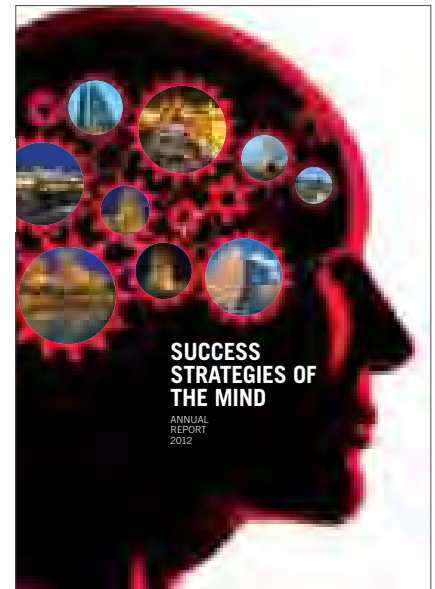




SUCCESS STRATEGIES OF THE MIND

ANNUAL
REPORT
2012



Sunway REIT has achieved many milestones by means of strategic thinking and formulas that drives values through sustainable growth.

Disclaimer:

This annual report may contain certain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed or implied in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; cost of capital and capital availability including availability of financing in the amounts and the terms necessary to support future business; availability of real estate properties; competition from other companies; changes in operating expenses including employee wages, benefits and training, property expenses, government and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements which are based on the Manager's current view of future events. Past performance is not necessarily indicative of its future performance.

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EUREKA!

SEIZING OPPORTUNITIES

Archimedes was a Greek mathematician and inventor. One of his most famous contributions was his 'Eureka' moment when he discovered the principle of buoyancy. Legend says that Archimedes discovered the principle of displacement while stepping into a full bath.

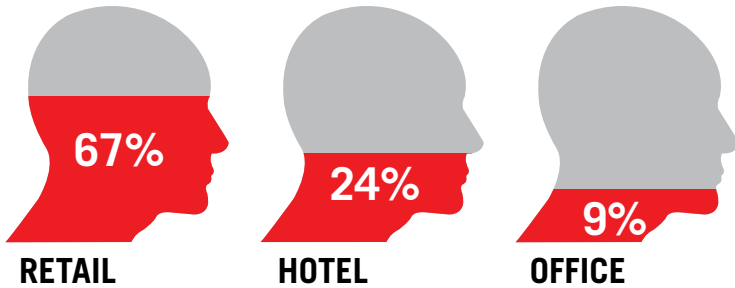
CHARACTERISTICS

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A black and white photograph of a hand pouring water from a glass into another glass. A red flower is submerged in the water in the bottom glass, creating a splash. The background is white.

**Sunway REIT has seized
opportunities that came our way
and turned them into successes.**

SNAP SHOT VIEW



PORTFOLIO BY PROPERTY VALUE

NO. OF ASSETS

11

MARKET CAPITALISATION

RM3.667 billion

PROPERTY VALUE

RM4.63 billion

GROSS FLOOR AREA

10,823,285 sq. ft.

DPU

7.5sen

DISTRIBUTION YIELD

5.5%

TOTAL RETURN

28%



RETAIL



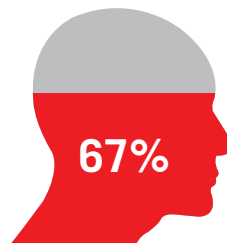
HOTEL



OFFICE

GROSS REVENUE

RM**406** million



RETAIL



HOTEL



OFFICE

NET PROPERTY INCOME

RM**299** million



VISION

To be the leading REIT in Malaysia in terms of asset value and in providing maximum total return to unitholders.

MISSION

To deliver sustainable distributions and growth in total return to unitholders over the long-term via active asset management, yield-accretive acquisitions and optimal capital and risk management.

VALUES

Trust by ensuring professionalism and adherence to ethical values at all times.

Innovation by introducing fresh ideas to improve performance.

Entrepreneurship by constantly seeking opportunities for growth.

Resilience by persevering especially during challenging times.



GROWTH STRATEGIES

Sunway REIT will seek to leverage on the economic market conditions and grow its investment portfolio based on the following strategies:

1. Acquisition growth strategy by acquiring strategic real estate assets that are yield-accretive and have the potential to contribute to long-term growth in distributions per unit and/or net asset value per unit.
2. Organic growth strategy by leveraging on the integrated nature of Bandar Sunway and asset turnaround expertise of the Manager to manage the assets. The Manager's proactive measures include optimising tenancy mix, leasing initiatives and asset enhancement initiatives to increase net lettable area and rental rates as well as to improve cost efficiency.
3. Capital and risk management strategy through optimising capital structure and cost of capital, diversifying sources of debt funding and managing interest rate risk through hedging strategies as well as actively managing debt maturity profile to minimise refinancing risk.

CORPORATE PROFILE

Sunway REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 8 July 2010. Sunway REIT is the largest REIT in Malaysia in terms of asset size at RM4.63 billion as at 30 June 2012. With a market capitalisation of RM3.67 billion (c. USD1.15 billion) as at 30 June 2012,

Sunway REIT is one of the largest retail-focused REIT listed on Bursa Malaysia Securities Berhad.

Sunway REIT is sponsored by Sunway Berhad. In August 2011, the amalgamation of property behemoth, Sunway City Berhad and construction specialist, Sunway Holdings Berhad, led to the formation of the enlarged merged entity, Sunway Berhad. Sunway Berhad is currently a leading Malaysian property-construction group with a market capitalisation of RM2.97 billion as at 30 June 2012 (c. USD935.4 million) and ranked amongst the top 100 largest public companies listed

on Bursa Malaysia Securities Berhad. Sunway REIT is managed by Sunway REIT Management Sdn Bhd, a wholly-owned subsidiary of Sunway Berhad.

Sunway REIT was established with an initial portfolio of 8 assets and has since grown to 11 assets comprising 4 retail assets, 4 hotels and 3 offices spanning across 4 high growth locations in Selangor, Kuala Lumpur, Penang and Perak. The success of Sunway Berhad's expertise and track record in masterplanning, developing and management of integrated townships, as exemplified by Bandar Sunway and Sunway City Ipoh, accentuates the uniqueness of Sunway REIT being the only township REIT in Malaysia.

Sunway REIT's key investment objective is to provide unitholders with exposure to a diverse portfolio of authorised investments that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit.



CORPORATE INFORMATION

MANAGER

Sunway REIT Management Sdn Bhd
(Company No. 806330-X)

MANAGER'S PRINCIPAL PLACE OF BUSINESS

Level 15, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan
Tel No : (603) 5639 8888
Fax No: (603) 5639 8001

MANAGER'S REGISTERED OFFICE

Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan
Tel No : (603) 5639 8889
Fax No: (603) 5639 9507

BOARD OF DIRECTORS OF THE MANAGER

Chairman, Non-Independent

Non-Executive Director

Tan Sri Dato' Seri Dr Jeffrey Cheah
Fook Ling, AO

Chief Executive Officer,

Non-Independent Executive Director

Dato' Jeffrey Ng Tiong Lip

Non-Independent

Non-Executive Directors

Dato' Ngeow Voon Yean
Sarena Cheah Yean Tih

Independent Non-Executive Directors

Tan Sri Ahmad Bin Mohd Don
Willy Shee Ping Yah @ Shee Ping Yan
Elvin A/L Bertly Luke Fernandez

AUDIT COMMITTEE

Tan Sri Ahmad Bin Mohd Don
(Chairman)
Willy Shee Ping Yah @ Shee Ping Yan
Elvin A/L Bertly Luke Fernandez

REMUNERATION COMMITTEE

Tan Sri Ahmad Bin Mohd Don
(Chairman)
Willy Shee Ping Yah @ Shee Ping Yan
Elvin A/L Bertly Luke Fernandez
Tan Sri Dato' Seri Dr Jeffrey Cheah
Fook Ling, AO

INVESTMENT APPRAISAL

WORKING GROUP

Dato' Jeffrey Ng Tiong Lip (Chairman)
Dato' Ngeow Voon Yean
Sarena Cheah Yean Tih
Cheah Wing Choong
Wai Sow Fun

RISK MANAGEMENT WORKING GROUP

Dato' Jeffrey Ng Tiong Lip (Chairman)
Dato' Ngeow Voon Yean
Sarena Cheah Yean Tih
Wai Sow Fun

COMPANY SECRETARIES OF THE MANAGER

Tan Kim Aun (MAICSA 7002988)
Lee Suan Choo (MAICSA 7017562)

TRUSTEE

OSK Trustees Berhad (Company No.573019-U)
6th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No : (603) 9207 7777
Fax No: (603) 2175 3288
Website: www.osktrustees.com
Email: osk_trustees@osk.com.my

PROPERTY MANAGER

DTZ Nawawi Tie Leung Property
Consultants Sdn Bhd
Suite 32.03, Level 32, Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Public Bank Berhad

AUDITORS

Messrs Ernst & Young (AF: 0039)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel No : (603) 7495 8000
Fax No: (603) 2095 5332

REGISTRAR

Sunway Management Sdn Bhd
(Company No.50661-X)

Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan
Tel No : (603) 5639 8889
Fax No: (603) 5639 9507

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name: SUNREIT
Stock Code: 5176

WEBSITE ADDRESS

www.sunwayreit.com

INVESTOR RELATIONS

Tel No : (603) 5639 8864
E-mail : irsunreit@sunway.com.my



MESSAGE FROM THE CHAIRMAN

“ I am pleased to report that Sunway REIT has generated a total return of 28.0% based on the closing price of Sunway REIT's unit of RM1.36. ”



TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING, AO
Chairman

Dear Valued Stakeholders,

On behalf of the Board of Directors ("Board") of the Manager, it is a great pleasure to present our Annual Report and audited financial statement of Sunway REIT for the financial year ended 30 June 2012 ("FY2012").

M-REITs in the "Sweet Spot"

The growth of Malaysian Real Estate Investment Trusts ("M-REITs") was underpinned by the entry of large players in the last two years and this had created the visibility of M-REITs in our capital market. Meanwhile, existing players are actively expanding their portfolio through both organic growth and acquisitions. The market capitalisation of M-REITs expanded to RM17.8 billion as at 30 June 2012 from RM11.5 billion the same time last year. The impressive 54.8% gain was primarily attributable to the entry of Pavilion REIT as well as gains in unit price amongst the existing M-REITs.

The growing visibility of M-REITs with the emergence of larger assets size M-REITs alongside gradual improvements in liquidity have placed

M-REITs in better position in the eyes of international institutional investors. In addition, investors have shifted to place importance on yields over capital appreciation amidst the deepening Eurozone debt sovereign crisis.

Combining all these favourable factors, M-REITs are indeed in a sweet spot. For the 12-month period ended June 2012, M-REITs have recorded commendable performance with total return averaging at 11.9% vis-à-vis FTSE Bursa Malaysia KLCI ("FBM KLCI") which gained 1.3%.

I am pleased to report that Sunway REIT has generated a total return of 28.0% based on the closing price of Sunway REIT's unit of RM1.36. The total return comprises capital appreciation of 22.5% and income distribution yield of 5.5%. Following the two financial years of strong performance, the average two-year total return was 28.7% (Total return for FP2011 was 29.3%).

The impressive performance of M-REITs has led to compression in distribution

yields amongst M-REITs. Leading retail-centric M-REITs are trading at distribution yields ranging between 5.0% to 5.5%. The compression in distribution yields coupled with the favourable interest rate environment facilitates yield accretive acquisitions opportunities for M-REITs. Interest rate outlook remains accommodative for the next 6 – 12 months.

Market Dominance Intact

As M-REITs continue to grow, Sunway REIT remains the largest REIT in Malaysia in terms of asset size and market capitalisation. The table on page 13 illustrates Sunway REIT's key market statistics as at 30 June 2012.

Leveraging on the "Sunway" brand, Sunway REIT has garnered interest and support amongst reputable domestic institutional investors. By virtue of its size, in addition to healthy liquidity, Sunway REIT continues to attract esteemed foreign institutional investors. Foreign unitholdings stood at 22.2% of total units in issue as at 30 June 2012.

Sunway REIT's Key Market Statistics (as at 30 June 2012)

Sunway REIT	Value	Relative to M-REITs
Total Asset Value	RM 4.7 billion	20.0%
Market Capitalisation	RM3.7 billion	20.5%
Average Daily Trading Volume (1-year)	1.3 million units	18.2%
Average Daily Trading Value (1-year)	RM 1.5 million	18.2%
Free Float	RM1.6 billion	22.2%

Source: Bloomberg

Leading with Passion

2011 has been a momentous year for Sunway Group. The Group has completed its merger exercise in August 2011, merging two public listed companies, Sunway City and Sunway Holdings into a single and larger Sunway Berhad. Sunway Berhad is ranked amongst the top five (5) property companies in the country based on market capitalisation.

"Leading with Passion" is a credo all Sunway Group businesses subscribe to. We aspire to sustain our leadership positions in the business where we operate, while inspiring passion in our people. Passion is an inherent value deeply entrenched in our organisational culture. The same philosophy is entrenched in Sunway REIT.

It is my aspiration to see the synergies arising from the merger cascaded into Sunway REIT's core values of "Driving values through sustainable growth". Sunway plays a pivotal role as the Sponsor of Sunway REIT to mutually strive towards the growth of Sunway REIT's portfolio.

Putting a Smile on Commuters' Faces - Bandar Sunway

Traffic congestion is a common phenomenon in developing nations. This phenomenon is exacerbated by ongoing development in high growth cities. The vigorous growth in Bandar Sunway and its surrounding municipalities, in addition to the growing populations in these surrounding municipalities, have inevitably resulted in traffic congestions.

As part of Sunway Group's Corporate Responsibility ("CR") initiatives, Sunway Group has set aside RM130 million for upgrading roads and infrastructure improvement around Bandar Sunway, Subang Jaya and USJ to alleviate the traffic congestion conditions. The first phase of the upgrade is the Kesas Link, which will provide direct access to Sunway South Quay from the Kesas Highway. To further maximise the accessibility of the Kesas Link, an elevated road will be built to connect Kesas Highway to New Pantai Expressway ("NPE").

To address bottleneck issues, roads along

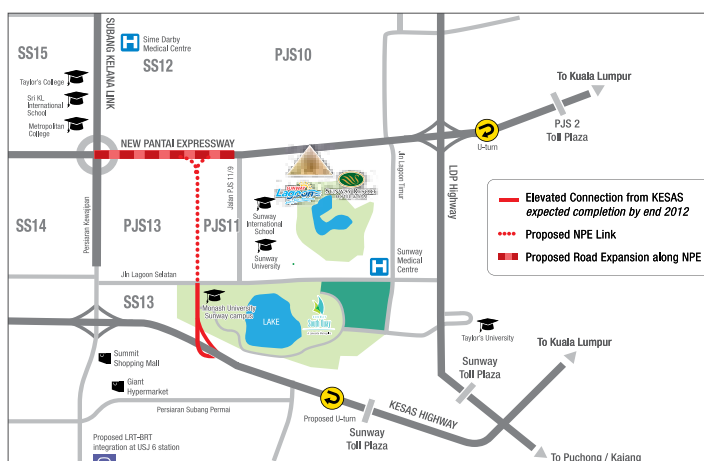
the NPE from Sunway Pyramid Shopping Mall leading to Persiaran Kewajipan junction will be widened.

On 9 June 2012, Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak unveiled Syarikat Prasarana Negara Berhad's ("Prasarana") latest venture under a Public-Private Partnership ("PPP") initiative with Sunway Berhad for the construction of the maiden Bus Rapid Transit ("BRT"). The BRT is a complete rapid transit system, combining the features of rail systems with the flexibility and cost savings of using over-the-road and environmental-friendly vehicles that operate on their own roadways or lanes thus maximising speed and service.

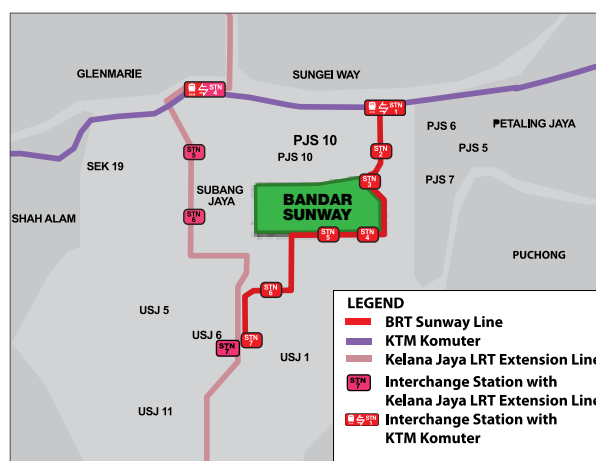
The proposed BRT-Sunway Line will run on dedicated guideways, and stretch more than 6km across seven stations. The BRT will be connected to both Kelana Jaya LRT Extension Line at USJ 6 and KTMB Setia Jaya Station near the Federal Highway.

"We strongly believe that the improvement and upgrading of the overall infrastructure in Bandar Sunway and the surrounding municipalities will bring smiles to commuters and make commuting into Bandar Sunway a pleasant journey."

The easier traffic flow may attract more business to the retail mall, hotels, convention centre and the office.



Infrastructure enhancement by Sunway



Proposed Bus Rapid Transit

MESSAGE FROM THE CHAIRMAN (CONT'D)

Malaysia's First Green Township

I am excited to share the latest news with all unitholders. SRC has recently been awarded the prestigious Silver Rating by Malaysia's Green Building Index ("GBI") as Malaysia's first green township. In order to qualify for the accreditation, GBI requires that a minimum 15% of the township to be green. SRC has doubled that requirement with approximately 30% of the development is green. This achievement endorses Sunway Group's passion for building sustainable communities and lifestyles, underscored by its tagline, "Life Happens Here."

We are a strong advocate of nurturing our people and the community. The accreditation reaffirms our commitment towards putting smiles on faces through sustainable initiatives in the areas of environment, economic and social impact. It is also testament of our passion to deliver beyond expectation!

Market Outlook

The global economic landscape premises on developments in the Eurozone and the pace of recovery in the U.S. Downside risk is inevitable in view of intensified pressure arising from the European sovereign debt crisis. Whilst recovery in the U.S. remains soft, Asian economies are proving to be more resilient, albeit growth at a slower pace.

In Malaysia, Bank Negara Malaysia ("BNM") projects the economy to expand at a slower pace of 4.0% to 5.0% in 2012 on weaker external demand. The headline inflation rate is likely to remain moderate in 2012 providing room for BNM to maintain its accommodative monetary policy stance. Amidst the global uncertainty and market volatility, investors are likely to adopt defensive strategies where capital preservation and yields topped the investment criteria. We have witnessed compression in distribution yields arising from ample liquidity flushing into defensive stocks including M-REITs. We expect the trend to persist as long as uncertainties and volatility in equity market continues.

We foresee that M-REITs will be entering a new phase of strong growth. The exponential growth in M-REITs over the last couple of years has attracted owners of sizeable quality investment properties to consider injecting their assets into REITs. The continued emergence of large reputable players will enhance the visibility of M-REITs in the region.

Size plays a pivotal role in the future growth of REITs as it provides capacity for sizeable acquisitions. Leading M-REITs have grown in size, and together with improved liquidity, these players will attract international institutional investors with their high investability.

Recognition for Excellence

While we continuously challenge ourselves in the areas of innovation and creativity in the pursuit of excellence, we are truly humbled by the awards bestowed upon Sunway REIT. Such recognitions underscore our commitment to lead with passion in all areas, especially in the areas of corporate governance and transparency.

Sunway REIT was accorded a Merit Award by APREA Best Practices for Listed Real Estate under the Emerging Markets Market Disclosure category in 2011. The award was in recognition for Sunway REIT's commitment in enhancing the level of transparency and comparability of public real estate markets in the Asia Pacific region.

Sunway REIT was bestowed the Best Malaysian Real Estate Investment Trust Award in conjunction with the New Straits Times Property Editors' Choice Awards 2011 and recognised as a member of The Edge Billion Ringgit Club 2011.

Our crown asset, Sunway Pyramid Shopping Mall was accorded the Innovative Shopping Outlet (Excellent Award) at the Malaysia Tourism Award Nights 2011 organised by the Ministry of Tourism Malaysia. We are equally grateful for the recognition of "Most Supportive Shopping Mall" awarded by Malaysia Retail Chain Association ("MRCA") for the

3rd consecutive time. Sunway Pyramid Shopping Mall was also voted Malaysia's Most Favourite Mall by the public, outperforming 300 other shopping malls in an online poll by Tourism Malaysia.

We wish to express our sincere gratitude to all parties for these prestigious recognitions accorded to Sunway REIT. We attribute these honours to all people behind the success of Sunway REIT and rest assured, the team will not rest on their laurels. These awards serve as motivation for our team to further stretch themselves in pursuit for greater achievements going forward.

In Appreciation

As we celebrate the second anniversary of listing, I wish to take this opportunity to express my gratitude to the Board Members and management team for their commitment in delivering superior performance.

I also wish to record my appreciation to the unitholders, employees, trustees, property managers, business partners and all stakeholders of Sunway REIT for their continuous support and confidence throughout the year.

I am confident that under the guidance from the Board of Directors and leadership of the CEO, Sunway REIT will deliver stronger performance and achieve goals set for the coming year.

Moving forward, Sunway REIT will continue in its best endeavour towards providing strong and sustainable returns to unitholders.

Yours sincerely,



Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, A0
Chairman

Sunway REIT Management Sdn Bhd
7 August 2012

SALIENT FEATURES

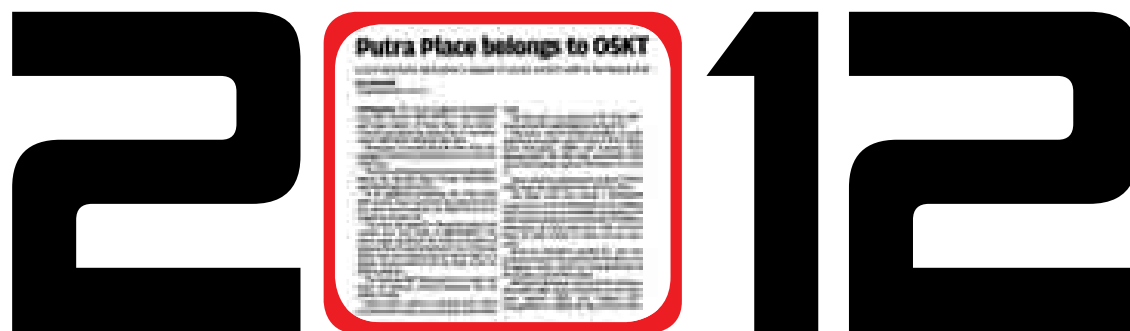
Name Of Fund	Sunway REIT
Type Of Fund	Income and growth
Category Of Fund	Real estate investment trust
Duration Of Fund / Termination Date	The earlier of : <ul style="list-style-type: none"> • 999 years falling on 19 May 3009 • the date on which Sunway REIT is terminated by the Trustee or the Manager, in such circumstances as set out under the provisions of the Deed
Approved Fund Size	2,780,112,300 units
Investment Objective	To provide unitholders with an exposure to a diverse portfolio of authorised investments that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit
Growth Strategies	<ul style="list-style-type: none"> • Acquisition growth strategy • Active asset management strategy • Capital and risk management strategy
Investment Policy	To invest in retail, hospitality, office and other real estate assets, subject to the Securities Commission's Guidelines on Real Estate Investment Trusts
Distribution Policy	<ul style="list-style-type: none"> • At least 100% of distributable income for FP2011 and FY2012 and at least 90% for each subsequent financial year • Quarterly distribution
Revaluation Policy	Annually by an independent registered valuer
Gearing Policy	Up to 50% of total asset value of the Fund
FY	30 June
Board Lot	100 units per board lot
Listing	Main Market of Bursa Malaysia Securities Berhad
Stock Name	SUNREIT
Stock Code	5176
Date Of Listing	8 July 2010
Initial Public Offering Price	<ul style="list-style-type: none"> • RM0.88 - retail • RM0.90 - institutional

KEY MILESTONES



28 SEPT

Sunway REIT secured full control and possession of Sunway Putra Place following the High Court's decision on 27 September 2011.



