,863
b) Sunway Technology Sdn. Bhd. Group		
- Sales	(1,203)	(1,288)
- Purchases	430	460

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. YTD Q2 2024 was lower as the outstanding perpetual note has been fully redeemed on 15 April 2024.

The following table provides information on the balances with the parties related to the Manager as at 30 June 2024 and 30 June 2023:

	As at	As at
	30.06.2024	31.12.2023
	RM'000	RM'000
<u>Amounts owed by parties related to the Manager:</u>		
a) Sunway Berhad Group	9,980	8,132
b) Sunway Technology Sdn. Bhd. Group	-	16
<u>Amount owed to parties related to the Manager:</u>		
a) Sunway Berhad Group	41,478	95,299

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 Note A8a) above.

b) Statement of Financial Position

Investment properties increased by RM691.3 million mainly resulting from the completion of six Sunway REIT Hypermarkets acquisition on 30 April 2024, as well as the on-going capital expenditure for Sunway Carnival Mall and Sunway Pyramid Mall.

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 lower by RM27.4 million mainly due to reclassification of deposit paid for six Sunway REIT Hypermarkets amounting RM52.0 million to investment properties upon completion of acquisition, partially reduced by the earnest deposit paid for the proposed acquisition of 163 Retail Park.

Lower cash and bank balances was primarily attributed to the balance payment paid for the acquisition of six Sunway REIT Hypermarkets and earnest deposit paid as explained above.

The decrease in other payables by RM65.4 million resulting from ongoing settlement of accrual for capital expenditure.

Derivatives of RM3.9 million was in relation to USD-MYR CCS contracts for the revolving loan (USD). Further details and movement of the derivatives are explained in Notes A16 and B16.

Total net asset value as at 30 June 2024 was RM5.2 billion, comprised of unitholders' funds of RM5.2 billion. The decrease in unitholders' funds of RM265.3 million was mainly due to the full redemption of perpetual notes RM340.0 million and distribution to unitholders of RM160.3 million, partially offset by the total comprehensive income for the financial period of RM232.0 million.

B1. Review of Performance (Cont'd)

b) Statement of Financial Position (Cont'd)

Net asset value per unit, after income distribution, increased marginally to RM1.48 as at 30 June 2024 primarily due to the valuation gain recognised for six Sunway REIT Hypermarkets of RM66.2 million.

c) Statement of Cash Flows

Net cash from operating activities for Q2 2024 of RM240.5 million compared to NPI less trust expense of RM235.1 million mainly comprise of cash receipt from lessees and tenants, partially offset by cash paid for operating expenses.

Net cash used in investing activities for Q2 2024 of RM713.5 million was mainly due the balance payment for acquisition in relation to the six Sunway REIT hypermarkets, the deposit paid for the proposed acquisition of 163 Retail Park and capital expenditure paid for the refurbishment works at Sunway Pyramid Mall and Sunway Carnival Mall.

Net cash from financing activities for Q2 2024 of RM118.9 million was contributed by net drawdown of RM367.5 million to fund the capital expenditures as mentioned earlier, partially offset by income distribution paid to unitholders of RM160.3 million and interest paid of RM78.4 million.

Cash and bank balances as at 30 June 2024 and 30 June 2023 stood at RM121.2 million and RM141.7 million respectively. The lower cash and bank balances mainly due lower net cash from operating activities and higher net cash used in investing activities due to the completion of six Sunway REIT Hypermarkets acquisition on 30 April 2024.

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 RM54.0 million for Q2 2024, mainly for Sunway Carnival Mall and Sunway Pyramid Mall.

B3. Material Changes in Quarterly Results

	Current Quarter ended 30.06.2024 RM'000	Immediate Preceding Quarter ended 31.03.2024 RM'000	Change %
Realised profit	78,859	86,939	-9.3%
Unrealised profit / (loss)	66,209	41	> 100%
Profit for the quarter	145,068	86,980	66.8%

Realised profit for current quarter was lower by RM8.1 million or 9.3% compared to immediate preceding quarter (Q1 2024) mainly due to lower NPI by RM1.3 million in current quarter attributable to better performance of the Retail segment in Q1 2024 from year-end and new year festivity celebrations, lower interest income as lower cash in placement, as well as higher finance cost. The unrealised loss in current quarter was primarily derived from revaluation gain for the acquisition of six Sunway REIT Hypermarkets completed on 30 April 2024.