20 FEB

The Federal Court dismissed the application for leave to appeal by Metroplex Holdings Sdn Bhd against the decision of the Court of Appeal to uphold the orders granted by the High Court which gave Sunway REIT full control and possession of Putra Place on 28 September 2011.

18 & 20 APR

The Court of Appeal dismissed all appeals by Metroplex Holdings Sdn Bhd (the former owner of Putra Place), Metroplex Berhad (the holding company of Metroplex Holdings Sdn Bhd) and Robert Ti and Kornelis Kurniadi (a bidder and his agent) who challenged the validity of the auction of Putra Place. Sunway REIT acquired the property via a public auction on 30 March 2011 following which these parties separately instituted legal actions against the Trustee and the Manager.

26 APR

Issuance of commercial papers of RM850 million in nominal value under the 7-year Commercial Paper Programme ("CP Programme") of up to RM1.6 billion in nominal value. The CP Programme is fully underwritten and has been accorded a P1(s) rating by RAM Rating Services Berhad.

FINANCIAL HIGHLIGHTS

Statement of Comprehensive Income - Key Data & Financial Ratios	FY2012 RM'000	FP2011 ¹ RM'000
Gross revenue	406,426	327,416
Net property income	299,198	244,015
Income available for distribution (realised)	202,114	176,813
Earnings per unit (realised)(sen) ²	15.6	20.6
Distribution per unit (DPU)(sen)	7.5 ³	6.6
Annualised DPU (sen)	7.5	6.7
Annualised distribution yield ⁴ (%)	5.5	6.0
Management expense ratio ⁵ (%)	0.98	0.83

Statement of Financial Position - Key Data & Financial Ratios	As at 30 June 2012 RM'000	As at 30 June 2011 RM'000
Investment properties ⁶	4,630,000	4,379,000
Other non-current assets	8,892	122
Current assets	44,484	73,773
Total asset value	4,683,376	4,452,895
Current liabilities	(1,303,040)	(127,791)
Non-current liabilities	(372,005)	(1,554,054)
Total liabilities	(1,675,045)	(1,681,845)
Net Asset Value (NAV)	3,008,331	2,771,050

Total Unitholders' Funds	3,008,331	2,771,050
---------------------------------	------------------	------------------

NAV per unit (before distribution)(RM)	1.1157	1.0313
NAV per unit (after distribution)(RM)	1.0968	1.0151
Lowest NAV during the period (RM)	1.0131	0.9737
Highest NAV during the period (RM)	1.0957	1.0313
Premium to NAV (%)	24.0	9.3
Gearing Ratio (%)	33.5	35.3
Cost of debt as at 30 June (%)	3.73	4.65
Average cost of debt (%)	4.45	4.54
Debt Service Cover Ratio (times)	3.8	3.7

¹ Sunway REIT was established on 20 May 2010 and the acquisition of the properties was completed on listing date, 8 July 2010. The financial results reported refers to the period from 20 May 2010 to 30 June 2011 (FP 2011).

² Includes unrealised earnings arising mainly from gain on fair valuation of 8.55 sen per unit (FP 2011 - 14.4 sen per unit).

³ Comprising income distributed for the period from 1 July 2011 to 31 March 2012 of 5.61 sen and proposed final income distribution of 1.89 sen for the period from 1 April 2012 to 30 June 2012.

⁴ Based on DPU of 7.5 sen (FP 2011 - annualised DPU of 6.7 sen) and the closing unit price as at 30 June 2012 of RM1.36 (30 June 2011 - RM1.11).

⁵ Ratio of expenses incurred in operating Sunway REIT (excluding property operating expenses and interest expense but including Manager's fee, Trustee's fee and other trust expenses) to the NAV of Sunway REIT.

⁶ Total of 11 Sunway REIT properties.

FINANCIAL HIGHLIGHTS (CONT'D)

SEGMENTAL PERFORMANCE

RETAIL

Revenue	RM'000
FY2012	292,268
FP2011	237,567

23%

NPI

Revenue	RM'000
FY2012	199,691
FP2011	165,195

21%

HOTEL

Revenue	RM'000
FY2012	71,555
FP2011	55,660

29%

NPI

Revenue	RM'000
FY2012	68,974
FP2011	53,155

30%

OFFICE

Revenue	RM'000
FY2012	42,603
FP2011	34,189

25%

NPI

Revenue	RM'000
FY2012	30,533
FP2011	25,665

19%

TOTAL PORTFOLIO

Revenue	RM'000
FY2012	406,426
FP2011	327,416

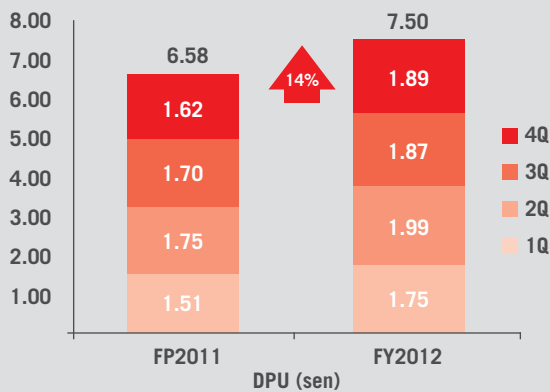
24%

NPI

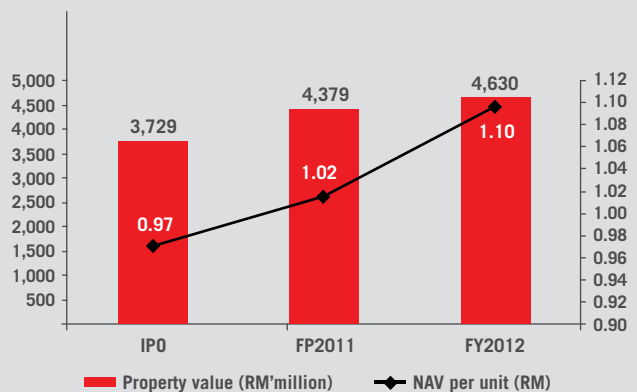
Revenue	RM'000
FY2012	299,198
FP2011	244,015

23%

DIVIDEND PER UNIT

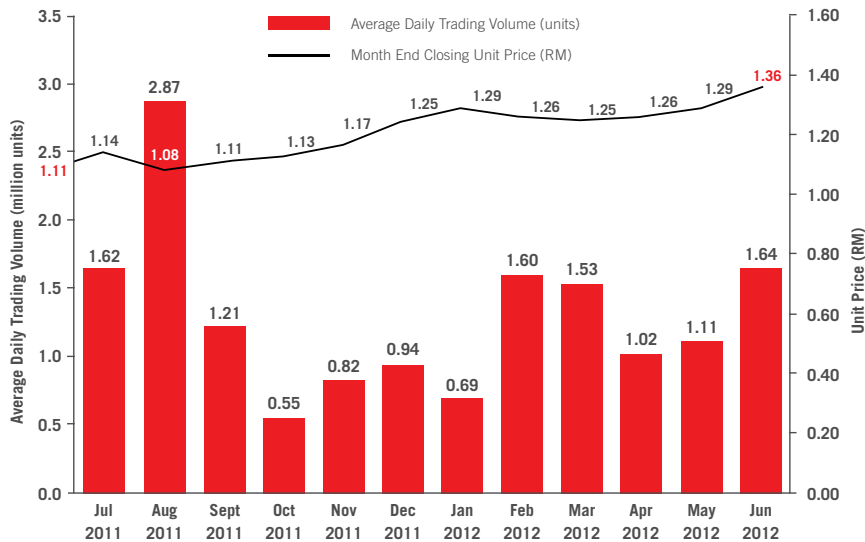


PROPERTY VALUE & NAV PER UNIT



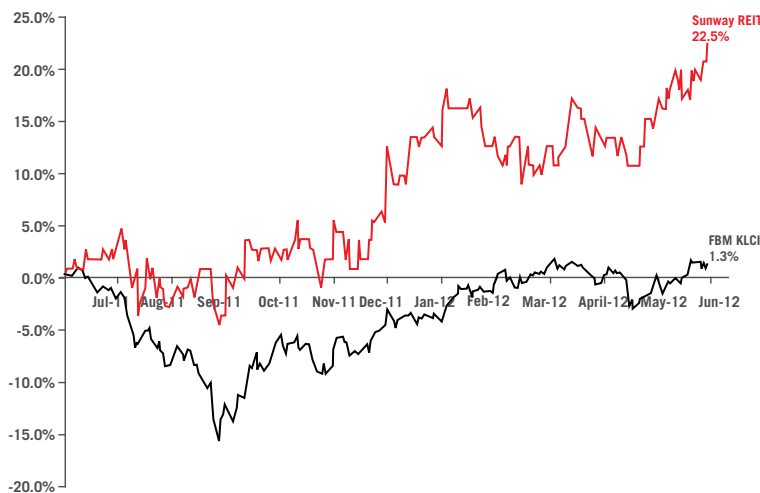
TRADING PERFORMANCE

Sunway REIT's Unit Price and Monthly Trading Volume

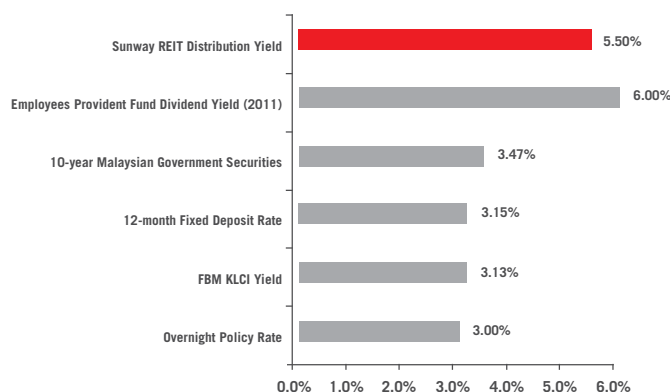


Unit price of Sunway REIT registered a capital appreciation of 22.5% compared to FBM KLCI's gain of 1.3% for FY2012

Cumulative Performance of Sunway REIT's Unit Price versus FTSE Bursa Malaysia KLCI Index



Comparative Yields (as at 30 June 2012)



Source: Sunway REIT Management, Bloomberg, Bank Negara Malaysia, Maybank2u.com

Trading Performance of Sunway REIT

Trading Summary	
Unit Price (as at 30 June 2011) (RM)	1.11
Unit Price (as at 30 June 2012) (RM)	1.36
52-Weeks Highest Traded Price (RM)	1.36
52-Weeks Lowest Traded Price (RM)	1.06
Capital Appreciation (%)	22.5
Annual Total Return (%)	28.0 ¹
Number of Unit in Circulation ('000 unit)	2,696,462
Market Capitalisation (RM'000)	3,667,188
Free Float (RM'000)	1,561,319

¹ Computed based on capital appreciation of 22.5% and distribution yield of 5.5%

VALUE ADDED STATEMENT

	FY 2012	FP 2011 ¹
	RM'000	RM'000
Value Added		
Total turnover	406,426	327,416
Purchases of goods and services	(107,228)	(83,401)
Interest & other income/(expense)	226,213	384,624
Total Value Added	525,411	628,639

Reconciliation:

Total comprehensive income for the year/period	420,768	553,663
Add: Finance costs	81,196	55,190
Manager's fee	22,601	19,003
Trustee's fee	846	783
Total Value Added	525,411	628,639

Value Distributed

Trust Expenses		
Manager fee	22,601	19,003
Trustee fee	846	783
Providers of capital		
Finance costs	81,196	55,190
Income distribution ²	201,972	176,578
Reinvestment and growth		
Undistributed Income ³	218,796	377,085
Total Value Distributed	525,411	628,639

¹ Sunway REIT was established on 20 May 2010 and the acquisition of the initial eight properties was completed on listing date, 8 July 2010. The financial results reported refers to the period from 20 May 2010 to 30 June 2011 (FP2011).

² Comprises income distributed for 1Q 2012 to 3Q 2012 of RM151.0 million (1Q 2011 to 3Q 2011: RM133.1 million) and proposed final income distribution of RM51.0 million (FP2011: RM43.5 million). The proposed final income distribution will be recognised and paid in the immediate subsequent financial year.

³ Mainly comprises unrealised income.

AWARDS & RECOGNITIONS

APREA

Best Practices Awards
for Listed Real Estate
Entities 2011

- Merit Award for
Emerging Markets
Market Disclosure



THE EDGE

Billion Ringgit Club
2011



New Straits Times

2011 Editors' Choice Awards:
Best Malaysian Real Estate Investment
Trust



THE FUNDAMENTALS OF FUTURE GROWTH

DETERMINATION

Henry Ford invented the first car, the Quadricycle, which he built in 1896. The invention of the Quadricycle was an important milestone in the automobile industry as it would lay the foundation for future designs.

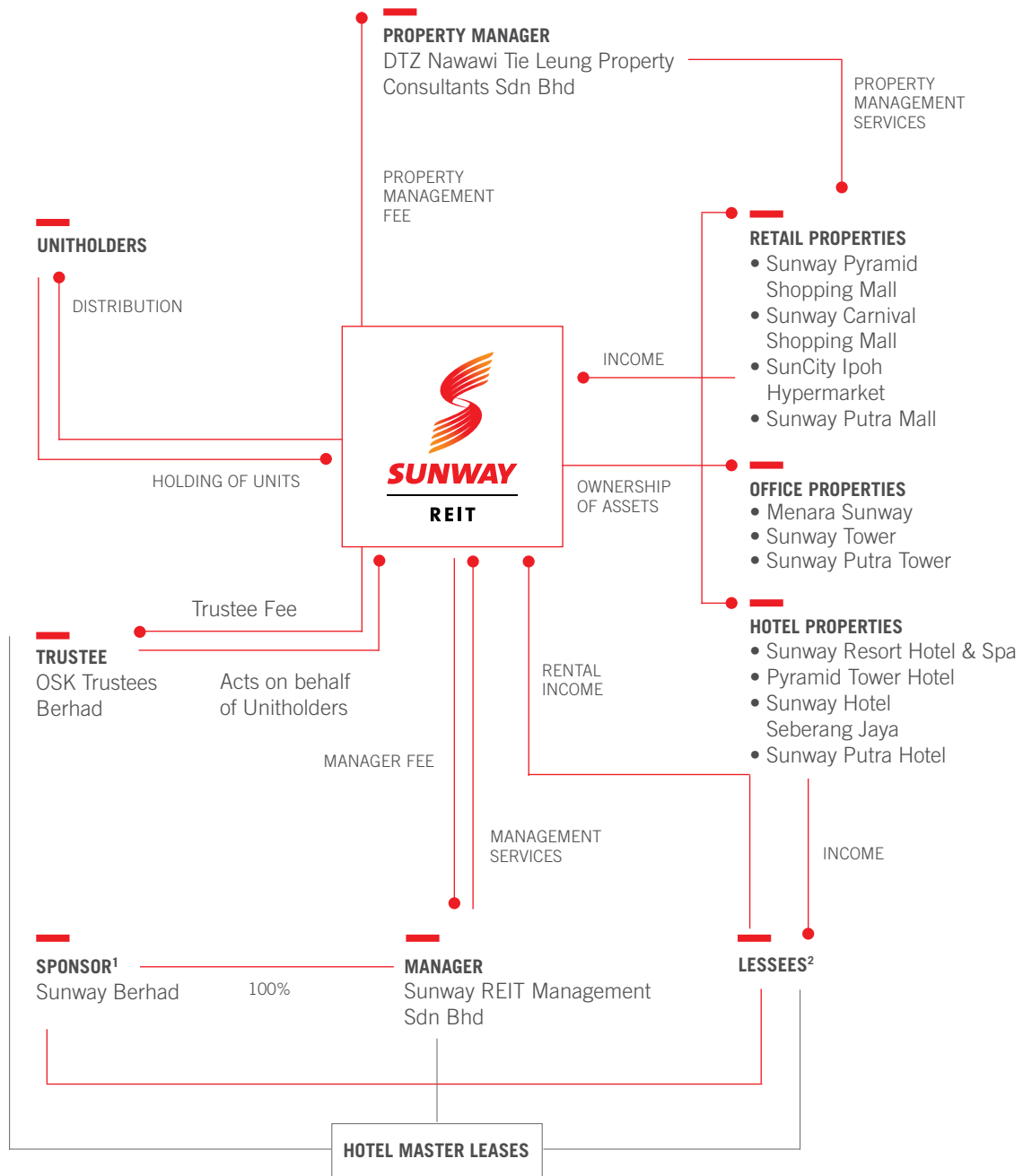
A SOLID FOUNDATION

Trust Structure	24
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Management Team	30



**Sunway REIT has the
foresight to spot and
acquire strategic real
estate assets.**

TRUST STRUCTURE



- Equity interest
- Payments and services pursuant to contractual relationships under the Deed, the Hotel Master Leases and the Property Management Agreement
- Contractual relationships under the Hotel Master Leases

¹ Sunway Berhad has a 37% investment in Sunway REIT as at 30 June 2012.

² Sunway Resort Hotel Sdn Bhd is the lessee for Sunway Resort Hotel & Spa and Pyramid Tower Hotel.

Sunway Hotel (Seberang Jaya) Sdn Bhd is the lessee for Sunway Hotel Seberang Jaya.

Sunway Putra Hotel Sdn Bhd is the lessee for Sunway Putra Hotel.

The lessees are wholly owned subsidiaries of Sunway Berhad.

ORGANISATION STRUCTURE

BOARD OF DIRECTORS

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO
Dato' Jeffrey Ng Tiong Lip
Dato' Ngeow Voon Yean
Sarena Cheah Yean Tih
Tan Sri Ahmad Bin Mohd Don
Willy Shee Ping Yah @ Shee Ping Yan
Elvin A/L Berty Luke Fernandez

AUDIT COMMITTEE

Tan Sri Ahmad Bin Mohd Don
Willy Shee Ping Yah @ Shee Ping Yan
Elvin A/L Berty Luke Fernandez

COMPLIANCE OFFICER

Chin Soon Yenn

INTERNAL AUDIT TEAM

CHIEF EXECUTIVE OFFICER

Dato' Jeffrey Ng Tiong Lip

CHIEF FINANCIAL OFFICER

Wai Sow Fun

FINANCE TEAM

INVESTOR RELATIONS MANAGER

Crystal Teh Lay Ling

INVESTMENT/BUSINESS DEVELOPMENT MANAGER

Cheah Wing Choong

HEAD OF RETAIL PROPERTIES

Chan Hoi Choy

HEAD OF COMMERCIAL PROPERTIES

Goh Hai Thun

BOARD OF DIRECTORS



TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING, AO
Non-Independent Non-Executive Director
Malaysian

Tan Sri Jeffrey Cheah, aged 67, is the Founder and Executive Chairman of Sunway Group. A business graduate of Victoria University in Melbourne, Australia, he began his career as an accountant at a motor assembly plant in Malaysia. In 1974, he founded and started Sunway Group.

Tan Sri Jeffrey Cheah has been conferred 8 honorary doctorates by leading universities worldwide. In 2007, he established the eponymous "Jeffrey Cheah Foundation" and in 2009, he transferred the entire ownership of Sunway Education Group Sdn Bhd together with its subsidiaries worth more than RM700 million to HSBC (Malaysia) Trustee Berhad, which holds in trust for the Jeffrey Cheah Foundation. Sunway Education Group Sdn Bhd comprises, inter alia, Sunway University, Sunway College, Monash University Sunway Campus, Jeffrey Cheah School of Medicine and Health Sciences and Sunway International School. Jeffrey Cheah Foundation was officially launched by the Prime Minister of Malaysia on 18 March 2010 in the presence of the Foundation's patron, His Royal Highness Sultan of Selangor. Besides transferring all his shares of the educational institutions to the Jeffrey Cheah Foundation, he further contributed RM20 million to the Foundation.

Tan Sri Jeffrey Cheah was appointed to Malaysia's education panel to review the nation's education system in December 2011 by the Deputy Prime Minister. He is a Member of the Board of Trustees of Mahathir Science Award Foundation, Razak School of Government and Perdana

Leadership Foundation. He is among Malaysia's leading givers who made Forbes Asia's Heroes of Philanthropy list 2009.

In 2008, Tan Sri Jeffrey Cheah was appointed Officer of the Order of Australia ("AO") by the Prime Minister of Australia. AO is one of Australia's most prestigious and highly regarded awards conferred to a non-citizen of Australia. In the same year, he was appointed Chairman of Malaysia Crime Prevention Foundation (MCPF) Selangor Chapter by the Minister of Unity, Culture, Arts and Heritage. He is also the Chairman and Co-Founder of Asian Strategy & Leadership Institute.

Other achievements and appointments of Tan Sri Jeffrey Cheah include:-

- 2007 Monash University School of Medicine and Health Sciences was named after Tan Sri Jeffrey Cheah in appreciation of his contribution to Monash University Sunway Campus and Malaysia-Australia bilateral ties.
- 2006 His Royal Highness Sultan of Selangor installed him as the Foundation Chancellor of Sunway University.
- 2002 Deputy President of National Kidney Foundation of Malaysia.

First non-Malay Honorary Member of Kuala Lumpur Malay Chamber of Commerce.

1999 Founding Trustee of Malaysian Liver Foundation.

1997 President of Malaysian Hakka Association (until 2004).

Council Member of Financial Reporting Foundation.

1996 Appointed by the Minister of Education to the Higher Education Council of Malaysia.

Appointed Chairman of Malaysian Industry-Government Group for High Technology for Construction and Housing.

EXCO Member of Malaysian Tourism Action Council.

1990 Appointed Director of National Productivity Centre.

Other awards bestowed upon Tan Sri Jeffrey Cheah include Property Man of the Year (Malaysia) in 1993, CEO of the Year (Malaysia) in 1996, Paul Harris Fellow Award in 2002 and Asia's Most Innovative Chinese Entrepreneur Award in 2005.

Tan Sri Jeffrey Cheah was appointed to the Board of the Manager on 24 March 2010.

His directorships in public companies are Sunway Berhad, Sunway Medical Centre Berhad, ASLI Foundation, Jeffrey Cheah Foundation, Mahathir Science Award Foundation, Razak School of Government and Perdana Leadership Foundation.

DATO' JEFFREY NG TIONG LIP**Chief Executive Officer****Non-Independent Executive Director
Malaysian**

Dato' Jeffrey Ng, aged 55, is a graduate of Monash University, Melbourne with a Bachelor of Economics. He completed his professional articleship in an international accounting firm in Australia before returning to Malaysia. He has more than 28 years of extensive experience in finance, corporate planning and executive management in the property and hotel industry in both Malaysia and Australia.

Prior to joining Sunway Group, Dato' Jeffrey Ng was the former Managing Director of AP Land Berhad. He was also the former Executive Director of Sunway City Berhad, a company formerly listed on Bursa Malaysia. He has held various positions in the past, such as the President of Real Estate and Housing Developers Association (REHDA), Past Chairman of REHDA Wilayah Persekutuan (KL) Branch, Director of Construction Industry Development Board (CIDB), Vice President and Secretary General

of FIABCI Malaysian Chapter (International Real Estate Federation), Vice President of Malaysian Association of Hotel Owners (MAHO), Chapter Chairman of Young Presidents Organisation (YPO) Malaysian Chapter and Vice Chairman of Malaysia Australia Business Council (MABC).

Currently, Dato' Jeffrey Ng is a member of Malaysian Institute of Certified Public Accountants and Institute of Chartered Accountants, Australia. In 1999, he was conferred a fellowship by Malaysian Institute of Directors and accorded the 'Entrepreneur of the Year' by MABC in 2003. In 2008, he was advanced to fellowship member of Institute of Chartered Accountants, Australia. In 2009, he was conferred the patron of REHDA.

Dato' Jeffrey Ng was appointed to the Board of the Manager on 24 March 2010.

His directorships in public companies are SunReit Capital Berhad and SunReit Unrated Bond Berhad (formerly known as Mega Revenue Sdn Bhd). He is also a Director of Urban Hallmark Properties Sdn Bhd.

**DATO' NGEOW VOON YEAP****Non-Independent Non-Executive Director
Malaysian**

Dato' Ngeow, aged 60, holds a Bachelor of Commerce Degree majoring in Business Studies and Economics from University of Auckland, New Zealand. He is a Council Member of Malaysian Association of Hotel Owners (MAHO) and an Honorary Advisor to Malaysian Association for Shopping and Highrise Complex Management.

Dato' Ngeow has 31 years of working experience in property development and investment, and management industry. He was the Founder President of Shopping and Highrise Buildings Association in both Malaysia and Singapore. He has wide experience in the development and management of mixed-use developments. He began his career with Landmarks Holdings Bhd, the developer owner of Sungei Wang Plaza, Regent Hotel and Metroplex

Holdings Sdn Bhd, the developer of The Mall. He subsequently moved to Singapore to join Marina Centre Holdings Pte Ltd, the developer and manager of Marina Square, a mixed-use waterfront development comprising 3 international class hotels, shopping mall and offices in Singapore. He later joined Suntec City Development Pte Ltd as part of the pioneering team in the development of one of Singapore's largest private mixed-use projects comprising convention, exhibition, shopping and offices. He currently manages the investment portfolio which includes retail, commercial, hospitality, leisure and other asset management components of Sunway Berhad.

Dato' Ngeow was appointed to the Board of the Manager on 24 March 2010.

His directorship in public company is Sunway International Vacation Club Berhad.

BOARD OF DIRECTORS (CONT'D)

SARENA CHEAH YEAN TIH

Non-Independent Executive Director
Malaysian

Ms Sarena Cheah, aged 37, graduated from University of Western Australia with a Bachelor of Commerce (Accounting and Finance) Degree in 1994. She also obtained a Master Degree in Business Administration from Melbourne Business School in 2001.

Ms Sarena Cheah has been with Sunway Group since 1995, starting her career in the Corporate Finance and Group Internal Audit divisions. In 2000, she left to pursue her Master Degree in Business Administration at Melbourne Business School. Upon her return, she joined the Education and Healthcare divisions as Business Development Manager. In 2003, she rejoined the Corporate Finance division to lead the asset-backed securitisation exercise

for Sunway City Berhad, which was delisted from Bursa Malaysia Securities Berhad and converted to a private limited company in 2011. In 2006, she became the Sales & Marketing General Manager in the Property Development division before holding the position as the Director of Strategy & Corporate Development in 2009. She assumed her current position as the Executive Director of Strategy & Corporate Development of Sunway Berhad in August 2011.

Ms Sarena Cheah was appointed to the Board of the Manager on 25 August 2010.

Her directorships in public companies are Sunway Berhad, SunReit Capital Berhad, SunReit Unrated Bond Berhad (formerly known as Mega Revenue Sdn Bhd), Sunway Lagoon Club Berhad and she is the Alternate Director to Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling in Sunway Medical Centre Berhad.



TAN SRI AHMAD BIN MOHD DON **Independent Non-Executive Director** **Malaysian**

Tan Sri Ahmad, aged 64, graduated with an Honours Degree in Economics and Business from University of Wales, Aberystwyth, United Kingdom in 1969. He is a Fellow of Institute of Chartered Accountants in England and Wales as well as a Member of Malaysian Institute of Certified Public Accountants.

Tan Sri Ahmad started his career with the Corp of Accountants, Government of Malaysia from 1972 to 1974 before joining the private sector. He served as the Financial Controller from 1974 to 1980 in companies such as Syarikat Jengka Sdn Bhd, Mansfield Berhad and Pemas Securities Sdn Bhd where he was also the Company Secretary. In November 1980, he joined Permodalan Nasional Berhad as the Deputy General Manager and was involved in the planning and launching of the National Unit Trust Scheme in 1981. Subsequently in April 1982, he joined Malayan Banking Berhad as the General Manager of Treasury. During his service with Malayan Banking Berhad, he rose through the ranks of Senior General Manager and Board Member, then as Executive Director and in January 1991, he was appointed the Group Managing Director and Chief

Executive Officer, a position which he held until 1994.

In May 1994, Tan Sri Ahmad was appointed the Governor of Bank Negara Malaysia, a position which he held until August 1998.

Tan Sri Ahmad was appointed to the Board of the Manager on 25 August 2010 and he also serves as Chairman of the Audit and Remuneration Committees.

His directorships in public companies are MAA Group Berhad (formerly known as MAA Holdings Berhad) and Group, KAF Investment Bank Berhad, United Malacca Berhad, Hap Seng Plantations Holdings Berhad and J.P. Morgan Chase Bank Berhad.

NOTES:

1. Family Relationship with Director and/or Major Unitholder

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling is the father of Sarena Cheah Yean Tih. Both Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are major shareholders of Sunway Berhad, which is a major unitholder of Sunway REIT.

Save as disclosed above, none of the other Directors has any family relationship with any director of the Manager and/or major unitholder of Sunway REIT.



**WILLY SHEE PING YAH @
SHEE PING YAN**

**Independent Non-Executive Director
Singaporean**

Mr Willy Shee, aged 63, graduated from University of Auckland, New Zealand. He is an Associate Member of New Zealand Property Institute, a Fellow Member of Singapore Institute of Surveyors and Valuers (FSISV) and a Fellow Member of Association of Facilities & Property Management. He is an Honorary Advisor (Valuation) of Real Estate Developers' Association of Singapore (REDAS).

Mr Willy Shee is currently the Chairman (Asia) of CBRE Pte Ltd, a company listed on the New York Stock Exchange and is a leading real estate service

provider with more than 400 offices in more than 50 countries. He is also a Director of Ascendas Pte Ltd, NTUC Fairprice Co-operative Ltd, Lafe (Emerald Hill) Development Pte Ltd, Mercatus Co-operative Ltd, SLF Properties Pte Ltd, Bund Center Investment Ltd, Shanghai Golden Bund Real Estate Co. Ltd, CBRE Management (Pte) Ltd, Proper Investment Pte Ltd and OMB Pte Ltd.

Mr Willy Shee was appointed to the Board of the Manager on 24 March 2010 and he also serves as a Member of the Audit and Remuneration Committees.

He has no directorship in public companies in Malaysia.

**ELVIN A/L BERTY LUKE
FERNANDEZ**

**Independent Non-Executive Director
Malaysian**

Mr Elvin, aged 62, graduated from Institution of Surveyors Malaysia (ISM), now known as Royal Institution of Surveyors Malaysia (RISM).

He is currently the Managing Director of Khong & Jaafar Group of Companies, a Past President of Royal Institution of Surveyors Malaysia (Session 2010/2011), a former Member/Exco Member of the Board of Valuers, Appraisers & Estate Agents Malaysia (1993-2007) and a Past President of Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (2000/2002). He is also a Member of the Malaysian Association of Professional Property Managers and the Investigating Tribunal Panel of the BAR Council Malaysia.

Internationally, Mr Elvin is the Secretary General of ASEAN Valuers Association (2010/2014), a Past Chairman of International Valuation Standards Council (2007/2008), a Fellow of Royal Institution of Chartered Surveyors, United Kingdom, Honorary Member of Institution of Valuers India, Institute of Philippine Real Estate Appraisers, National Association of Valuers in Romania,

China Appraisal Society, Practising Valuers Association India and Indonesian Society of Appraisers. In May 2008, he was appointed as a consultant for the establishment of a Real Estate Investment Trust Framework (Valuation Aspects) by the Securities Commission of Pakistan.

Mr Elvin was awarded the "Property Consultant of the Year 2005" by the Board of Valuers, Appraisers & Estate Agents Malaysia on 12 January 2006. He was also conferred with "Professional Excellence" Award in the "Engineering, Construction & Property" category by Malaysian Professional Centre or Balai Ikhtisas Malaysia on 21 May 2011.

Mr Elvin was appointed to the Board of the Manager on 24 March 2010 and he also serves as a Member of the Audit and Remuneration Committees.

He has no directorship in public companies.

NOTES (cont'd):

2. Conflict of Interest

There was no conflict of interest during the financial year, save for the Directors' interests in Sunway REIT (as disclosed under Directors' Interests in the Analysis of Unitholdings) and the transactions with companies related to the Manager (as disclosed in the notes to the financial statements).



3. Conviction for Offences

None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.

4. Attendance of Board Meetings

The attendance of the Directors at Board Meetings held during the financial year ended 30 June 2012 is disclosed in the Corporate Governance Statement.

MANAGEMENT TEAM

ROLES OF THE KEY PERSONNEL OF THE MANAGER



From left to right:
Cheah Wing Choong
Chin Soon Yenn
Wai Sow Fun
Dato' Jeffrey Ng Tiong Lip
Crystal Teh Lay Ling
Chan Hoi Choy
Goh Hai Thun

CHIEF EXECUTIVE OFFICER

Leads the team of managers to plan overall strategies and ensure their effective execution to achieve the objectives of the Manager. The Chief Executive Officer plans and sets clear strategic directions, which are approved by the Board, and helps ensure long term sustainability of Sunway REIT.

INVESTMENT/ BUSINESS DEVELOPMENT MANAGER

Primary role is to develop investment strategies and grow Sunway REIT's portfolio through strategic acquisitions. The Investment/Business Development Manager shall actively identify, research and evaluate potential investment proposals that shall add value to the portfolio through potential future capital appreciation and/or yield accretive income growth. Active portfolio management is carried out continuously to maximise the portfolio's return in the long run.

CHIEF FINANCIAL OFFICER

In charge of the finance team, which is responsible for the financial management functions including monitoring of cashflow of Sunway REIT. Key functions of the finance team include monitoring and reporting financial performance of Sunway REIT as well as prepare relevant financial reports for statutory requirements. The finance team also develop and ensure effective implementation of the capital and cost structure of Sunway REIT.

ASSET MANAGEMENT TEAM

Comprises Asset Managers for Retail Properties and the Commercial Properties. The roles of the Asset Managers include formulating strategies and business plans to ensure continuous asset enhancement initiatives are carried out to enhance property income and values in the long run. The Asset Managers ensure effective execution of the asset management strategies of Sunway REIT.

INVESTOR RELATIONS MANAGER

Responsible for developing effective communications strategies with all stakeholders to achieve a fair valuation for Sunway REIT. This includes leading the investor relations team to ensure statutory reports are duly prepared, maintain continuous communications and disclosures as well as engaging with the investment community. The Investor Relations Manager ensures financial strategies as well as broader strategies of the Manager are effectively communicated to help project a consistent brand image to the market.

COMPLIANCE OFFICER

The Compliance Officer's key role is to ensure that the operations and conduct of the Manager are in compliance with the Deed and the relevant guidelines and regulations governing real estate investment trusts in Malaysia.

MANAGEMENT TEAM

PROFILE OF THE KEY PERSONNEL OF THE MANAGER

Wai Sow Fun

Chief Financial Officer

Wai Sow Fun was appointed on 16 May 2010. She has more than 20 years experience in auditing, corporate finance, financial accounting and management across a variety of industries including property development, property investment, leisure and hospitality. She started her career in Arthur Andersen & Co and left the firm as an Audit Senior prior to joining the Sunway Group in 1994 as an Assistant Finance Manager. She rose through the ranks and was the General Manager of Finance of Sunway City Berhad prior to joining the Manager. Ms Wai graduated from the University of Malaya, Malaysia with a Bachelors Degree (Hons) in Accounting and is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountant (MICPA).

Chin Soon Yenn

Compliance Officer

Chin Soon Yenn was appointed on 20 May 2010. He was the Legal Manager of the SunCity Group since 2007 and from August 2011, with Sunway Berhad upon the latter's successful acquisition of Sunway City Berhad and Sunway Holdings Berhad. Prior to joining SunCity Group, he was the Legal Manager and subsequently the Personal Assistant to the Chief Executive Officer of a public listed company ensuring compliance with all legal and listing requirements. Prior to that, he spent six years with Allworth Real Estate where he was responsible for the firm's legal matters and community outreach programmes (property conservation and performing arts). He is a member of Montfort Youth Centre, Melaka's Board of Governors since 2004. Mr Chin holds a LLB (Hons) from the University of Buckingham, United Kingdom.

Crystal Teh Lay Ling

Investor Relations Manager

Crystal Teh Lay Ling was appointed on 15 August 2011. Prior to joining the Manager, she was attached to OCBC Bank (Malaysia) Berhad as the Head of Investment and Research. She started her career as Investment Analyst in KL City Asset Management Sdn Bhd and

subsequently attached to TA Investment Management Berhad. During her career stint, she was also attached to Hong Leong Assurance Berhad, Phillip Capital Asset Management Sdn Bhd and RHB Investment Management Sdn Bhd where she collectively has more than 10 years experience in investment research, fund management and corporate strategy. Ms Crystal Teh graduated with a Bachelor of Science (Hons) Banking and Finance from University of London.

Cheah Wing Choong

Investment/Business Development Manager

Cheah Wing Choong was appointed on 20 May 2010, where he is responsible for the investment and business development for the Manager. He has also been the Chief Operating Officer of Sunway City Berhad, a company formerly listed on Bursa Malaysia Securities Berhad since 2009. He started his career in 1982 with Rahim & Co Chartered Surveyors Sdn Bhd undertaking property consultancy, valuation and property management work before joining Peat Marwick Consultants in 1990 to rehabilitate housing schemes under the Central Bank's "Revival of Abandoned Housing Scheme Fund." In 1992, he joined Tan & Tan Developments Berhad and subsequently IGB Corporation Berhad, serving as the Senior General Manager. During his 15 years at Tan & Tan/ IGB, he was involved in the asset and property management, marketing and leasing of the Group's commercial office property (including Mid-Valley City); property management of all the condominiums developed, land banking and property development. He subsequently joined Tradewinds Corporation Berhad in 2008 as the Chief Operating Officer. He is a Chartered Surveyor with the Royal Institution of Chartered Surveyors, United Kingdom, a Registered Valuer and a Fellow of the Royal Institution of Surveyors, Malaysia. Mr Cheah holds a Bachelors of Science (Hons) (Estate Management) degree from Heriot-Watt University, Scotland and an MBA from the University of Bath, England.

Chan Hoi Choy

Head of Retail Property

Chan Hoi Choy was appointed on 20 May 2010. He is also currently the Chief Executive Officer of Sunway Shopping Malls and Theme Parks namely Sunway Pyramid, Sunway Carnival, Sunway Giza, Sunway Putra Mall, Sunway Velocity, Sunway Lagoon and Lost World of Tambun, Ipoh. He spent his entire 29 years of his working career in shopping mall management and development. He has extensive working experience in general mall management, operations and marketing management of mall including Sungei Wang Plaza, Berjaya Times Square and Sunway Pyramid. He started his career in Sungei Wang Plaza in 1983 and spent 11 years in this successful shopping mall. His next career move was to Berjaya Starcity (now known as Time Square) where he was appointed as the General Manager and was responsible for the development of this major shopping mall in Kuala Lumpur City Centre from 1994 to 1999. He has also served as the Honorary Secretary and Vice President of Malaysian Association for Shopping & Highrise Complex Management (PPK) for the past 20 years. He is the current President of Malaysian Association for Shopping & Highrise Complex Management (PPK). Mr Chan is also the current Vice President of FIABCI-Malaysia & Country Director of Council of Asian Shopping Center (CASC). Mr Chan holds a Bachelor of Science (Hons) in Managerial and Administrative Studies from the University of Aston, Birmingham, United Kingdom.

Goh Hai Thun

Head of Commercial Properties

Goh Hai Thun was appointed on 20 May 2010. He is also currently the General Manager of Sunway Group where he heads the Property and Facility Management Division. Prior to his current position, he was the Chief Operating Officer of a public listed infrastructure company. He has more than 25 years of experience in real estate and facility management which includes township maintenance, high-rise office complexes, educational institutions, industrial buildings and condominiums. Mr Goh holds a MBA (Real Estate) degree from the University of Western Sydney, Australia.

SOARING SUCCESS

SYNERGY



The Wright Brothers worked together to solve problems they faced when inventing the airplane. Their combined efforts lead to their names going down in history as the inventors of the first successful airplane in 1903.

STEERING DYNAMIC GROWTH

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Sunway REIT is committed to steering dynamic growth and delivering long-term value to our stakeholders.

MESSAGE FROM THE CEO

“In tandem with the strong upsurge in income, we are pleased to announce a full year DPU of 7.5sen, representing a 14.0% increase compared to the preceding year.”



Dear valued stakeholders,

It is my pleasure to share with you our key accomplishments for the financial year ended 30 June 2012 (FY2012). I would like to use this platform to share some exciting developments and business strategies for the coming year.

Exhilarating and Rewarding Year

Sunway REIT has had an exhilarating and rewarding year. From the formation year when Sunway REIT was listed back in 2010, we have progressed to focus on implementing our growth strategies to pave ways to deliver sustainable DPU to unitholders.

Sunway REIT continued to deliver an impressive set of results in its second year of operation. NPI surged 22.6% y-o-y, contributed by strong performance from the retail and hotel segments as well as Sunway Putra Place. In tandem with the strong

upsurge in income, we are pleased to announce a full year DPU of 7.5sen, representing an increase of 14.0% compared to the preceding year.

Our resilient Sunway township assets in Sunway Resort City (“SRC”) comprising a retail mall, two hotels and an office representing RM3.5 billion asset value or 75.4% of our total asset portfolio have all continued to perform well in terms of revenue and NPI. Likewise, the assets in the township contributed RM302.6 million in revenue or 74.5% of total revenue for FY2012.

The star performer, Sunway Pyramid Shopping Mall, continued to be the main growth driver in our portfolio of assets underpinned by high occupancy and strong rental reversion. Sunway Pyramid Shopping Mall again proved its market dominance as vindicated by

the 16.3% rental reversion achieved in FY2012. Within the SRC, both the 5-star and 4-star rated hotels, Sunway Resort Hotel & Spa as well as Pyramid Tower Hotel benefited from the synergy of SRC, thriving tourism and commercial activities. Both hotels recorded higher occupancy rate than the industry average with average daily rates improving further.

The portfolio of assets enjoyed higher fair valuation from RM4.379 billion as at 30 June 2011 to RM4.630 billion as at 30 June 2012, affirming Sunway REIT’s position as the largest M-REIT by asset size. The higher fair valuation translated into higher net asset value (NAV) per unit of RM1.0968 as at 30 June 2012, representing a gain of 8.1% from the same period in the preceding year.

Another Year of Stellar Total Return

Sunway REIT has registered strong performance in unit price, demonstrating two consecutive years of stellar total return.

For FY2012, Sunway REIT delivered a total return of 28.0%, contributed by 5.5% from distribution yield and 22.5% from capital appreciation in unit price. The strong performance justified the market's recognition of our solid fundamentals underpinned by size and quality of assets, strong rental growth prospect, track record of management, strong cash flow and healthy balance sheet. The yield compression was also a result of the demand for REITs in times of volatility and uncertainties.

We are committed to deliver sustainable growth in income to unitholders through a combination of organic growth and acquisition growth strategies complemented by proactive capital management initiatives.

Assets Enhancement Focus

We constantly review our capital expenditure ("capex") plan to ensure all assets continue to perform competitively and in a sustainable manner in terms of market share and performance KPIs. Our asset enhancement initiative ("AEI") activities under implementation and planning stage will keep our asset managers proactively engaged in the medium term.

FY2012 was a year where the Manager focused on AEIs for various assets in the portfolio. We took conscious effort in embarking on accomplishing energy efficiency as part of our cost management strategy as well as part of our corporate responsibility ("CR") initiative. Sunway Pyramid Shopping Mall is currently undergoing retrofitting of chillers programme where all existing chillers are to be replaced with new chillers in order to achieve energy efficiency in accordance to the Green township recognition that SRC has

earned from the Green Building Index.

The construction of carpark and pedestrian connectivity between Menara Sunway and Sunway Resort Hotel & Spa has progressed well and will further enhance the integration of Sunway REIT's assets in SRC. Creation of an alfresco area above the carpark linkage will generate future rental income to the hotel and enhancement to the hotel's back of the house area will improve operational efficiency.

Meanwhile, Sunway Hotel Seberang Jaya is undergoing refurbishment to rejuvenate the hotel to maintain its competitiveness in the market. As the only branded 4-star hotel in Seberang Jaya, we are confident that Sunway Hotel Seberang Jaya will continue to lead.

For FY2013, one of the AEIs to be undertaken is the proposed refurbishment of Sunway Putra Mall which will be transformed into another new landmark retail asset in Kuala Lumpur.

Our planning is taking shape promptly and we are confident that the renovation will commence in 2HFY2013.

Please refer to AEI Programme on page 41 for the details.

Core Business Model - Growth via Acquisitions

Sunway REIT's key growth strategy premises on acquisition growth with a target to achieve total assets under management in excess of RM7.0 billion within the next 3-5 years through a combination of assets under Right of First Refusal ("ROFR") from our Sponsor as well as external acquisitions. The Manager targets to grow its assets by a CAGR of 8%-10% based on our medium-term business plan.

Our well defined core investment criteria set the guidelines for acquisition targets. The core investment criteria entail the following:

1. Retail assets and mixed use assets
2. High growth cities and townships in Malaysia
3. Large ticket size
4. Compatibility and synergistic to portfolio of assets

We are constantly eyeing retail assets and mixed use assets that are strategically located in large cities in Malaysia. Sunway REIT intends to remain retail centric with at least 60% of its portfolio in retail assets.

Being the only "township" REIT in Malaysia, most of our assets enjoy the vibrancy and cross business synergies within integrated townships. As Sunway REIT has the ROFR over Sponsor's assets which are mainly integrated developments or located within townships, we will evaluate the compatibility of these assets vis-a-vis our portfolio. We are confident that this inherent strength will support the future growth of our asset portfolio.