B4. Commentary on Prospects

Indicator	2024 (F)	Q2 2024	Q1 2024	2023	2022	2021
Gross Domestic Product (GDP) (yoy)	4.0% - 5.0% ⁴	5.8% ⁵	4.2%	3.7%	8.7%	3.1%
Consumer Price Index (CPI) (yoy)	2.1% - 3.6% ⁴	1.9% ²	1.7%	2.5%	3.3%	2.5%
Overnight Policy Rate (OPR)	3.0% ³	3.0% ¹	3.0%	3.0%	2.75%	1.75%

¹ Source: Bank Negara Malaysia

² Source: Department of Statistics Malaysia

³ Source: Bloomberg's economists consensus forecast

⁴ Federal Budget 2024, Ministry of Finance

⁵ Advance GDP Estimates as at 19 April 2024 (Source: Department of Statistics Malaysia), actual GDP to be announced on 16 August 2024

B4. Commentary on Prospects (Cont'd)

Malaysia started 2024 with stronger growth momentum. Advance estimates for Malaysia's GDP accelerated to 5.8% in Q2 2024, up from 4.2% in Q1 2024. The Manager approaches the year ahead with optimism. A more stable domestic political landscape will be favourable for the economy's long-term prospects. In addition, the influx of foreign direct investments indicates positive developments as Malaysia is gaining global visibility and building investor confidence.

Sunway REIT is confident that Malaysia's domestic consumption will continue to be supported by the low unemployment rate and reasonable economic growth. The recent introduction of Account 3 by the Employees Provident Fund (EPF) and the strengthening of Ringgit are positive factors to boost consumer spending further which augur well for the retail sector. Additionally, the Manager believes that stronger tourist arrivals will be another booster to the local economy.

As the US unemployment rate rises and recession fears intensify, market sentiment leans towards potential interest rate cuts by the Federal Reserve before the end of 2024. In Malaysia, it is anticipated that Bank Negara Malaysia ("BNM") will maintain the Overnight Policy Rate ("OPR") for an extended period as the present monetary policy stance remains supportive of the economy, which is consistent with the current assessment of inflation and growth prospects. The Manager will maintain its dynamic capital management strategy and seek opportunities to capitalise on any change in interest rate direction in managing our borrowing cost.

Review of retail market

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

According to Retail Group Malaysia, the retail industry is projected to grow by 4% in 2024, highlighting that the biggest challenge for the industry will be the rising cost of living. The recent introduction of EPF Account 3 or Flexible Account provides flexibility for short-term financial needs as the savings in this account can be withdrawn at any time, it is anticipated that the scheme may benefit the members and subsequently encourage consumer spending.

On the Asset Enhancement Initiatives ("AEIs") front, Sunway Pyramid Mall is currently undertaking reconfiguration of a previous anchor tenant's area, accounting for approximately 11% of net lettable area of the mall, which is targeted to be completed in FY2024. The Manager has secured more than 90% of the said area with positive rental reversion (March 2024 : 67%).

In addition, Sunway Carnival Mall is undergoing refurbishment for its existing wing (Phase 2) following the strong performance of the new wing which was completed in June 2022. The Phase 2 refurbishment is slated to be completed in phases between early 2024 to the end of 2025 and we expect an uplift in NPI upon full completion. As of March 2024, the Manager has secured more than 90% of committed tenants for the existing wing of Sunway Carnival Mall.

On 30 April 2024, Sunway REIT completed the proposed acquisition of six hypermarkets that are strategically located at Klang Valley and Johor. The rental contribution from the said properties will commence on 30 April 2024.

Growth in Sunway REIT's retail segment is expected to be marginally impacted in FY2024 as a result of the above-mentioned ongoing AEIs in two of its major retail malls, partially cushioned by the new rental contribution from the six hypermarkets.

Review of hotel market

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

In ASEAN, tourism broadly recovered to 70% of pre-pandemic levels in 2023. For most of the countries, particularly Thailand and Vietnam, the remaining 30% gap was due to a slower-than-expected return of Chinese tourists. In fact, Malaysia led the region in welcoming mainland Chinese tourists in 2023, with a recovery rate of 45% of 2019's level. Malaysia's tourism for the first quarter of 2024 recorded an increase of 32.5% to 5.8 million tourists, from 4.3 million tourists in the same period last year.

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

B4. Commentary on Prospects (Cont'd)

Review of office market

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

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

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

B5. Investment Objectives

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

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

B6. Performance Benchmark

Performance indicators	Period ended 30.6.2024	Year ended 31.12.2023
a) Management expense ratio *	0.98%	0.90%
b) Total return *	6.7%	11.5%
c) Average annual total return (5 years) *	1.8%	2.6%
d) Distribution yield *	6.1%	6.0%
e) NAV per unit (after income distribution) (RM)	1.4845	1.4646

* The performance indicators for the period ended 30 June 2024 was based on annualised results.