More Competition in the Property Market

The sub-sectors of the property market, ie. retail, hotel and office are heading towards more intense competition and over time, it is a survival of the fittest. Properties which are well managed in strategic and growth locations will continue to perform well whilst weaker assets will show mediocre performance.

Under such prevailing conditions, we are adopting a prudent approach and will remain very selective in our acquisition trail. As the market will self-adjust and stabilize over time and with our strong financials, we are well positioned to capitalize on new acquisition opportunities when they arise.

MESSAGE FROM THE CEO (CONT'D)

Retaining Dominant Position in M-REIT

In FY2012, Sunway REIT maintained our position as the largest M-REIT in terms of assets size and market capitalization despite increased competition. We believe competition is inevitable and the best approach in managing competition is through clearly defined growth strategies with good execution. We will continue to implement our growth strategies in order to maintain market dominance in M-REITs.

Our leadership position has placed us in the radar screen of international investors as size (asset size and market capitalisation) and liquidity are the main considerations to qualify for their screening requirement. We believe our proactive institutional investors' engagement activities coupled with education series to retail investors will continue to gain traction. We endeavour to continue with our existing efforts and simultaneously explore fund raising activities in increasing our unitholders' base.

Proactive Capital Management Yielding Results

Sunway REIT has embarked on a proactive Capital Management Programme ("CMP") to exploit the prevailing accommodative low interest rate environment. It is the business strategy of the Manager to actively manage the capital structure in optimizing cost of capital as well as managing risks.

The CMP was initiated back in FP2011 with the intention of managing our cost of funds and loan profile through a medium term note programme. The interest rate outlook had reversed since then and monetary policy is expected to remain accommodative on benign inflation and softer economic outlook.

In tandem with the interest rate outlook expectations, we replaced the proposed medium term notes programme with a fully underwritten 7-year commercial papers programme of up to RM1.6 billion in nominal value rated P1(S) by RAM Ratings. The decision for the latter option was primarily due to additional interest savings that can be potentially derived from the programme.

Other CMP initiatives are discussed in detailed in the capital management section.

The CMP initiative is a demonstration of the Manager in undertaking active role in monitoring the market and take opportunity of the accommodative monetary policy environment.

Through the CMP, the Manager managed to lower the cost of debt from 4.65% as at 30 June 2011 to 3.73% as at 30 June 2012. We will strive to ensure that the average cost of debt remain at 4% or lower.

The differential in interest cost will translate into interest savings that will flow directly to the bottom line and distributable income to unitholders of Sunway REIT. However, as 80% of the debt is on floating basis, we will be converting most of these floating rate facilities into fixed rate via interest rate swaps when the prevailing low interest environment reverses. By doing so, the interest savings could be maintained for the coming years.

Message to Unitholders

We congratulate you for investing in Sunway REIT. As unitholders of Sunway REIT, unitholders realize the advantage of a diversified asset class portfolio in an inevitable oversupply of retail malls,

hotels and office in the foreseeable future. As we continue to grow our assets under management, we are committed to remain a retail centric REIT with at least 60% of retail assets in our total asset portfolio.

With incoming supply of approximately 3.2 million square feet in Petaling Jaya over the next 2 years, we will continue to work closely with our asset managers to ensure that our trophy asset Sunway Pyramid Shopping Mall retains its position as a leading regional shopping mall in the country. We are confident that new supply will not dent our performance because of our extensive experience, strong management and growth of SRC township.

We foresee softer performance in the office sector due to oversupply situation, yet the lower income contribution is expected to have minimal implication on our overall financial performance. Whilst economic condition may take a softer path, we see potential acquisitions opportunities.

We are committed to execute and implement our planned strategies to enhance value for you, our unitholders. Our aspiration is to implement strategies that create values for you and Sunway REIT on a sustainable basis.

Yours truthfully,



Dato' Jeffrey Ng Tiong Lip
CEO

Sunway REIT Management Sdn Bhd
7 August 2012

FINANCIAL REVIEW

	FY2012 RM'000	FP2011 ¹ RM'000
Gross revenue	406,426	327,416
Net property income	299,198	244,015
Profit for the year/period	420,463	553,663
Net income (realised)	190,583	167,311
Income available for distribution (realised)	202,114	176,813
EPU (sen) ²	15.6	20.6
DPU (sen)	7.5	6.6
Annualised DPU (sen)	7.5	6.7

Sunway REIT recorded revenue of RM406.4 million in FY2012, an increase of 24% compared to RM327.4 million in FP2011.

Net property income (NPI) was RM299.2 million representing a growth of 23% against RM244.0 million in the prior financial period.

All 3 segments have recorded strong growth in revenue and NPI of above 19%, substantially contributed by Sunway Putra Place. Sunway Putra Place which comprises a retail mall, a hotel and an office tower was acquired via a public auction held on 30 March 2011. The acquisition was completed on 19 April 2011 but the Manager only secured full control and possession of the property on 28 September 2011 following the Court of Appeal's decision which dismissed appeals filed by the previous owner thus affirming that the Trustee is the rightful owner. The previous owner's application for leave to appeal has similarly been dismissed by the Federal Court on 20 February 2012. Sunway Putra Place contributed revenue of RM49.6 million and NPI of RM31.1 million for FY2012 compared to revenue of RM2.3 million and NPI of RM0.2 million in FP2011 (from completion date of 19 April 2011 to 30 June 2011 which is approximately 2.5 months).

	Gross Revenue			Net Property Income		
	FY2012 RM'000	FP2011 ¹ RM'000	Growth %	FY2012 RM'000	FP2011 ¹ RM'000	Growth %
Sunway Pyramid Shopping Mall	228,509	208,181	9.8%	162,299	148,363	9.4%
Sunway Carnival Shopping Mall	28,197	24,632	14.5%	16,050	13,372	20.0%
Suncity Ipoh Hypermarket	4,552	4,120	10.5%	4,222	3,824	10.4%
Sunway Putra Mall ³	31,010	634	4791.2%	17,120	(364)	4603.3%
Total for Retail Segment	292,268	237,567	23.0%	199,691	165,195	20.9%
Sunway Resort Hotel & Spa	35,119	30,557	14.9%	34,043	29,371	15.9%
Pyramid Tower Hotel	22,758	20,034	13.6%	22,374	19,659	13.8%
Sunway Hotel Seberang Jaya	4,611	5,069	-9.0%	4,406	4,865	-9.4%
Sunway Putra Hotel ³	9,067	-	-	8,151	(740)	1201.5%
Total for Hotel Segment	71,555	55,660	28.6%	68,974	53,155	29.8%
Menara Sunway	16,213	15,561	4.2%	11,881	10,726	10.8%
Sunway Tower	16,828	16,962	-0.8%	12,775	13,636	-6.3%
Sunway Putra Tower ³	9,562	1,666	473.9%	5,877	1,303	351.0%
Total for Office Segment	42,603	34,189	24.6%	30,533	25,665	19.0%
TOTAL PORTFOLIO	406,426	327,416	24.1%	299,198	244,015	22.6%

¹ Sunway REIT was established on 20 May 2010 and the acquisition of the properties was completed on listing date, 8 July 2010. The financial results reported refers to the period from 20 May 2010 to 30 June 2011 (FP2011).

² Includes unrealised earnings arising mainly from gain on fair valuation of 8.55 sen per unit (FP2011 - 14.4 sen per unit).

³ Acquisition completed on 19 April 2011 but full control and possession secured on 28 September 2011.

FINANCIAL REVIEW (CONT'D)

Sunway Pyramid Shopping Mall, Sunway REIT's key contributor, with occupancy of 99.1% as at 30 June 2012 registered increase of 9.8% and 9.4% in revenue and NPI respectively. The strong growth was due to the full year impact from its major rental renewal exercise during FP2011 being captured in the financial year. During FP2011, 65.4% or 1.1 million sq. ft. was renewed at 16.3% (3 year step-up) rental increase. The current year rental renewal involving 19.2% or 327,326 sq. ft. at 16.3% (3 year step-up) increase also contributed to its performance, affirming its position as Malaysia's Most Favourite Mall 2012 and reflect the robustness and vibrancy of Sunway Resort City. Sunway Carnival Shopping Mall delivered an impressive 14.5% and 20% growth in revenue and NPI respectively with improved occupancy from 86.3% as at 30 June

2011 to 94.7% as at 30 June 2012. Sunway Putra Mall's average occupancy during the financial year was 79.8% as the Manager strives to maintain operations at the current level prior to its impending closure for a complete refurbishment exercise expected to commence in the 1st quarter of calendar year 2013.

Located within Sunway Resort City and benefiting from the synergy of the township, thriving tourism and commercial activities, Sunway Resort Hotel & Spa and Pyramid Tower Hotel both recorded double digit growth in revenue and NPI. Sunway Resort Hotel & Spa's average occupancy rate had grown from 69.4% in FP2011 to 76.0% in FY2012. Pyramid Tower Hotel had similarly achieved a higher average occupancy rate of 83.1% in FY2012 compared to 80.9% in FP2011.

Sunway Hotel Seberang Jaya which is located on the mainland of Penang registered a decline of 9.0% and 9.4% in revenue and NPI respectively as it undertakes a progressive refurbishment exercise to maintain its competitive advantage. The refurbishment is expected to be completed by 1st quarter of calendar year 2013. Sunway Putra Hotel achieved a commendable average occupancy rate of 59% from the period 28 September 2011 (date that the Manager obtained full control and possession from the previous owner) to 30 June 2012, rebuilding the business from an occupancy of approximately 20% at the point of take over. The Manager intends to refurbish the property on a progressive basis and thereafter reposition the property to improve its yield.

Performance Benchmark

	FY2012	FP2011 ¹	
i. Management expense ratio	0.98%	0.83%	Management expense ratio of 0.98% (FP2011: 0.83%) is comparable to the top five M-REITs (in terms of market capitalisation) which ranges from 0.26% - 1.16%. The increase in management expense ratio was due to higher Manager's fees and legal fees incurred for Sunway Putra Place and refinancing expenses of existing borrowings.
ii. Total return	28.0%	29.3%	Total return for the financial year was 28.0% (FP2011: 29.3%) whereby capital gain was 22.5% (FP2011: 23.3%) plus distribution yield of 5.5% (FP2011: 6.0%).
iii. Average annual return	28.7%	29.3%	The average annual return for 2 years since listing is 28.7%.
iv. Annualised distribution yield	5.5%	6.0%	Distribution yield has compressed from 6.0% to 5.5% with the steady increase in price from RM1.11 as at 30 June 2011 to RM1.36 as at 30 June 2012. At a yield of 5.5%, investment in Sunway REIT remains attractive due to its positive attributes of biggest market capitalisation, asset size, liquidity, free float and growth prospects.
v. NAV per Unit (RM)	1.0968	1.0151	NAV per unit was RM1.0968 (FP2011: RM1.0151), an increase of 8.1% arising mainly from revaluation of the properties.

- Ratio of expenses incurred in operating Sunway REIT (excluding property operating expenses and interest expense but including Manager's fee, Trustee's fee and other trust expenses) to the NAV of Sunway REIT.
- Total return represents the change in unit price during the year (FP2011: from listing date of 8 July 2010 to 30 June 2011) plus distribution yield for the period.
- Average annual return is the sum of the return rates of Sunway REIT over a given number of years divided by that number of years.
- Based on DPU of 7.5 sen (FP2011: annualised DPU of 6.7 sen) divided by its closing price as at 30 June 2012 of RM1.36 (30 June 2011: RM1.11).
- Net asset value of Sunway REIT as determined by deducting the value of all Sunway REIT's liabilities and proposed final income distribution from the total asset value, divided by total issued units.

Menara Sunway chalked up an NPI growth of 10.8% although revenue improved by 4.2% due to better management of operating expenses. Sunway Tower's average occupancy declined from 97.0% to 93.5% during the financial year due to non-renewal by tenants. Sunway Putra Tower also saw its occupancy declined from an average of 98.7% in FP2011 to 85.2% in FY2012 due to non-renewal by tenants. The Manager will be undertaking a

refurbishment exercise of the property to reposition and to rebalance tenancy mix post refurbishment.

Profit for FY2012 amount to RM420.5 million comprising realised profit of RM190.6 million and unrealised profit arising mainly from fair value gain of RM229.9 million. Profit for FP2011 was RM553.7 million with realised and unrealised amount of RM167.3 million and RM386.4 million respectively. The

realised profit for FY2012 of RM190.6 million represent an increase of 14.0% compared to FP2011 with Sunway Putra Place contributing RM5.6 million as opposed to a loss of RM4.8 million in FP2011.

Total income available for distribution was RM202.1 million translating to a DPU of 7.5 sen, an increase of 14.0% from the DPU of 6.58 sen in FP2011.

Fair Value Gain
RM 230 million

Fair Value Of Investment Properties

	Fair Value @ 30.6.2012 RM'million	Fair Value @ 30.6.2011 RM'million	Fair Value Gain / (Loss) RM'million	Property Yield FY2012 %
Retail				
Sunway Pyramid Shopping Mall	2,540	2,345	195	6.4
Sunway Carnival Shopping Mall	257	250	7	6.3
SunCity Ipoh Hypermarket	55	50	5	7.7
Sunway Putra Mall	248	246	2	6.9
	3,100	2,891	209	6.4
Hotel				
Sunway Resort Hotel & Spa	508	495	13	6.7
Pyramid Tower Hotel	295	280	15	7.6
Sunway Hotel Seberang Jaya	57	56	1	7.7
Sunway Putra Hotel	240	240	-	3.4
	1,100	1,071	29	6.3
Office				
Menara Sunway	150	138	12	7.9
Sunway Tower	190	189	1	6.7
Sunway Putra Tower	90	90	-	6.5
	430	417	13	7.1
TOTAL PORTFOLIO	4,630	4,379	251	6.5
Less : Capital expenditure			(21)	
Fair Value Gain			230	

OPERATIONS REVIEW

ORGANIC GROWTH & KEY OPERATION DATA

Asset Enhancement Initiatives

Sunway Putra Mall Refurbishment

Asset enhancement initiatives were Sunway REIT's key focus during the financial year with the refurbishment plans for Sunway Putra Mall being a key project. The Manager has received the development order for the refurbishment plan and will be submitting building plan for approval to the authority. Refurbishment work is expected to commence in the 1st quarter calendar year 2013 and will take approximately 15–18 months to complete. The preliminary estimate of the refurbishment cost is RM200 million subject to finalisation of building plan and specifications. The GFA is expected to increase by approximately 90,000 sq. ft.

Besides creating a new identity, the refurbishment also aims to significantly improve the retail layout plan, connectivity, traffic circulation and carpark facility. Post refurbishment, the Manager plans to position it as a lifestyle urban-chic mall that caters to the mid and mid-upper clientele with merchandise mix from the low bridge to the fashion edge spectrum. The Manager is confident of doubling the NPI contribution from the property post refurbishment.

Other key projects being undertaken during the financial year were as follows:



Existing Sunway Putra Mall's Atrium



Artist's Impression - Proposed Sunway Putra Mall's Atrium



Artist's Impression - Sunway Resort Hotel & Spa's carpark, pedestrian linkages and alfresco area

Sunway Pyramid Shopping Mall

a) Chillers Retrofit

The project involves replacement of 8 units of chillers with higher energy efficient equipments to reduce energy consumption. The project is estimated to cost RM18.6 million and projected to result in annual energy savings of approximately RM3 million. The completion date is expected to be 1st quarter calendar year 2013.

b) Canopy Walk

This involves enhancement to the outdoor alfresco area from the east to the main entrance of Sunway Pyramid Shopping Mall. Besides creating an additional NLA of approximately 1,300 sq. ft., the enhancement which was completed in early 2012 also enabled average rental rate of the existing area of 10,600 sq. ft. to improve more than double from an average of RM4.73 per sq. ft. to RM10.00 per sq. ft.

Sunway Resort Hotel & Spa Carpark, pedestrian linkages, alfresco area and hotel back of house enhancement

The project involves the integration of underground carpark from the hotel to The Pinnacle (an office development by the Sponsor) to Menara Sunway and pedestrian linkage above ground. The Pinnacle has approximately 1,000 carpark bays which are conveniently accessible by shoppers to Sunway

Pyramid Shopping Mall during the weekends and peak season when the demand for carpark space is high. The office staff and visitors from Menara Sunway and The Pinnacle can similarly access the ample carpark space at Sunway Pyramid Shopping Mall on weekdays. Currently, the carpark facility at Sunway Pyramid Shopping Mall is integrated to Sunway Resort Hotel & Spa and this project serves to complete the integration. The pedestrian linkway above ground creates an easy, safe and comfortable access between Menara Sunway to Sunway Resort Hotel & Spa and Sunway Pyramid Shopping Mall; thus encouraging greater footfall from the offices.

Both underground and above ground linkages are expected to create greater business synergies between the office, hotel and retail properties within Sunway Resort City.

An alfresco area with an NLA of approximately 35,000 sq. ft. will be developed above the carpark linkage and is expected to generate rental income to the hotel.

In conjunction with the integration, the hotel's loading dock is relocated and a new centralised receiving bay and kitchen are built to enhance operations efficiency.

This project is estimated to cost RM61.5 million and is expected to be complete by early 2014.

Sunway Hotel Seberang Jaya Refurbishment

Sunway Hotel Seberang Jaya is undergoing a comprehensive refurbishment exercise to re-define it with a contemporary and vibrant concept to meet the needs and

expectations of more discerning travellers. The exercise with an estimated cost of RM17 million is expected to be completed by 1st quarter calendar year 2013 and upon completion, will enable the hotel to yield up its business.

Menara Sunway Expansion project

The Menara Sunway expansion project with an estimated cost of RM4.5 million will increase its NLA by approximately 11,000 sq. ft. when completed by 3rd quarter calendar year 2012.

Menara Sunway is enjoying almost full occupancy due to a captive market and the additional NLA will be immediately occupied by a tenant upon completion.



Sunway Hotel Seberang Jaya - Refurbished ballroom



Sunway Hotel Seberang Jaya - Fully renovated guest room

AEI Programme	FP2011	FY2012	FY2013	FY2014	Total Project Cost RM'mil	Total incurred as at 30 June 2012 RM'mil
Completed						
Sunway Resort Hotel & Spa - Fuzion & Pool side	<div><div></div></div>				13.8	13.8
Sunway Pyramid Shopping Mall - Canopy Walk		<div><div></div></div>			4.2	4.2
Ongoing						
Sunway Pyramid Shopping Mall - Chillers retrofit		<div><div></div></div>	<div><div></div></div>		18.6	0.8
Sunway Hotel Seberang Jaya - Refurbishment		<div><div></div></div>	<div><div></div></div>		17.4	1.0
Menara Sunway - Expansion		<div><div></div></div>	<div><div></div></div>		4.5	-
Sunway Resort Hotel & Spa - Linkages		<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	61.5	12.9
Sunway Putra Mall - Refurbishment			<div><div></div></div>	<div><div></div></div>	200.0	0.3
Total					320.0	33.0

OPERATIONS REVIEW (CONT'D)

RENTAL RENEWALS

Rental Rate Increase

13.3%

A total of 306 tenancies representing 23.0% of the total NLA of the retail and office portfolio had been renewed with a rental increase of 13.3%¹, mainly attributable to Sunway Pyramid Shopping Mall which recorded an increase of 16.3%¹.

Properties	New and renewed tenancies		Due for renewal		Retention rate	Total rental increase in 3 years) ¹
	Number	NLA sq. ft.	NLA sq. ft.	% of property NLA		
Sunway Pyramid Shopping Mall	207	327,326	327,326	19.2%	100.0%	16.3%
Sunway Carnival Shopping Mall	49	81,636	81,636	16.7%	100.0%	10.6%
Sunway Putra Mall	24	27,393	27,393	5.4%	100.0%	28.2% ²
Menara Sunway	14	83,035	86,057	31.1%	96.5%	4.8%
Sunway Tower	10	199,727	241,562	90.0%	82.7%	4.5%
Sunway Putra Tower	2	14,333	53,276	16.8%	26.9%	17.4% ²
Total Portfolio³	306	733,450	817,250	23.0%	89.7%	13.3%

¹ Increase for 3 years including step up rent

² The substantial increase was due to alignment of current low rental rates to market rent

³ Exclude hotel properties which are under 10-year hotel master leases due in July 2020 and September 2021

LEASE EXPIRY PROFILE

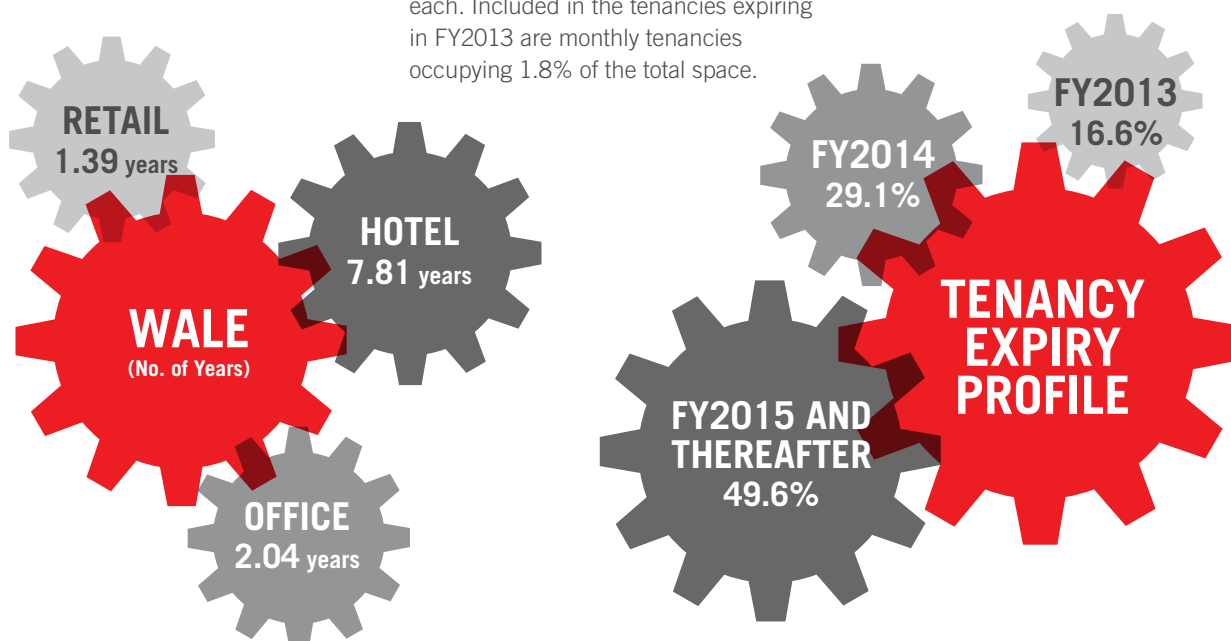
Weighted Average Lease Expiry

2.32 years

The portfolio enjoys a well-spread lease expiry profile with 16.6%, 29.1% and 49.6% of NLA expiring in FY2013, FY2014, FY2015 and thereafter respectively. The majority of the tenancies are three-year tenancies with renewal option for another three year term, subject to renewal at market rates. Certain anchor tenants or major tenants have the option to renew their tenancies for four terms of three years each. Included in the tenancies expiring in FY2013 are monthly tenancies occupying 1.8% of the total space.

The hotel master leases are for a term of 10 years expiring in July 2020 and September 2021 with the option to renew for another 10 years and these represent 25.8% and 13.3% of the total space of the portfolio.