- The ratio of trust expenses in operating Sunway REIT to the NAV of Sunway REIT. Higher in Q2 2024 mainly due lower NAV following by the redemption of perpetual note RM340.0 million on 15 April 2024.
- Total return represents the change in unit price from beginning of financial year plus 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 9.39 sen per unit (based on distributable income for YTD Q2 2024 of 4.67 sen per unit) divided by the closing unit price as at 30 June 2024 of RM1.55 (31 December 2023: DPU of 9.30 sen divided by the closing unit price as at 31 December 2023 of RM1.54).
- NAV of Sunway REIT as determined by deducting the value of total liabilities from the total assets as at period-end and after distributable income for YTD Q2 2024 of 4.67 sen per unit is assumed for income distribution (31 December 2023: final income distribution of 4.68 sen per unit), divided by total issued units.

B7. Strategies and Policies

The Manager's strategies can be broadly categorised as:

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

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

B8. Manager's Fees

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

- Base fee of 0.3% per annum on the total assets value;
- 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;
- Acquisition fee of 1% of the acquisition price of any future Real Estate or a Special Purpose Vehicle acquired by the Trustee for Sunway REIT (pro rated if applicable to the proportion of the interest of Sunway REIT in the Real Estate or Special Purpose Vehicle purchased); and

B8. Manager's Fees (Cont'd)

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

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

The Manager's fees (base and performance) for current quarter is at RM11.3 million.

B9. Trustee's Fees

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

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

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

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

The trustees' fees for current quarter remained the same at RM0.2 million.

B10. Status of Corporate Proposals

Other than the proposed acquisitions as disclosed in Note A17, there is no corporate proposal that has been announced but not completed as at the date of this report.

B11. Status of Utilisation of Proceeds Raised from Corporate Proposal

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

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

As at 30 June 2024, the status of utilisation of proceeds from the Proposed Disposal was as follows:

Proposed utilisation	Proposed amount for utilisation	Revised amount for utilisation	Actual utilisation	Balance unutilised	Estimated timeframe for utilisation from 30 August 2023
	RM'million	RM'million	RM'million	RM'million	
New investment(s) / Repayment of borrowings ⁽¹⁾	416	417	417	(0)	12 months
Estimated expenses (including taxes)	14	13	13	-	6 months
Total	430	430	430	(0)	

(1) Net proceeds from the Proposed Disposal was fully utilised on 30 April 2024 with the completion of the proposed acquisition of hypermarkets/retail complexes as disclosed under note A17.

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.

B12. Material Litigation (Cont'd)

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

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

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

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

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

The trial for the Assessment was held on 4, 5, 6, 12 and 13 January 2023. Upon conclusion of the trial, the High Court judge directed the Defendants and Metroplex to appear before the High Court for oral submission on 9 and 15 May 2023. After hearing oral submissions by both parties, the Judge then proceeded to fix the date for the decision to be delivered. At this stage, the financial impact cannot be determined pending the decision of the High Court, which has been adjourned to 24 September 2024.

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 30.06.2024	Immediate Preceding Quarter ended 31.03.2024	Change %
Number of units in issue (units)	3,424,807,700	3,424,807,700	0.0%
Realised net income (RM'000)	78,859	86,939	-9.3%
Realised earnings per unit (EPU) (sen)	2.28	2.39	-4.6%
Income distribution (RM'000) ¹	159,596	-	N/A
Distribution per unit (DPU) (sen) ¹	4.66	-	N/A
Net Asset Value (NAV) attributable to unitholders (After income distribution) (RM'000) ²	5,084,293	5,016,928	1.3%
NAV per unit (After income distribution) (RM) ²	1.4845	1.4649	1.3%
Market price per unit (RM)	1.55	1.52	2.0%

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 proposed interim income distribution of 4.66 sen per unit for semi-annual period ended 30 June 2024 (31 December 2023: final distribution of 4.68 sen per unit).

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			Fair Value at Reporting Date	
	As at 30.06.2024	As at 31.12.2023	As at 30.06.2024	As at 31.12.2023
Cross currency swap (CCS)				
- Less than 1 year	684,328	331,503	(3,927)	15,016

Cross currency swap

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

B17. Risks and Policies of Derivatives

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

The overall risks and policies relating to the management of derivative financial instrument are similar to those disclosed in the audited financial statements for the financial year ended 31 December 2023.

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 June 2024 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 15 August 2024.

BY ORDER OF THE BOARD
Sunway REIT Management Sdn. Bhd.
(As Manager for Sunway Real Estate Investment Trust)

Tan Kim Aun
Lee Chun Shian
Company Secretaries

Bandar Sunway
Date: 15 August 2024