The weighted average lease expiry (WALE) as at year end was 2.32 years compared to 3.01 years as at last year.



TOP 10 TENANTS

Sunway REIT has a diverse tenant mix comprising over 1,100 tenancies and three hotel master leases. The 10 largest tenants account for approximately 18.9% of total revenue.

Top 10 tenants

18.9%
of total revenue

Top 10 tenants by total revenue

Tenant	Trade	Tenancy expiry date ²	% of total revenue ¹
Parkson Corporation Sdn Bhd	Department Store	31 Oct 2012 to 31 Aug 2013	5.7
Ranhill Worley Parsons Sdn Bhd	Consultancy (Oil & Gas)	30 June 2015	3.9
Aeon Co (M) Berhad	Department Store	29 Sept 2013	1.7
Suruhanjaya Koperasi Malaysia	Government Agency	30 June 2013	1.6
GCH Retail (Malaysia) Sdn Bhd (Giant)	Supermarket	28 April 2014	1.5
TGV Cinemas Sdn Bhd	Cinema	22 July 2015	1.2
Sunway Resort Hotel Sdn Bhd	Convention Centre	31 Dec 2013	1.0
Golden Screen Cinemas Sdn Bhd	Cinema	30 Sept 2013	0.8
Sunway Management Sdn Bhd	Management Services	31 Dec 2013	0.8
Maxis Mobile Sdn Bhd	Communication	31 Dec 2012 to 14 May 2015	0.7
			18.9

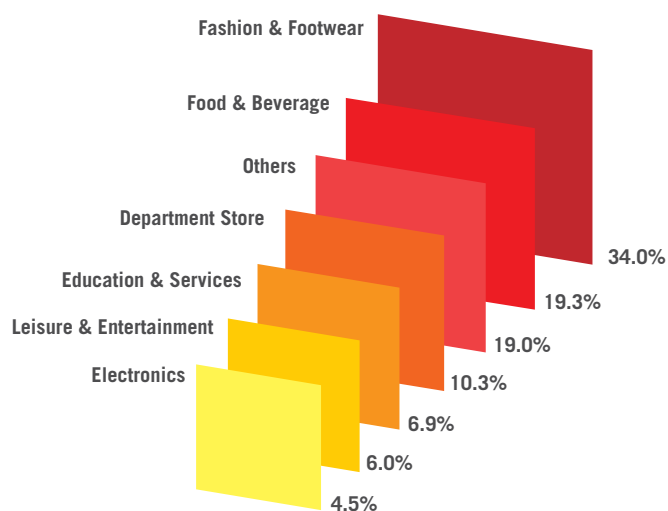
¹ Based on total gross income for the month of June 2012, excluding hotel master lease rental income and carpark tenancies

² In cases where leases have more than one expiry date (i.e. the tenants have several leases), lease expiry dates are shown as a range

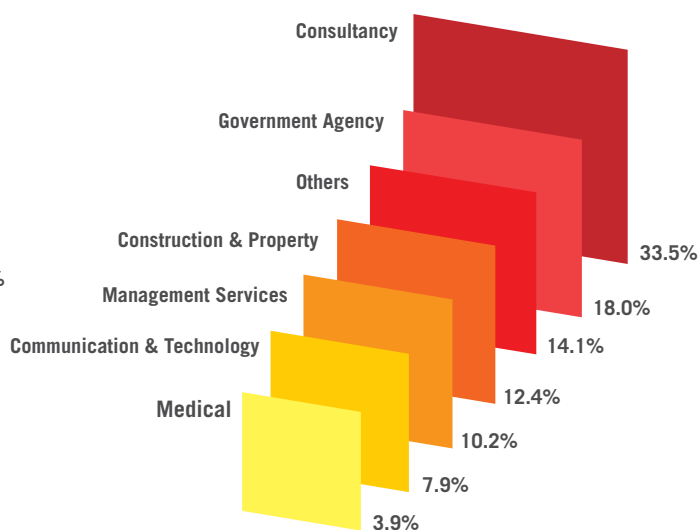
TRADE SECTOR ANALYSIS

The portfolio's diversified tenant mix operate in a wide range of sectors. The top three trade mix for the retail properties are fashion & footwear followed by food & beverage and others comprising various trades such as gifts, pharmaceutical, optical, etc. For the office properties, the top three sectors are consultancy, government agency and others comprising education, trading, marketing, etc.

Trade sector analysis – Retail Properties



Trade sector analysis – Office Properties



CAPITAL & RISK MANAGEMENT

FY2012

Total Borrowings

RM 1.568 billion

Gearing

33.5%

Debt Service Cover Ratio

3.8 times

Cost of debt as at 30 June

3.73%

Average cost of debt

4.45%

FP2011

Total Borrowings

RM 1.573 billion

Gearing

35.3%

Debt Service Cover Ratio

3.7 times

Cost of debt as at 30 June

4.65%

Average cost of debt

4.54%

CAPITAL MANAGEMENT

The Manager aims to optimise Sunway REIT's capital structure and cost of capital within the borrowing limits in the REIT Guidelines. The Manager's ongoing capital management strategy involves adopting and maintaining an appropriate prudent gearing level and adopting an active interest rate management strategy to manage the risks associated with interest rates.

The Manager intends to implement this strategy by;

- diversifying sources of debt funding
- maintaining a reasonable level of loan interest service capability
- securing the most favourable terms of funding
- managing its financial obligations
- where appropriate, managing the exposure arising from adverse market interest rates through appropriate hedging strategies
- actively manage the range of maturities to reduce refinancing risk and optimize cost of capital

During the financial year, the Manager has successfully restructured and refinanced Sunway REIT's term loan facilities comprising;

- RM1 billion term loan with tenor of 2 years (RM300 million), 3 years (RM400 million) and 4 years (RM300 million) whereby RM600 million was on a floating rate basis and RM400 million on a fixed rate basis; and
- RM514 million 5-year floating rate term loan

with the following facilities:-

- USD 100 million (RM310.8 million) 3-year fixed rate term loan facility with a cross currency swap thus eliminating any currency and interest rate exposures

- A 7-year commercial paper programme (CP Programme) of up to RM1.6 billion in nominal value. The CP Programme has been accorded a rating of P1(s) by RAM Rating Services Berhad and is fully underwritten by a financial institution. The programme limit of the CP Programme shall be as follows:
 - (a) RM1.25 billion in nominal value for the first three (3) years from the date of first issuance; and
 - (b) RM1.6 billion in nominal value thereafter until expiry of the CP Programme

The amount of CP outstanding as at 30 June 2012 was RM550 million in nominal value.

- A RM1.25 billion unsecured revolving loan facility (RL Facility). The outstanding amount drawn under the RL Facility when added together with the outstanding amount under the CP Programme should not exceed RM1.25 billion.

As at 30 June 2012, the amount outstanding under the RL Facility was RM700 million.

Pursuant to the restructuring and refinancing exercise, the cost of debt has been brought down from 4.65% as at 30 June 2011 to 3.73% as at 30 June 2012. The ratio of floating rate facility has accordingly increased from 67% to 80% to capitalise on the favourable interest rates of the CP Programme and RL Facility. The Manager will closely monitor the interest rate environment and plans to convert the floating rate to fixed rate via interest rate swaps when the situation warrants. The Manager will endeavour to maintain the average cost of debt at 4% per annum or lower translating into interest savings of approximately RM10 million per annum.

Prior to the completion of the above mentioned restructuring and refinancing exercise, the Manager had taken temporary facilities amounted to RM925 million with the aim of reducing cost of debt by 0.25%. This exercise resulted in total savings of about RM0.5 million during the period.

On 9 July 2012, the Securities Commission has granted approval to Sunway REIT for the establishment of a 15-years unrated medium term note programme (Unrated MTN) of up to RM1.0 billion in nominal value. Upon the issuance, the ratio of fixed rate borrowings will be increased accordingly.

RISK MANAGEMENT

The Manager adopts a robust risk management framework that enables it to continuously identify, evaluate, mitigate and monitor risks that affect Sunway REIT in achieving its objectives within defined risk parameters in a timely and effective manner. All identified risks are recorded in a risk management scorecard to facilitate systematic review and monitoring.

The risk management process is integrated with the business processes, enabling proper risk management at operation level of each property as well as the fund level. Risks identified shall be systematically evaluated with proper mitigating action plans developed to manage the risks to an acceptable level and monitored on continuous basis.

Key risks factors:

- **Acquisition & Investment Risk**

Risk that assets are not yield accretive and distort existing portfolio which is retail focused or difficulty in acquiring quality assets. The Manager remains very selective and manages such risk by evaluating potential acquisitions against an approved investment criteria.

- **Valuation risk**

Risk that assets may suffer a decline

in value thus affecting profitability and gearing. Such a situation may occur if the asset suffers a decline in occupancy and rental rates. The Manager ensures that all the assets under management maintains its high occupancy level and rental rates by adopting various asset management strategies such as developing strong relationship with tenants, providing value-added property related services to tenants, improving tenancy mix, reduce reliance on major tenants, organising promotional activities to attract customers to the properties etc. Further, the Manager continuously reviews the quality of asset management to ensure it meets relevant needs at both REIT and asset level.

The diversification of Sunway REIT's portfolio further mitigates risk of weaker market in certain sub-sectors of the property market.

- **Financing & refinancing risk**

Risk that fundings will not be available from banks or debt capital market to meet requirements when due. To mitigate such risks, the Manager has established a 7-year commercial paper programme (CP Programme) of up to RM1.6 billion in nominal value to diversify the sources of debt funding. The CP programme has been accorded a rating of P1(s) by RAM Rating Services Berhad and is fully underwritten by a financial institution. The Manager also intends to establish a 15-year unrated medium term note programme ("Unrated MTN Programme") of up to RM1.0 billion in nominal value.

The CP Programme is on floating rate basis whilst the Unrated MTN Programme is on fixed rate basis. The programmes with different maturity profile will enable a more manageable refinancing when due.

- **Liquidity risk**

Risk that funds are inadequate to meet obligations. The Manager, working together with the Asset

Manager actively and continuously monitors the debtors ageing record of tenants. The Asset Manager shall promptly engage with tenants who are slow in making payments; and will take necessary actions against such tenants. As at 30 June 2012, debtors turnover is approximately 12.7 days and do not pose any significant risk to Sunway REIT.

- **Interest rate risk**

Risk that adverse movements in floating interest rates will affect financial performance. As at 30 June 2012, approximately 80% of the total outstanding borrowings of Sunway REIT comprised commercial papers issued under the CP programme and a revolving loan which was on floating rate basis to capitalise on the favourable interest rate of such facilities. The Manager closely monitors the interest rate environment and plans to convert the floating rate to fixed rate via interest rate swaps when the situation warrants. The Manager intends to further improve the balance between floating and fixed rate facilities upon the establishment of the Unrated MTN Programme.

- **Business/Market risk**

Risk that the properties face decline in revenue due to poor market condition, competition and geographical concentration. The Manager will ensure that the asset manager collaborates closely with the sponsor, Sunway Bhd, to leverage on and seek to maximise the operating synergies between the properties in the Sunway REIT portfolio and the surrounding developments within the townships that are master-planned and developed by the Sponsor. The Manager will also actively identify and capitalise on potential asset enhancement initiatives within the portfolio to maintain market position and competitiveness. The Manager will address the geographical concentration risk of its portfolio at Sunway Resort City by its strategy to acquire properties at other key growth cities throughout Malaysia.

INVESTOR & MEDIA RELATIONS

Key objective:

To ensure effective communication to all stakeholders via continuous disclosure, active engagement and building good long term relationships with unitholders, media and investment community.

In stakeholders engagement initiatives, Sunway REIT has actively participated in extensive institutional investors conferences, retail investors roadshows,

one-on-one management meeting and property visits to allow the respective stakeholders to keep abreast with the latest developments of Sunway REIT.

In this financial year, Sunway REIT has commenced periodic analysts and fund managers briefing for the release of quarterly financial results as well as upon material development in Sunway REIT.

Institutional Investors Conference

Sunway REIT has participated in 8 investors conferences both in Malaysia and abroad for FY2012. These investors conferences are predominantly targeted at institutional investors and industry players.

Date	Investors Conferences	Location
16 Aug 2011	CIMB ASEAN REIT Conference 2011	Singapore
6 -7 Sept 2011	UBS ASEAN Conference 2011	Singapore
15 Sept 2011	Deutsche Bank Access Malaysia and Singapore Corporate Day 2011	Singapore
16 Feb 2012	RHB Property and REIT Day 2012	Kuala Lumpur
1 Mar 2012	Bank of America Merrill Lynch ASEAN Stars 2012	Singapore
27 Mar 2012	JP Morgan Asia Pacific Real Estate Conference 2012	Singapore
10 – 11 May 2012	Citi Asia Pacific Property Conference 2012	Singapore
25 – 26 June 2012	ASLI Real Estate Investment Trusts (REIT) Conference 2012	Kuala Lumpur

Management Meetings and Property Visits Summary

Institutional Investors	Local	Foreign	Total
Management Meetings	37	63	100
Property Visits	-	6	6

Analysts and Fund Managers Briefing

Date	Local	Mode of communication
9 Feb 2012	2nd Quarter FY2012 Earnings Briefing	Teleconferencing
14 March 2012	Analysts and Fund Managers Briefing on Proposed Refurbishment of Sunway Putra Mall	Group Presentation
25 April 2012	3rd Quarter FY2012 Earnings Briefing	Teleconferencing



Media Briefing on Proposed Refurbishment of Sunway Putra Mall



Analysts and Fund Managers Briefing on Proposed Refurbishment of Sunway Putra Mall

Retail Investors Roadshow

Sunway REIT is committed to investors education for retail investors in promoting REIT. Sunway REIT has actively participated in various retail

investors roadshows nationwide via collaboration with Bursa Malaysia Berhad and Malaysia REIT Managers Association ("MRMA").

For FY2012, Sunway REIT has participated in 7 retail investors roadshow in various locations in Malaysia.

Date	Retail Investors Roadshow	Location
30 July 2011	MRMA Retail Roadshow	Kota Kinabalu
13 Aug 2011	Bursa Malaysia Investors Knowledge: Introduction to REIT	Kuala Lumpur
10 Sept 2011	Bursa Malaysia Investors Knowledge: Introduction to REIT	Kuala Lumpur
8 Oct 2011	Bursa Malaysia Investors Knowledge: Introduction to REIT	Kuala Lumpur
3 Dec 2011	Market Chat: Introduction to REIT	Kuala Lumpur
10 Dec 2011	Market Chat: Introduction to REIT	Kota Kinabalu
28 April 2012	Market Chat: Introduction to REIT	Johor Bahru



ASLI REIT Conference 2012

Research Coverage for FY2012

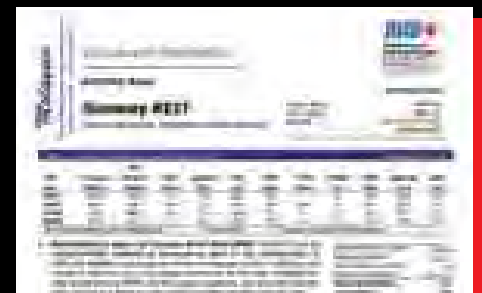
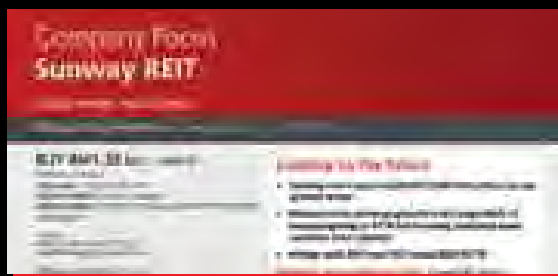
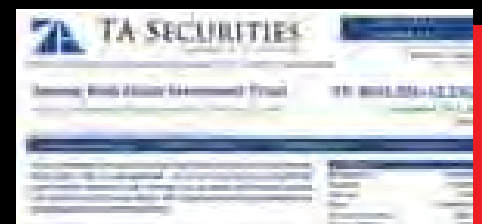
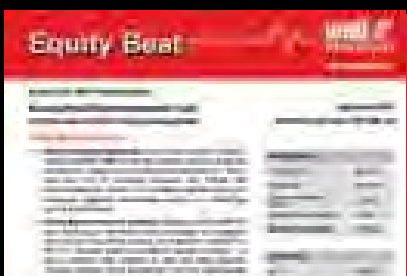
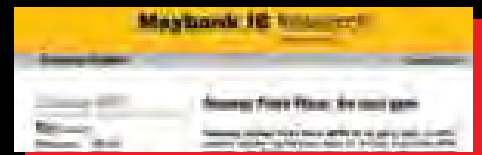
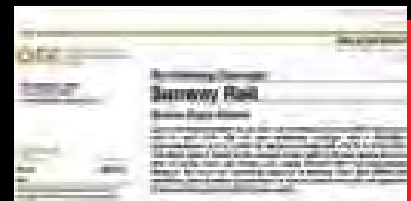
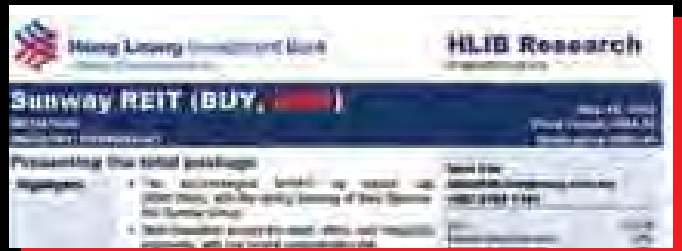
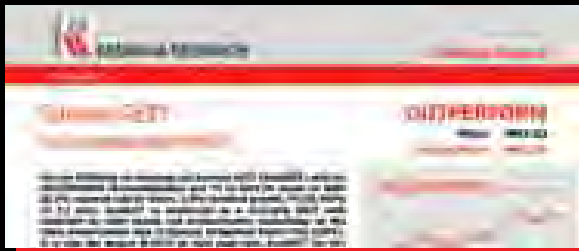
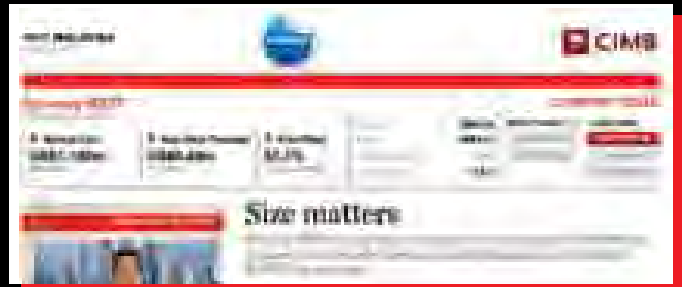
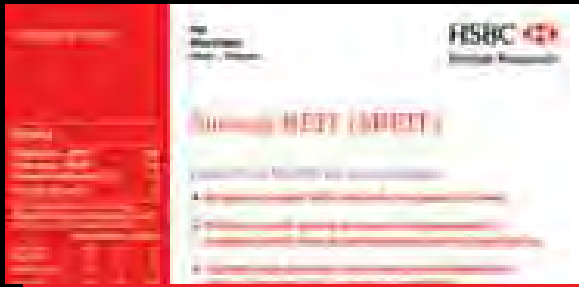
For FY2012, research coverage for Sunway REIT has doubled from 6 to 13 with 12 active coverage.

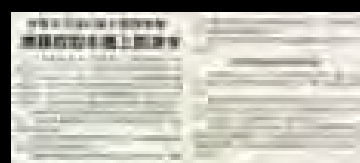
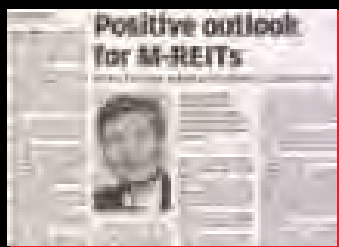
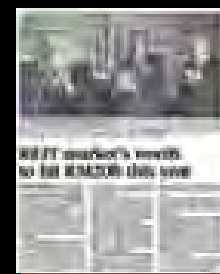
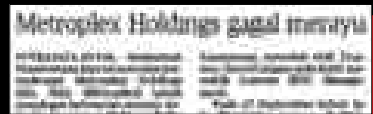
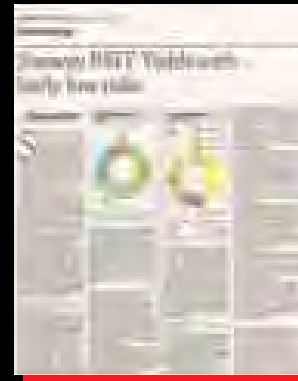
Research House	Date of Initiation	Status	Recommendation ¹	Target Price ¹ (RM)
JP Morgan Securities (Malaysia) Sdn Bhd	16 Aug 2010	Active	Overweight	1.40
Credit Suisse Securities (Malaysia) Sdn Bhd	12 Sept 2010	Active	Neutral	1.36
Maybank Investment Bank Berhad	21 Sept 2010	Active	Buy	1.40
RHB Research Institute Sdn Bhd	23 Sept 2010	Active	Market Perform	1.38
SJ Securities Sdn Bhd	11 Nov 2010	Dormant	n.a	n.a
OSK Research Sdn Bhd	19 Nov 2010	Active	Neutral	1.25
TA Securities Holdings Berhad	15 Nov 2011	New	Buy	1.51
MIDF Amanah Investment Bank Berhad	10 Feb 2012	New	Buy	1.39
HSBC Global Research	8 Mar 2012	New	Neutral	1.30
CIMB Investment Bank Berhad	25 Apr 2012	New	Outperform	1.41
Hong Leong Investment Bank Berhad	15 May 2012	New	Buy	1.35
Kenanga Investment Bank Berhad	15 May 2012	New	Outperform	1.39
HwangDBS Vickers Research Sdn Bhd	26 Jun 2012	New	Buy	1.60

¹ Based on the latest published recommendation / report

INVESTOR & MEDIA RELATIONS (CONT'D)

MAKING THE HEADLINES





MARKET REPORT

Dated 20 July 2012

1 Economic Overview

The Malaysian economy continued to recover from the Global Financial Crisis of 2008, and managed to achieve 5.1% in 2011, a decline from the 7.2% growth achieved in 2010. The growth was driven by domestic demand reflected in strong private consumption and investment activities. Economic growth was also boosted by the receding impact from the supply chain disruptions arising from the Japan natural disaster. The official Gross Domestic Product ("GDP") growth forecast for 2012 is 5%-6% but has recently been revised downward by Bank Negara Malaysia ("BNM") to 4%-5% in view of weaker external conditions. Q1 2012 registered a slower 4.7% growth compared to 5.2% in the preceding quarter.

BNM continued to maintain the key interest rate - Overnight Policy Rate ("OPR") - unchanged at 3%. The OPR has been maintained at 3% since May 2011 after four rate hikes from 2% since March 2010. According to economists, benign inflation allows BNM to hold the rate steady and allows room for monetary easing. Despite the slower economic outlook, the

current interest rate is deemed accommodative enough to support domestic demand.

The Consumer Sentiment Index ("CSI") at Q1 2012 remained above the key benchmark 100-point level, at 114.3 points, the highest since Q4 2010 with consumers being cautiously optimistic on job and income prospect, and upbeat on spending.

The unemployment rate remained low at 3% as at January 2012, compared to 3.1% at December 2011. Nevertheless, jobs remained one of the main concerns as reflected in the CSI.

The year 2011 was a good year for Foreign Direct Investment ("FDI") with a total of RM32.9 billion, registered a growth of 12.3% from the previous year. Despite global economic uncertainties, as at January 2012, Malaysia registered 60 approved projects in the manufacturing sector amounting to RM2.5 billion with RM1.4 billion or 56% from FDI.

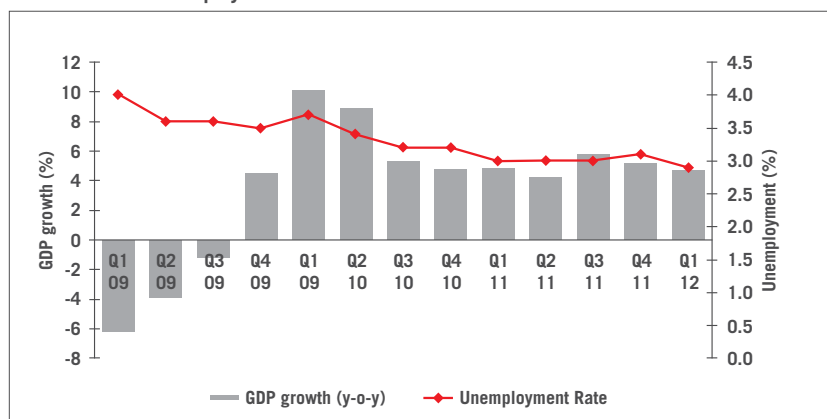
According to the International Trade and Industry Minister Datuk Seri Mustapha Mohamed, the realised private investment is forecast

to increase to RM110 billion in 2012 from RM94 billion last year as the government continues the implementation of projects under the Economic Transformation Programme ("ETP").

The economic environment is expected to attract more private investments with continuous implementation of mega projects such as Mass Rapid Transit, Light Rail Transit extension, Kuala Lumpur International Financial District, West Coast Expressway, Bandar Malaysia and 100-storey Menara Warisan Merdeka to cushion the expected economic slowdown. The spill-over effect from the pump-priming activities will lead to jobs creation which augers well for consumerism.

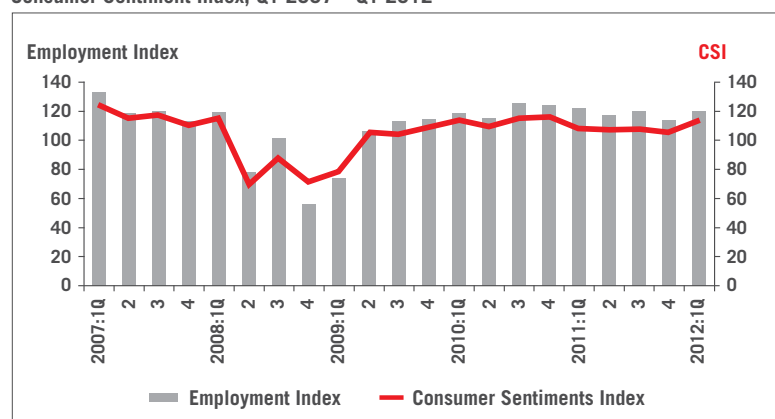
National retail sale slowed in 2011 to 8.1% from 8.4% the previous year. According to Retail Group Malaysia, retail sales growth for 2012 is projected at 6%, in view of the European debt crisis, job uncertainties and an anticipated reduction in credit card spending due to a tightening by BNM. On the positive side, the Government has been offering one off payment of RM500 to low income households under BR1M in the 2012 Budget benefiting some 5.2 million households earning RM3,000 and below. In addition, in March, the Government announced the salaries of civil servants were revised with an increase of between 7% and 13%. The recent announcement by the Prime Minister established a minimum monthly wage of RM900 to be implemented once legislation is passed, will also boost retail spending. The listing of Felda Global Venture will give a boost of RM1.7 billion to some 113,000 FELDA households. All these will be supportive of the retail spending.

Figure 1.1
GDP Growth and Unemployment Rate



Source: Ministry Of Finance, DTZ Consulting & Research, May 2012

Figure 1.2
Consumer Sentiment Index, Q1 2007 – Q1 2012



Source: Malaysia Institute of Economics Research (MIER)

Table 1.1
Foreign Visitor Arrivals and Arrivals

Year	Arrivals (Million)	Receipts (RM) Billion
2011	24.7	58.3
2010	24.6	56.5
2009	23.6	53.4
2008	22.0	49.6
2007	20.9	46.1
2006	17.4	36.3
2005	16.4	32.0
2004	15.7	29.7
2003	10.5	21.3
2002	13.2	25.8
2001	12.7	24.2
2000	10.2	17.3

Source: Tourism Malaysia

Despite a slower economic growth last year, the total number of tourist arrivals in Malaysia improved marginally to 24.7 million and spent RM58.3 billion in 2011 compared with 24.6 million tourists and an expenditure of RM56.5 billion in 2010. As one of the national key economic areas, tourism is a major strategic focus for the country, with specialised areas such as medical tourism seeing tremendous growth. Other areas are sports and entertainment, MICE, and shopping. To support this, the second

KLIA terminal is expected to be completed in end 2012, that will enhance KLIA as a major low cost carrier hub with capacity for handling 30 million passengers (expandable to 45 million), the opening of Legoland by end 2012, planned wellness centres across the country and the construction of a new exhibition and convention centre at KL Metropolis.

2 Malaysia REIT Overview

The REIT market continues to see growth with the successful listing of the Pavilion REIT, at the end of last year, which saw an

over-subscription. Pavilion REIT has an asset value of RM3.54 billion comprising of a prime retail mall and an office tower, within the integrated project located at Jalan Bukit Bintang, the prime shopping street of Kuala Lumpur. As at 30th June 2012, the total capitalization of Malaysian REIT stood at RM17.8 billion. Total asset under management have also grown by about 54.8%, principally accounted by the new listing of Pavilion REIT as well as gains in market capitalisation from other REITs.

Other REITs such as AXIS, AmFirst, Hektar and CapitaMalls Malaysia Trust have also been active in the acquisition trails, making new purchases. CapitaMalls Malaysia Trust purchased the East Coast Mall in Kuantan for RM310 million. Whilst KrisAsset, who owns the MidValley and The Gardens Mall, will be planning a listing later part of the year. These two assets are envisaged to have a total value of over RM4.6 billion.

AXIS have been focusing on industrial acquisitions including warehouses in Penang and Selangor, whilst AmFirst has recently purchased 2 offices at Cyberjaya, and Hektar bought into 2 medium size malls in Kedah.

Demand for REIT remains bullish and unit prices are performing above or close to net asset value. Average yield is noted at 7.1%, a decline from previous year 7.4%. During a time of high uncertainty in the stock market that is affecting investors' sentiment, prospect for REIT continue to be good as investors flee toward investments that can provide attractive dividend yield as a safe haven.

MARKET REPORT (CONT'D)

Table 2.1
Summary of REIT Financial Data

REIT	DPU (sen)	Price (RM)	Yield (%)	NAV (RM)	Assets Type
Starhill REIT	7.64	1.02	7.49	1.1460	Hospitality
AmFirst REIT	9.31	1.12	8.31	1.4146	Office
Amanahraya REIT	7.22	0.92	7.84	1.0479	Diversified
Tower REIT	11.40	1.42	8.03	1.6856	Office
UOA REIT	10.47	1.37	7.64	1.4322	Office
Quill Capita Trust	8.40	1.17	7.18	1.2958	Office, Industrial
Atrium REIT	8.63	1.18	7.31	1.1271	Industrial
Hektar REIT	10.80	1.38	7.83	1.4900	Retail
Al-Hadharah Boustead REIT	8.00	1.79	4.47	1.7598	Plantation
Axis REIT	17.30	2.80	6.18	2.1143	Office, Industrial
Al-Aqar Healthcare REIT	5.78	1.37	4.22	1.1000	Healthcare
Sunway REIT	7.50	1.36	5.51	1.1146	Diversified
CapitaMalls Malaysia Trust	8.17	1.57	5.20	1.0946	Retail
Pavilion REIT	6.20	1.22	5.08	0.9551	Retail

Table 2.2
Total Asset Under REIT Management

REIT	Total Asset Managed in Latest FY (mil)	TAM preceding FY (mil)	% Change
Starhill	1577	494.7	219%
AmFirst	1179	1024	15%
AmanahRaya	944.7	913.6	3%
Tower	608	605	0%
UOA	1030	529.4	95%
Quill Capita	814.8	809.5	1%
Atrium	194.7	163	19%
Hektar	867	782.4	11%
Al-Hadharah	1273	851.5	50%
Axis	1394	1276.2	9%
Al-AQAR Healthcare	1421	1163.5	22%
Sunway	4379	4379	0%
CMMT	2782	2781	0%
Pavilion	3561	0	

3 Selangor – Petaling Jaya/ Subang Jaya

As one of the most developed states, Selangor's economy remains the most buoyant and continues to attract new investment proposals. During the first half of 2011, the state GDP grew by 5%. For the period January – March 2012, Selangor attracted the second highest

investment value amongst the states, amounting to RM3.9 billion worth of new investments in 68 projects. This accounted for about 25% of the total proposed investment in the country.

The Service sector is the key contributor and accounted for 57.4% of state GDP. The promotion of medical tourism, educational tourism, and MICE

industry have been key catalysts toward enhancing the growth of the industry with the wholesale, retail, hotel and restaurant sub-sector estimated to grow by 5.7% last year.

Furthermore, the Selangor Government's Tourism Action Council is also promoting health tourism and education tourism as Selangor's main tourist attraction. With many of the private hospitals and colleges located in Selangor, these two sub-sectors of the industry will definitely benefit the hotel industry.

To improve transport in the Bandar Sunway/USJ area, a new Bus Rapid Transport network connecting the proposed 6 LRT stations and KTM station was recently launched to be completed by 2014. This will greatly facilitate traffic movement in the neighbourhood, and will have positive impact on Sunway Integrated Township in terms of easing visitors and office tenants to the area.

3.1 Retail

Overall, the retail sector in Petaling Jaya and surroundings is still healthy with overall occupancy of 86% though experiencing a decrease from 93% in previous year. This is due to the completion of Citta Mall which has a low occupancy of about 45%, the struggling SSTwo Mall (52%) and the vacating of tenants at The Atria for redevelopment. Well located and conceptualised malls continue to attract tenants and shoppers but catchments are continually overlapped between new and older malls, leading to fragmentation of market shares.

Shopping centres in Petaling Jaya are experiencing good overall occupancy rate shown in Table 3.1.

Paradigm Mall (500,000 sq. ft.) opened in May at Kelana Jaya, whilst another major regional mall, Setia City Mall (700,000 sq. ft.) opened in neighbouring Shah Alam. There will be some indirect impacts on existing malls such as Sunway Pyramid especially in the short term as these new malls will further fragment the market shares of the catchment population in Petaling Jaya, Shah Alam and Klang.

As the premier mall in the area, Sunway Pyramid continues to maintain its position, as one of the prime regional mall, catering to both domestic as well as tourists, given its integration with Sunway Lagoon, hospital and the hotels. Competition, however, will get tougher as new malls are being developed. Upcoming shopping centres in Petaling Jaya are tabulated in Table 3.1a.

3.2 Hotel

There are a total of about 3,986 hotel rooms in Petaling Jaya, ranging from 3 star to 5 star hotels. The room stock is largely provided by 5 star properties accounting for 1,694 rooms or 42% of total rooms.

Over the last five years, occupancy rate for 3 to 5 star hotels were maintained at above 60% despite the global economic crisis. The performance of 3, 4 and 5 star hotels shows slight decline to 65%, 76% and 75% respectively in 2011 compared to 66%, 77% and 77% respectively in 2010 in line with slower economic activities.

In general, corporate guests including the government sector are the mainstay of demand accounting for 50%-70% of guests, depending on the individual hotel. Corporate demand especially for domestic

Table 3.1
Supply and Occupancy – Retail Centres in Petaling Jaya and Surroundings

Location	NLA (sq. ft.)	Total Occupied	Occupancy
Petaling Jaya	1,550,581	832,727	54%
Subang Jaya/Sunway	3,296,918	2,975,904	90%
Damansara	2,866,916	2,826,415	99%
TOTAL	7,714,414	6,635,046	86%

Source: DTZ Consulting & Research, Q1 2012

Table 3.1a
Future Supply of Shopping Centres in Petaling Jaya

Completion	Project	Location	NLA (sq.ft.)
2013	Jaya Supermarket	Section 14, PJ	260,000
2013	The Strand Mall	Kota Damansara	309,000
2014	Empire City	Damansara Perdana	1,000,000
	Glomac Damansara	Damansara	350,000
Planning Stage	Damansara Uptown	Damansara	250,000
	Icon City	Petaling Jaya	700,000
	Damansara City	Damansara Heights	300,000
TOTAL			3,169,000

Source: DTZ Consulting & Research, Q1 2012

guests is less sensitive to economic conditions compared to tourists. The presence of many major MNCs and industrial companies in the Petaling Jaya/ Shah Alam, and further afar as Cyberjaya provide a relatively solid base for driving hotel demand in Selangor. This is supported by a growing MICE segment, which is growing from strength to strength, with Kuala Lumpur ranked as top 5 in the International Congress and Convention Association.

Generally, the corporate sector drives room demand, and with the continued growth in private sector investment in Selangor, this demand is expected to enjoy a healthy rate of growth.

Our survey also noted that Sunway Resort Hotel and Spa ("SRHS") served the tourists market especially Middle Eastern foreigners due to their good publicity in the Middle East region and also, the design of Sunway Pyramid Shopping Mall that attracts tourists from that area.

Overall, the average room rate (ARR) for 3 to 5 star properties had increased compared to that of the previous year. In 2010, the ARR for 5-star was RM269, 4-star was RM209 and 3-star hotel was RM124. Whereas, in 2011, the ARR of 5-star hotels was RM289, 4-star properties was RM220 and 3-star was at RM128, an increase of 7.4%, 5.3% and 3.2% respectively. Table 3.3 and Figure 3.2 show the ARR for Hotels in Petaling Jaya.

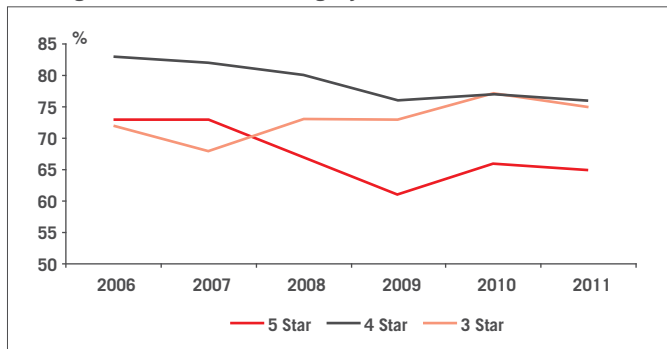
There are various new hotel proposals in Petaling district such as at the proposed PJ Sentral but these are not likely to have an impact in the short term on the hotels at Bandar Sunway. Other planned hotels that could have indirect competitions include proposals within the integrated projects such as I-City in Shah Alam and IOI Resort City in Putrajaya, details of which are currently sketchy. Sunway has its own plan to add another hotel in its third phase (SP3) for a 4-star, 435 rooms property to be completed by 2014. This hotel

MARKET REPORT (CONT'D)

Table 3.2
Existing 3-5 Star Hotels in Petaling Jaya

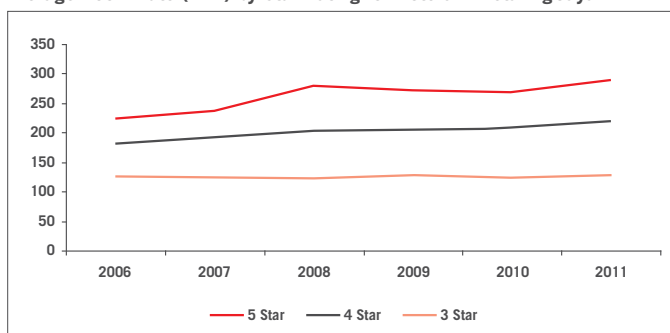
Hotel	Rating	No. of Rooms	Percentage
Grand Dorsett Hotel Subang	5	350	
One World	5	438	
Royale Bintang Damansara	5	150	
Sunway Lagoon Resort & Spa	5	441	
The Saujana	5	210	
The Saujana - The Club	5	105	42%
Eastin	4	388	10%
Armada	3	242	
Crystal Crown	3	273	
Holiday Villa	3	383	
Pyramid Tower Hotel	3	534	
The Summit	3	333	44%
Shah Village Hotel	2	89	
Singgahsana	2	50	3%
TOTAL		3,986	100%

Figure 3.1
Existing 3-5 Star Hotels in Petaling Jaya



Source: MIHR

Figure 3.2
Average Room Rate (ARR) by Star Rating for Hotels in Petaling Jaya



Source: MIHR

will complement the existing 2 properties within Sunway Resort City.

3.3 Office

Petaling Jaya and Subang Jaya have over the years grown to become significant and major decentralised locations for office occupiers in the Klang Valley. These used to attract mainly the smaller office users but major MNCs office occupiers have also started to be attracted to the location given its relative accessibility and catchment population of white collar workers.

With growing demand for better quality space and traffic constraints in Kuala Lumpur, Petaling Jaya's commercial landscape has changed drastically over the last few years, which it has seen new construction of office buildings mushrooming in northern part of Petaling Jaya. Some of the significant new completions in the area include Menara LYL, Jaya 33, 3 Two Square (Menara Crest), 8 First Avenue, PJ8, PJ City Development, Quill 9 and Surian Tower.

Total stock of office space in Petaling Jaya and Subang Jaya stood at 17.2 million sq. ft., with about 446,000 sq. ft. of new completion in 2011. The new completions are from PJX and VSQ Tower 4 - 6.

On average, supply has been growing at about 717,000 sq. ft. per annum over the last 10 years. Supply peaked in 2009 with 2.5 million sq. ft. of new space. The year witnessed the completion of several major office buildings in Mutiara Damansara and Bandar Damansara Perdana areas. Since then, new supply has slowed. Only five and two projects were completed in 2010 and 2011 respectively.

Table 3.3**Occupancy and ARR for Hotels in Petaling Jaya (3-5 Star) (January - December 2011)**

Hotel	Occupancy Rate (%)	ARR (RM)
Armada	81	178
Crystal Crown	72	139
Eastin	60	206
Grand Dorsett	66	231
Holiday Villa	58	190
One World	73	313
Shah Village	65	137
Singgahsana	84	112
Sunway Pyramid Tower	83	256
Sunway Resort Hotel & Spa	72	404

Source: MIHR

In terms of future supply, an estimated 3.9 million sq. ft. is expected for completion by 2014. The proposed buildings identified are shown in Table 3.4.

In 2011, average occupancy rate in Petaling Jaya was 76.1% with Subang Jaya registering 62.2%. Petaling Jaya registered an improvement in occupancy, from 72.4% in 2010, whilst Subang Jaya noted a decline from 72.2%. Bandar Sunway occupancy remains stable at 95%.

Demand for Petaling Jaya offices has slightly increased during the review period as Petaling Jaya continues to attract new tenants who do not require a prime Kuala Lumpur address.

Examples of this would be the setting up of new office by Schlumberger in 1 Utama and the relocation of Sime Darby to Oasis in Ara Damansara.

The significant new supply has resulted in greater competition amongst new buildings such as PJ8, PJ City, Quill 9 and Surian Tower.

Looking ahead, DTZ envisages that occupancy rate in Petaling Jaya and Subang Jaya locality will trend downwards especially in 2012 and 2013 where new supply peaks. Recovery will be seen in 2014 or 2015.

Average rental in Petaling Jaya and Subang Jaya remains stable with rental ranging from RM3.50 to RM5.50 per sq. ft. per month.

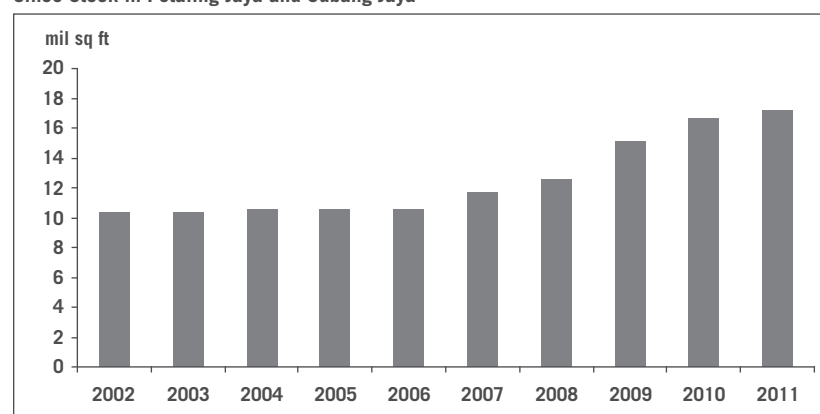
Asking rental of selected office buildings in Petaling Jaya/ Subang Jaya is tabulated in Table 3.5.

Due to the huge new supply in the next two years and the slower business activities, DTZ forecasts that office market in Petaling Jaya is likely to experience greater competition, resulting in lower rental and occupancy, with prime rents likely to experience a decline of 5-10%. On the positive side, the planned MRT line is likely to make Petaling Jaya and other similar locations that have close linkage to MRT stations favourable locations for decentralised offices.

4 Kuala Lumpur

As the commercial heart of the country and also one of 12 National Key Economic Areas under the ETP, Kuala Lumpur is the main focus of various major multi-billion Ringgit investment projects, such as the MRT, River of Life, KL International Financial District ("KLIFD"), KL Metropolis and Bandar Malaysia. Under ETP, Greater Kuala Lumpur area will have a projected population of 10 million from an existing 6 million by 2020 with a vibrant expatriate community and attracts international tourists.

The KLIFD will enhance the financial sector, a key sector of the city economy whilst a proposed new Exhibition and Convention Centre developed by Matrade at Jalan Duta will enhance its international MICE profile. These projects are currently being implemented and will have positive short and long term impacts on the commercial vibrancy of the city in all sub-sectors of the city and national economy.

Fig 3.3
Office Stock in Petaling Jaya and Subang Jaya

Source: DTZ Consulting & Research, May 2012

MARKET REPORT (CONT'D)

Table 3.4

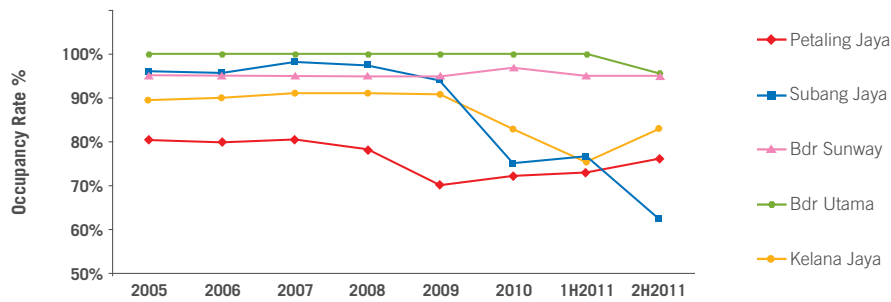
Future Supply of Office in Petaling Jaya and its Surrounding

Building Name	Net Floor Area (sq. ft.)	Sub-Total	Completion Year
Menara Mudajaya	100,000		
Oasis The Capital Blocks C, D, E	500,000		
PJ City Development	160,000		
Plaza 33 (Jaya 33 Phase 2)	400,000		
Point 92	159,000		
VSQ (Tower 1 & 2)	319,314	42%	2012
Cascade	270,000		
Garden Office @Encorp Strand	350,000		
Sunway Nexis Biz suite and Flexi suite	297,000		
The Ascent, Paradigm	350,000		
The Pinnacle	580,000	47%	2013
Atria Twin SOFO Towers	240,000		
Jaya One (Phase 2)	165,000	10%	2014
TOTAL	3,890,314	100%	

Source: DTZ Consulting & Research, May 2012

Figure 3.4

Office Occupancy Rate in Selangor



Source: NAPIC; DTZ Consulting & Research, May 2012

Table 3.5

Asking Rental of Selected Office Buildings in Petaling Jaya/Subang Jaya

Name of building	Category	Location	Rental
1 First Avenue	Prime	Bandar Utama	5.50
CP Tower	Secondary	Section 16	3.60
Crystal Plaza	Secondary	Jalan 51A/223	4.50
Damansara Uptown 1 [C]	Secondary	Damansara Utama [SS 21]	4.50
Damansara Uptown 5 [A]	Secondary	Damansara Utama [SS 21]	4.50
Hei Tech Village	Secondary	USJ 1	3.00
Jaya 33	Secondary	Section 13, Jln Semangat	5.00
Menara Axis	Secondary	Jalan Bersatu 13/4, PJ	3.50
Menara KLK	Prime	Mutiara Damansara	4.30
Menara Mustapha Kamal	Prime	Damansara Perdana	4.00
Menara Summit	Secondary	USJ 1	3.00
Menara UAC	Prime	Mutiara Damansara	5.00
Oasis Capital - Block H	Secondary	Ara Damansara	4.50
PJ8 [Block B]	Prime	Section 8, Jalan Barat	3.80
Quill 9	Secondary	Section 19, Jln Semangat	4.50
Surian Tower	Prime	Mutiara Damansara	4.80
Wisma Consplant 1	Secondary	Jalan SS 16/1	3.80
Wisma Consplant 2	Secondary	Jalan SS 16/1	4.00
Wisma Kemajuan	Secondary	Jalan 19/1B, PJ	3.50
Wisma UEP	Secondary	USJ 10	3.80

Source: DTZ Consulting & Research, May 2012

4.1 Retail

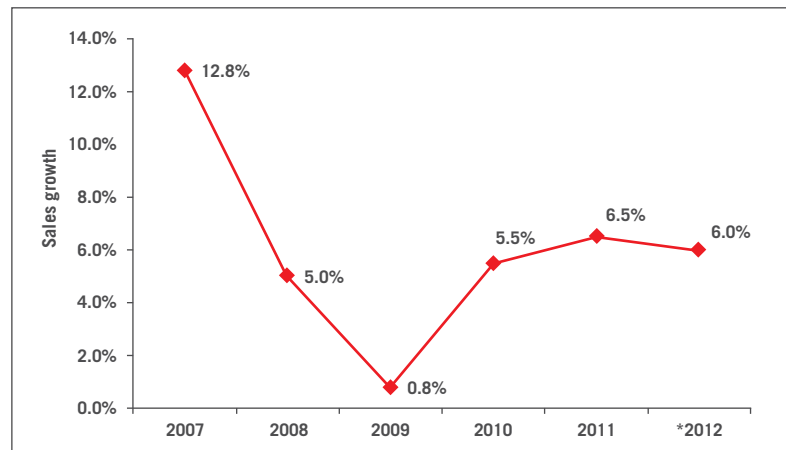
The retail stock in Kuala Lumpur stood at a total 23.5 million sq. ft., a decline of 0.8% from the preceding year due to the closure of two retail malls namely Plaza Warisan and UDA Ocean located at Jalan Sultan which were acquired for the development of a Mass Rapid Transit (MRT) station. There was no new major completion of new retail space in Q1 2012.

In terms of proposed supply, construction is tapering off with only 1.85 million sq. ft. is expected to be completed in the next 3 years, but there are still significant projects being planned, totalling 6.8 million sq. ft. as developers are still bullish on longer term prospect and investors interest for prime retail property remains unabated.

Retail centres in Kuala Lumpur (KL) registered a marginal decline in occupancy rates. Average occupancy rate in KL decreased to 90.6%, a drop of 1.4% points Y-o-Y. Nevertheless, new upcoming major retail centres continued to attract retailers who remained selective with a preference for centres that are expected to see high footfall. International retailer, Debenhams opened a new outlet at Starhill Gallery. Festival City Mall in Setapak recently opened with a very high occupancy.

Overall prime rental for the best malls are in the range of RM11 - 25 per sq. ft. per month with the recently listed Pavilion Mall commanding an average of RM16.76 per sq. ft. per month. Rental of good malls experienced about 5% growth in general but secondary malls struggle to maintain theirs. Looking forward, the retail sector is likely to continue to grow moderately supported by relatively cautious consumers' spending and tourist arrivals.

Figure 4.1
Retail Sale Growth



Source: Malaysian Retailers Group

Table 4.1
Proposed Retail Projects in Kuala Lumpur

Completion	Project	Location	NLA (sq.ft.)
2012	Nu Sentral	Brickfields	700,000
2013	Sunway Velocity	Jalan Peel	800,000
2014	Glomac Damansara	Damansara	350,000
Planning Stage	Boustead /Ikea JV	Jalan Cochrane	1,200,000
	Damansara City	Damansara Heights	300,000
	Four Season KLCC	KLCC	120,000
	KL Metropolis (Phase 1)	Jalan Duta	1,000,000
	KLCC Expansion	KLCC	300,000
	Pavilion Extension	Jalan Bukit Bintang	300,000
	Plaza Rakyat	Jalan Pudu	995,000
	Pudu Jail Redevelopment	Jalan Pudu	500,000
	Quarza @ Melawati	Melawati	635,000
	Quill 15 (formerly known as Vision City)	Jalan Sultan Ismail	760,000
	Sentul Raya	Jalan Sentul	160,000
	Solaris 3	Dutamas	500,000
TOTAL			8,620,000

Source: DTZ Consulting & Research, May 2012

With more retail space entering the market and uncertainty in the global economy, there will be a challenge to fill up some of the additional retail space that will be completed in the next few years.

4.2 Office

Last year the office market saw a significant amount of space completion, with some 4.3 million

sq. ft. completed. This represents a growth of 6.9%. In tandem, absorption also increased from 424,000 sq ft to 3.2 million sq. ft., resulting in a slight decline in average occupancy to 85.8% from 86.3%. Driving demand was the Oil and Gas sector, as well as some government tenants' demand such as Suruhanjaya Perangkutan Awam Darat, Suruhanjaya Syarikat Malaysia, and Malaysian Investment

MARKET REPORT (CONT'D)

Development Authority. Major buildings completed include Menara Bank Islam, Menara Petronas 3, Menara Prime, SouthGate, and Horizon Bangsar South, phase 2.

Current stock stood at 64.6 million sq. ft., and another 12.0 million sq. ft. is expected in the next 3 years. Exacerbating this will be planned mega projects within the proposed mega redevelopments such as KL International Financial District, KL Metropolis, and Warisan Merdeka that would add more supply to the market. Thus competition for tenants is likely to intensify in the coming years, given slower

economic growth and a large pending supply of new space.

Prime rents are stable at RM6.25 per sq. ft. per month, compared to RM6.00 in 2010, exhibiting resilience despite weakening market conditions. However, it is not expected to hold for too long, as pressure for a decline is expected to intensify in the challenge to secure tenants especially for new buildings, whilst older properties will drop rent to keep tenants. Thus, the office sector is likely to see a period of weakness as a result of oversupply, weak rental growth and lower occupancy.

4.3 Hotel

In Kuala Lumpur, overall room supply sees an increase of 28.6% to 38,520 rooms of all categories, in 260 hotels. Most of these are the budget hotels that have seen strong investment in the sector. A major hotel, Hotel Equatorial closed for redevelopment during the year. There is also a plan to redevelop the Crown Plaza site, which may see the closing of another major hotel in the short term whilst The Grand Hyatt (240 rooms) and Best Western Premier Dua Sentral (362 rooms) were recently completed.

Occupancy increased marginally from 66.9% to 68.6%, a 1.7% point improvement. Total hotel guests registered were 12,750,663 a slight increase of 1% compared to 2010. Of these, 71.0% are accounted by foreigners, and 29% by domestic guests.

According to MIHR data, average occupancy rates for the 5-star establishments are at 70.4%, compared to 66.7% for 4-star properties and 63.5% for 3-star. Average room rates for 5-star achieved RM315 per night, compared to RM218 for 4 star.

There are a number of proposed hotels being planned or under construction, totalling 1,701 rooms. These will provide a boost to the number of international class hotels in the city, to meet the needs of increasing demand from visitors.

Table 4.2
Proposed Office Projects in Kuala Lumpur

Completion	Building	NLA (sf)	Sub-Total
2012	348 Sentral Office Wing	567,000	
2012	Bank Rakyat Twin Towers	980,000	
2012	CIMB Mapletree Lot A KL Sentral	609,000	
2012	Crest Tower	273,000	
2012	Integra Tower	736,000	
2012	Lot A @KL Sentral - CIMB Investment Group	834,000	
2012	Lot G @KL Sentral - Tower 1	250,000	
2012	Lot G @KL Sentral - Tower 2	500,000	
2012	Menara Binjai	334,000	
2012	Menara Darussalam	170,000	
2012	Menara Felda @Platinum Park	689,000	49%
2013	38-storey office tower @Platinum Park	450,000	
2013	Glomac Damansara Blk A (HQ)	90,000	
2013	Glomac Damansara Blk D (Tabung Haji)	255,000	
2013	Hap Seng Tower @ St. Mary	355,000	
2013	Menara Bangkok Bank@Berjaya Central Park	475,000	
2013	Menara LGB (@ The Greens)	414,000	
2013	Naza Tower @Platinum Park	532,000	
2013	Q Sentral	1,100,000	31%
2014	Ilham Baru Tower (IB Tower)	518,000	
2014	KL Eco City, COT-2	300,000	
2014	KL Eco City, SO	560,000	
2014	Menara MBMR	240,000	
2014	Public Mutual Tower	400,000	
2014	Trillion Kuala Lumpur	400,000	20%
		12,031,000	100%

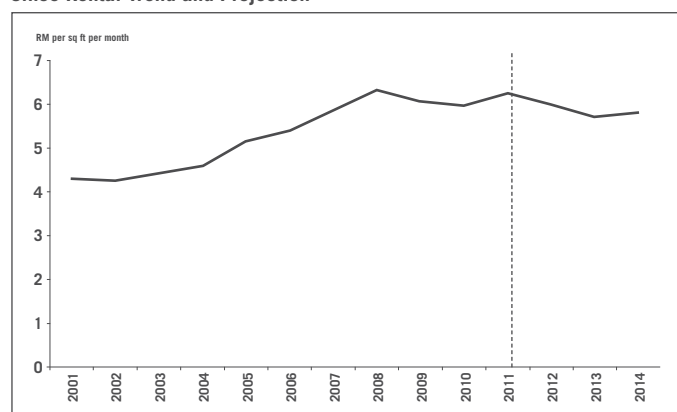
Source: DTZ Consulting & Research, May 2012

5 Perak

Perak's economy is highly dependent on the Services sector which accounted for 65.9% of the GDP. In 2010 (the latest data available), GDP registered 5.7% growth, lower than the national figure of 7.2%. Manufacturing and Agriculture

Figure 4.2

Office Rental Trend and Projection



Source: DTZ Consulting & Research, May 2012

Table 4.3

Proposed Hotels in Kuala Lumpur

Proposed Hotel	No of Rooms
St Regis - KL Sentral	220
Majestic Hotel - YTL	320
Four Seasons	240
Aloft - Ireka	482
Impiana (extension)	188
Banyan Tree Hotel and Residences	101
W- Hotel - Dijaya	150
TOTAL	1701

Source: DTZ Research and Consulting, May 2012

Table 4.4

Occupancy and ARR for Hotels in Kuala Lumpur

Star Rating	Occupancy Rate (%)	ARR (RM)
5	70.4%	315
4	66.7%	218
3	63.5%	159
Other	57.0%	189
TOTAL	64.4%	220

Source: DTZ Research and Consulting, May 2012

accounted for 18.4% and 13.5% of the economy. Since its passing of the glory days of tin mining, Perak is trying to diversify its economy.

The Vale iron ore processing project at RM9 billion is one of the largest investments in the state in recent times. As for Jan-Mar 2012, Perak received approved investments of RM1 billion, and ranked 5 amongst

the states in Malaysia.

5.1 Retail

The retail market in Ipoh is generally stable but average occupancy slide slightly to 86.9% in 2011 from 88.6% the previous year. Rentals are generally stable in the two main malls, Ipoh Parade and Kinta City. However with 3 additional

malls in the pipelines, rental could suffer more competitive pressure especially with the completion of a Mydin Meru Raya Hypermarket and a AEON Station 18 this year. These projects however are unlikely to have a direct effect on the Sunway City hypermarket, whose catchment area is quite outside these new malls.

Rental rates are stable, with the ground floor rental range from RM1.80 - RM21.20 per sq. ft. per month at Ipoh Parade, whilst at Kinta City, a range of RM11.00 - RM24.80 per sq. ft. per month was noted for renewals.

More importantly, it is hoped that the Vale iron ore project will be able to attract other complementary manufacturing activities such as steel millers, smelters, and other players requiring iron as a raw material input in the coming years.

Meru Raya, is a designated MSC Cybercentre which Perak hope will leapfrog the state to a more developed state with a strong IT industry. This is hoped to arrest the traditional brain drain that the state suffers in the past as well as improved the value chain through R&D leveraging on in its traditional strengths in agriculture and manufacturing. One of the key weaknesses that affect retail sale in Perak is the slow population growth rate of 1.35% per annum. All these will hopefully provide the positive income effects needed to boost retailing in Ipoh by retaining skilled labour within the state as well as boost income.

6 Penang (Mainland)

Penang, where Seberang Perai is part of, is one of the more dynamic state economies attracting the highest investment in 2011 at RM9.1 billion. Since

MARKET REPORT (CONT'D)

2008, the new state government has undertaken various measures to woo investors and improve public sector efficiency. The listing of Georgetown as a UNESCO world heritage site has spurred the local tourism industry whilst the state continues to leverage its strengths in the Electric and Electronic sector to attract new players.

The proposed Second Bridge will provide greater linkage with the Island and enable spill over effects to be captured on the mainland.

6.1 Retail

There has been a slight improvement in the retail market in the state of Penang, with average occupancy increasing by 2.4% point in 2011 to 69.3% compared to the previous year's 66.9%. Within the defined areas of Butterworth, Seberang Jaya and Perai, within the catchment market of Sunway Carnival, occupancy performance remained mixed as shown in Table 6.1. Sunway Carnival improved its occupancy from around 90% in 2011 after experiencing a temporary fall in occupancy due to some down-sizing of tenants, with a current occupancy as at April 2012 at 94%. The improved performance of Sunway Carnival is also due to improve merchandise mix, and better promotional activities.

Within these 3 locations, the total retail stock is at 2.6 million sq. ft., unchanged from last year with Perai accounting for 54% of the total stock, whilst 35% is

located within Seberang Jaya and 11% in Butterworth.

In general, rental is stable across the sector, with the main centres in Seberang Perai Tengah in the main malls registering no significant movement. Aseana Mall at Bandar Perda appears to be the benchmark in term of achieving the higher rental with a high of RM17.81 per sq. ft. per month.

Aeon, who is currently the master lessee and anchor for Aseana Mall has secured a site of 19 acres last year at Alma Commercial Hub, for a proposed new shopping centre, details of which are still unavailable.

Overall, retail prospect remains bullish but with most of the main retail activities concentrated on the island rather than on the Mainland, where competition is fierce. On the positive side, the Second Bridge is likely to spur stronger population growth and industrial activities in Seberang Perai and this could boost retail sales.

6.2 Hotel

The hotel market in Seberang Perai benefited from improved room demand arising from the growing business activities within the catchment areas predominated by factories. Beside corporate businesses, the other major demand arises from government. There is minimal leisure demand due to the lack of tourist attraction within the Mainland and its surroundings.

There are 4 major hotels in the

3-4 star categories that provide a total of 944 rooms, of which the Sunway Hotel Seberang Jaya is still the best rated establishment with a 4 star rating whilst the latest addition in 2011 is Ixora Hotel which provides 326 rooms (of which about 200 rooms have opened). Currently, Ixora Hotel is the nearest competitor to Sunway Hotel, being located close by, and being the newest.

Average occupancy for Sunway Hotel Seberang Jaya registered a healthy 78.2% in 2011 up marginally from 76.6% the previous year whilst Average Room Rate jumped by about 9.8%, despite the competition from the new hotel. We understand that the above occupancy outperformed its competitors.

As the location of Sunway Hotel is within the Northern Corridor Economic Region, it should benefit from the longer term impact of more investments in the coming years given that Penang has the highest number of approved investment proposals in 2011. The pending completion of the Second Penang Bridge at the end of 2013 will spur development activities on the southern Seberang Perai, and Sunway Hotel can expect to benefit from increased commercial and industrial activities on the Mainland given the scarcity of development land on the Island-side. A major new investment recently announced the inclusion of a Bose factory and Bosch's solar panel plant, which has started construction work.

Table 6.1
Supply of Retail Space and Occupancy

Location	Total Space (sq ft)	Occupancy 2011	Occupancy 2010
Butterworth	294,652	96.9%	96.9%
Seberang Jaya	913,696	84.8%	84.8%
Perai	1,402,383	60.3%	60.3%
Penang	15,129,206	69.3%	66.9%

Source: NAPIC

Table 6.2
Hotels and Number of Rooms

Hotel	Rating	No of Rooms
Pearl View	3	308
Sunway Hotel Seberang Jaya	4	202
Ixora	3	326
Summit	3	108

Source: DTZ Consulting & Research, May 2012

7 Special Highlight - Sunway Putra Place

Sunway Putra Place (“SPP”) is a mixed development located at the north western fringe of the city centre, within the boundary of the Middle Ring Road, Jalan Tun Razak. It is about 3km north-west of KLCC. It has close proximity to Putra World Trade Centre (“PWTC”), a major mixed development of hotel, offices and a convention centre. PWTC was formerly the premier convention and exhibition centre in Kuala Lumpur until newer competitors came into the market. PWTC houses the UMNO headquarters. Both PWTC and SPP synergise with each other despite having some common components such as office and hotel. Visitors to PWTC’s various exhibitions provide patronage to SPP’s hotel and mall. The recent completion of an overhead bridge linking to the LRT station provides better integration of the two projects.

Developed in the mid-1980s and designed by an award-winning architect, the project had

the best mall of its days, and attracted visitors from a wide catchment area.

7.1 Retail

As a retail centre, Sunway Putra Mall has a fairly strong catchment population of 1.3 million within a 15 minutes’ drive band which cuts across most parts of Kuala Lumpur. Within the more immediate primary catchment, the predominant population is Malay at 46%, followed by Chinese at 35%.

In terms of household income, the catchment area has a wide range, with the high class suburb of Bukit Tunku and Taman Duta to the immediate western side, whilst Kampung Baru is to the east. Located between Sunway Putra Place and Kampung Baru is Chow Kit, a vibrant commercial area which is the focus of petty traders dealing in low end goods. To the north side is Sentul and Setapak, which have a mixed population of low to middle income

households, interspersed with pockets of high income projects such as Titiwangsa, Sentul East and West by YTL. Nevertheless, we noted that the project is within walking distance from a few major condominiums in the neighbourhood that can provide solid patronage to the mall, such as Villa Putra, Villa Puteri, Regalia, and Bestari Lavender and Bergonia.

Within the wider catchment area, there are substantial competitors, with some 11.3 million sq. ft. Nevertheless, these are mainly indirect competitions, predominated by the very prime major malls in the city centre. However given its location, if the mall can be positioned to target the relatively under-served northern suburbs, it should have a competitive advantage.

7.2 Office

Other competing offices in the area are PWTC, Wisma Perkim, Menara PJD, Wisma Permata and Plaza Perkeliling, which are mainly Grade C properties. As such, an upgrade of Putra Place will provide a better competitive edge to the competition, but it will still need to be able to identify a suitable niche market, given its location which is not popular as an office area for mainstream tenants.

7.3 Hotel/Service Apartment

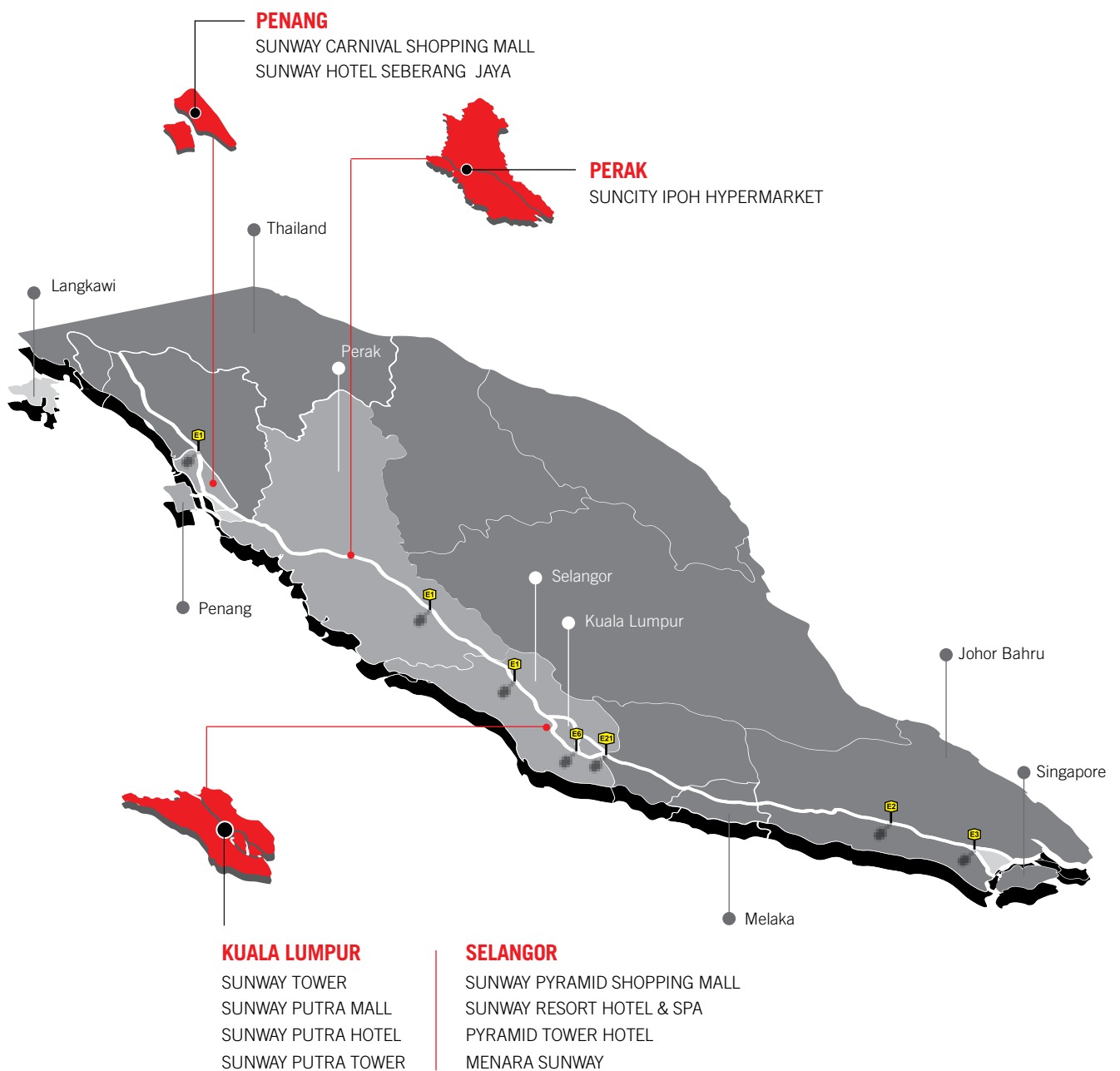
The hotel can take advantage of its proximity to key demand drivers such as convention centre at PWTC, UMNO headquarter, The General Hospital, IJN and Chow Kit business district.

There are generally limited competitions for the higher rated hotel properties in the neighbourhood, and this is the niche position of 3-4 star that Sunway Putra Hotel can leverage upon.

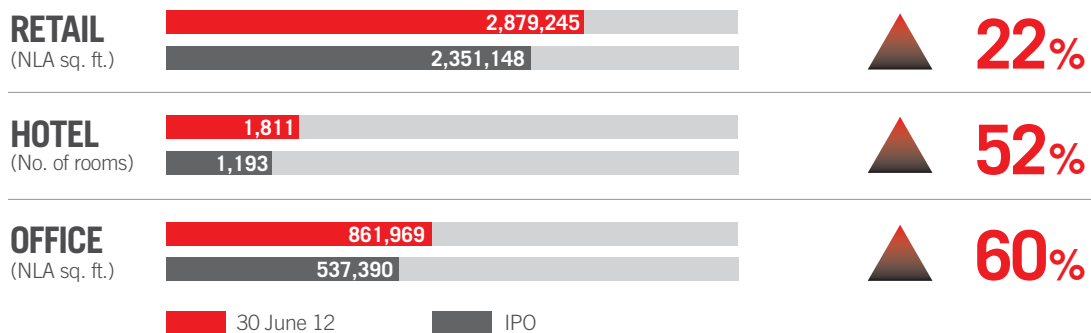
Map 1: Sunway Putra Place and its Catchment Area



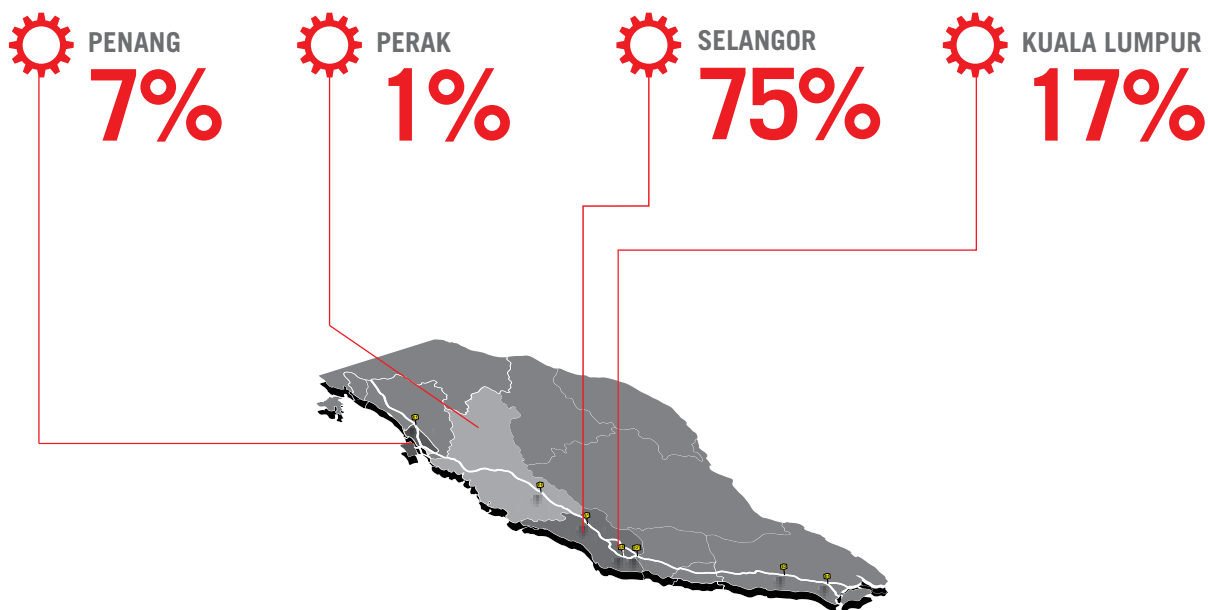
PORTFOLIO AT A GLANCE



ASSET GROWTH SINCE IPO

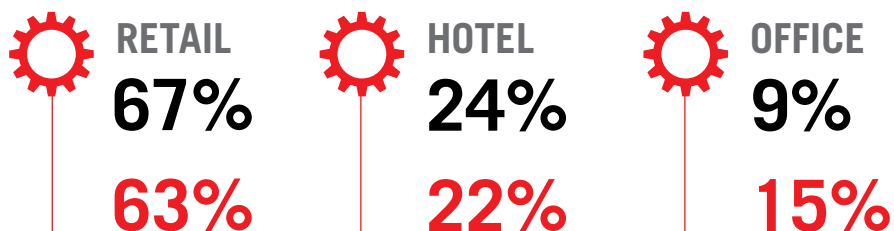


**GEOGRAPHICAL CONTRIBUTION
BY PROPERTY VALUE AS AT 30 JUNE 2012**



**ASSET BREAKDOWN
BY PROPERTY VALUE AS AT
30 JUNE 2012**

**ASSET BREAKDOWN
BY GFA AS AT 30 JUNE 2012**





RETAIL

Power of Consumerism

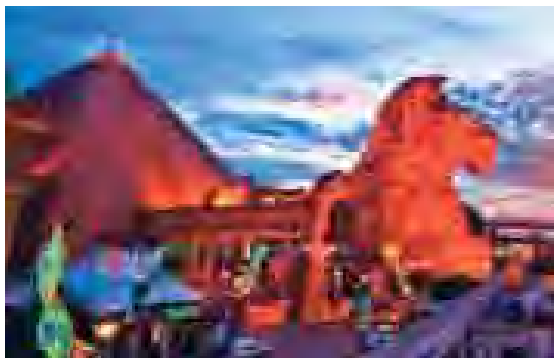


Sunway Pyramid Shopping Mall

PORTFOLIO SUMMARY

RETAIL

SUNWAY PYRAMID SHOPPING MALL



Location
Selangor

Date of acquisition
8-Jul-2010

Acquisition price (RM million)
2,132

Year of completion
Phase 1 in 1997; Phase 2 in 2007

Title details & expiry date

- PN 17414 Lot No. 62059
21 February 2102 (commenced 22 February 2003, approx. 90 years remaining)
- PN9500 Lot No. 51175
1 April 2097 (commenced 2 April 1998, approx. 85 years remaining)
- PN9495 Lot No. 32
1 April 2097 (commenced 2 April 1998, approx. 85 years remaining)
- HS(D)259957 Lot No. PT1312
1 April 2097 (commenced 2 April 1998, approx. 85 years remaining)
- HS(D)233143 Lot No. PT891
14 August 2105 (commenced 15 August 2006, approx. 93 years remaining)

All in Bandar Sunway, Daerah Petaling, Negeri Selangor

Tenure
99 year lease

Encumbrances

- i) Charged to Public Investment Bank Berhad
- ii) Private Caveat by Public Bank Berhad

Appraised value (RM million)
2,540

Date of latest valuation*
June - 2012

SUNWAY CARNIVAL SHOPPING MALL



Location
Penang

Date of acquisition
8-Jul-2010

Acquisition price (RM million)
232

Year of completion
2007

Title details & expiry date

- PN 1816 Lot No. 5497
21 October 2092 (commenced 22 October 1993, approx. 80 years remaining)
- PN 1817 Lot No. 5498
21 October 2092 (commenced 22 October 1993, approx. 80 years remaining)
- PN 1818 Lot No. 5499
21 October 2092 (commenced 22 October 1993, approx. 80 years remaining)

All in Mukim1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang.

Tenure
99 year lease

Encumbrances
Nil

Appraised value (RM million)
257

Date of latest valuation*
June - 2012

*Note: All the properties are valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)

SUNCITY IPOH HYPERMARKET



Location
Perak

Date of acquisition
8-Jul-2010

Acquisition price (RM million)
46

Year of completion
2005

Title details & expiry date
- PN258216 Lot No. 331232
22 February 2100 (commenced 23 February 2001, approx. 88 years remaining)

Mukim Hulu Kinta,
Daerah Kinta, Negeri Perak.

Tenure
99 year lease

Encumbrances
i) Charged to Public Investment Bank Berhad
ii) Private Caveat by Public Bank Berhad

Appraised value (RM million)
55

Date of latest valuation*
June - 2012

SUNWAY PUTRA MALL



Location
Kuala Lumpur

Date of acquisition
19-Apr-2011

Acquisition price (RM million)
219

Year of completion
1988

Title details
- Geran 10012,
Lot 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan.

Tenure
Freehold

Encumbrances
i) Charged to Public Investment Bank Berhad
ii) 10 year lease to Sunway Putra Hotel Sdn Bhd
iii) 30 year lease to Lembaga Letrik Negara Tanah Melayu (Tenaga Nasional Berhad) expiring 4 April 2017
iv) Private Caveat by Public Bank Berhad
v) Private Caveat by Trustee

Appraised value (RM million)
248

Date of latest valuation*
June - 2012

SUNWAY PYRAMID SHOPPING MALL



Sunway Pyramid, the trophy asset of Sunway REIT has won many awards since its opening in 1997. In 2012, it was voted as Malaysia's Most Favourite Shopping Mall. Recently ISO9001:2008 certified, this premier four-storey regional shopping mall located at Bandar Sunway has won 34 international and national awards to date.

As the country's first thematic mall, Sunway Pyramid has an Egyptian-inspired architectural design with four themed precincts each with unique interior designs and retail concepts; Asian Avenue, Oasis Boulevard, Fashion Central & Marrakesh.

The mall is part of the internationally renowned Sunway Resort City, which is master-planned and developed by the Sponsor. It is linked to Sunway Resort Hotel & Spa, Pyramid Tower Hotel and Sunway Lagoon and enjoys access to Kuala Lumpur and the Klang Valley generally via five major expressways, namely, New Pantai Expressway, North Klang Valley Expressway, KESAS Expressway, Damansara-Puchong Highway, and the Federal Highway.

The mall services as a one-stop destination featuring a wide variety of dining, fashion, specialty offerings and entertainment including a 12-screen Cineplex, Malaysia's only

ice-skating rink, a convention centre which has hosted various international conferences and multi-storey parking facilities.

Large-scale regional competitive events have been held at the mall, such as international bowling tournaments at its 48-lane bowling alley. After the completion of an expansion and refurbishment on 29 September 2007, Sunway Pyramid Shopping Mall became one of Malaysia's largest malls measured by Net Lettable Area.



MALAYSIA'S MOST FAVOURITE MALL

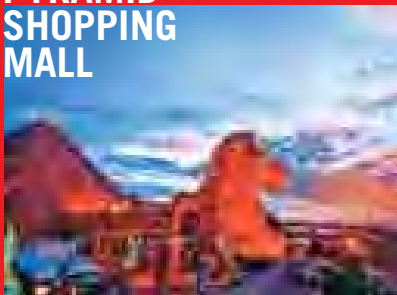
Contact Details for Management Office

Centre Management Office,
Level CP6,
Blue Atrium, Sunway Pyramid Mall,
No. 3 Jalan PJS 11/15, Bandar
Sunway, 46150 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: (603) 7494 3000
Fax: (603) 7492 6333
www.sunwaypyramid.com

No. 3, Jalan PJS 11/15
Bandar Sunway, 46150 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

PORTFOLIO DETAILS (CONT'D)

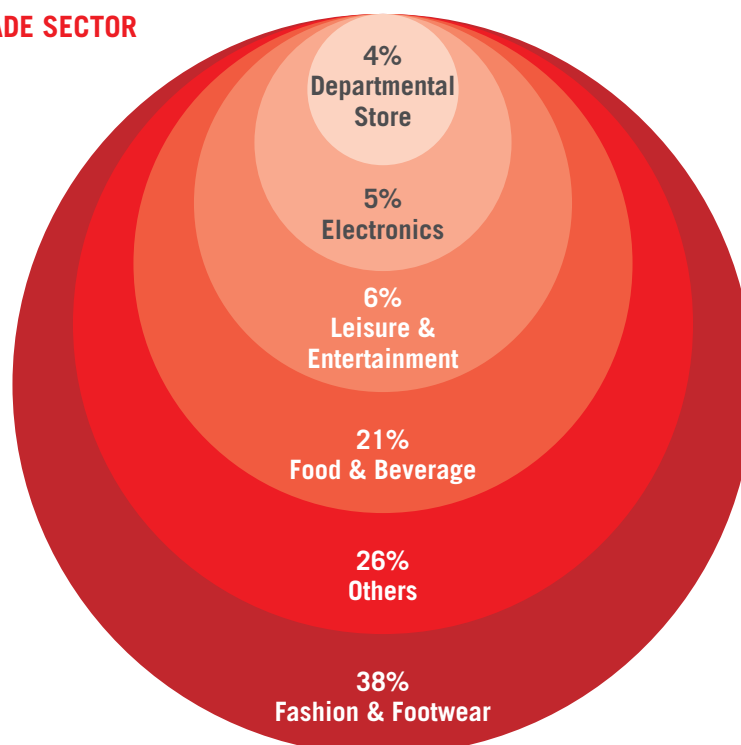
SUNWAY PYRAMID SHOPPING MALL



Land area (sq.ft.)	820,070
GFA (sq.ft.)	2,403,475 (retail & convention centre) 1,873,470 (carpark)
NLA (sq.ft.)	• 1,558,331 (retail) • 143,467 (convention centre)
No. of parking bays	More than 3,900
No. of tenancies	735
Occupancy as at 30 June 2012 (%)	99.1
Annual shopper traffic	More than 34 million
Revenue (RM million)	228.5
NPI (RM million)	162.3

TENANT MIX BY TRADE SECTOR

(Gross Rental Income)



HISTORICAL OCCUPANCY RATE

Average occupancy rate

98.6%

JUNE 2012

98.5%

JUNE 2011

99.3%

JUNE 2010

97.9%

JUNE 2009

92.3%

JUNE 2008

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

17.3%

FY2013

62.8%

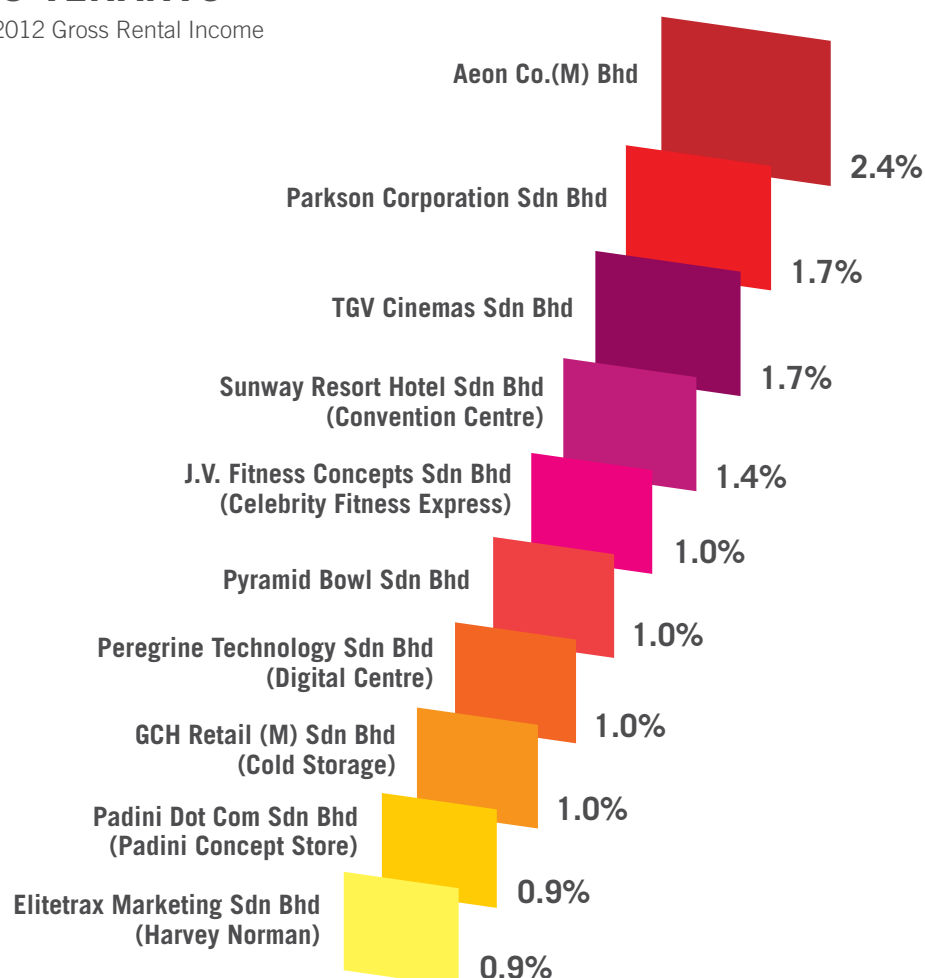
FY2014

19.0%

FY2015

TOP 10 TENANTS

% of June 2012 Gross Rental Income



SUNWAY PYRAMID SHOPPING MALL



MARKETING ACTIVITIES



1Malaysia Mega Sale

FY2012 kicked off with an arty twist to the 1Malaysia Mega Sale that saw the mall adopting the theme Arty Mega Sale. The 2-month nationwide sale saw Sunway Pyramid initiating value marketing to consumers as redemptions and contests were incorporated to deliver more value propositions for shoppers to make their purchases at the mall. It also collaborated with Citibank to offer more privileges to Citibank card members.

Skate Malaysia 2011

As Malaysia's largest indoor skating rink, Sunway Pyramid Ice organised Skate Malaysia 2011, a figure skating championship that saw participation from various countries regionally. Apart from imbedding sportsmanship and promoting sports development, the competition seeded interest for ice-skating as a recreational or sporting activity.

Hari Raya Aidilfitri

Big-scale promotions and decorations kicked-off Be-Waued this Raya to celebrate the beginning of Syawal

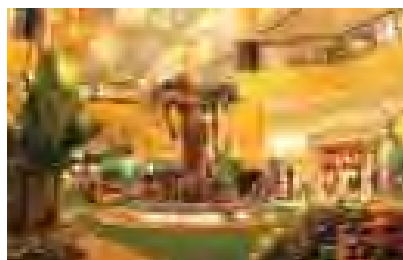
after a month long of fasting. Other highlights for the celebration included special wau-making workshop by a Terengganu wau craftsman and a Malay cultural experience outing for the expatriate community in the mall.



The mall also witnessed a multi-racial celebration as Sunway Pyramid celebrated Hari Raya, Mid-Autumn and Malaysia Day with a Raya Tanglung 1Malaysia Parade. Over 2000 people around the Klang Valley enjoyed a medley of lanterns, Malaysia flags, kompang, bunga mangga, tabla performances, lion dances and dragon dances in a come together that cumulated with a parade around the mall.

Deepavali

Similarly the mall's Deepavali Garden of Diwali celebration turned the mall into a mesmerising garden of flowers with the refreshing scent of jasmine, lotus, heliconia and chrysanthemum.



Christmas

Christmas 2011 saw the mall adopting the theme entitled Joyful Christmas that saw once again a forest winterland that evoked the Yuletide spirit. Partnering Sunway Lagoon, the redemption programme saw shoppers deriving extra value for their shopping when they got to watch Aladdin, The Musical, a musical show staged by the renowned London West End Productions. In addition a Mazda 2.0 Sedan and jewellerys were up for grabs in a special contest.



Chinese New Year

To mark the year of the dragon, the mall's The Majestic Rising kicked off Lunar New Year celebration.



Earth Hour 2012

Earth Hour 2012 marked the 4th year the mall participated in the crusade against climate change. Partnering WWF-Malaysia as the official venue for Malaysia for the 2nd year, the event was even more meaningful as Sunway Group came in and turned off all non-essential lights across its properties in Klang Valley, Kinta Valley and Penang for one hour.



Fashion Freak

Once again, fashion aficionados were treated to a month long of fashion celebration through Fashion Freak, where the mall embarked on a reward programme to entice shoppers to make repeated purchases at the mall. Lucky shoppers stood a chance to have their entire shopping bill paid by the mall as a form of loyalty programme. A grand lucky winner also walked away with a RM20,000 cash shopping spree. The programme was well received and created a favourable impression among the shopping crowd.

Sunway Pyramid continued to blaze the shopping mall industry with relevant offerings and unforgettable experiences, etching itself as one of Malaysia's more exciting and popular malls.



AWARDS AND RECOGNITION

- Sunway Pyramid was bestowed the international FIABCI Prix d'Excellence 2011–Best Retail Development for its expansion.
- Ministry of Tourism awarded the prestigious Malaysia Tourism Award 2010/2011 to Sunway Pyramid, recognising its contribution as the most innovative shopping mall. This is the mall's second win at this category.



- The Malaysia Retailers Chain Association (MRCA) once again awarded Sunway Pyramid as the most supportive shopping mall in 2011. The mall clinched the same award back in 2008 and 2010.



- Sunway Pyramid was voted as Malaysia's Most Favourite Mall 2012 in an online poll, a significant achievement as it was decided solely by the public.



- Sunway Pyramid's public facility clinched the top spot of 1Malaysia Cleanest Toilet Award–Shopping Mall category. It's touted to be the best in the nation.

TENANTS' TESTIMONIALS

Lacoste

In year 2007, we first opened our doors in Sunway Pyramid, Malaysia's first themed shopping and entertainment Mall which has then undergone a magnificent transformation fetching an eclectic mix of shopping themes and tenants, bringing the best into this dedicated retail haven. With their great expansion and refurbishment exercise, we have gained a varied and growing selection of shoppers.

This year marks our fifth year and truly, Sunway Pyramid is an amazing Shopping Mall, continuing to provide through its unfailing efforts in improving standards, innovating marketing and promotional activities has brought our business and partnership to the next milestone.

We certainly value our business partnership and are looking forward to building greater heights of success with Sunway Pyramid.

The Body Shop

It has indeed been a pleasure being business partners with Sunway Pyramid. We opened The Body Shop in Sunway Pyramid in 2001 and the store has continued to grow fortuitously together with the mall. We congratulate the Sunway Pyramid management team for its ability to remain as one of the best-managed shopping centres in Malaysia. This is due to the relentless efforts of the management team, whom we find, truly understands the retail industry and is willing to extend their support for the joint sustainability of our businesses. From its clean spacious toilets and convenient parking facilities with light sensors, to its variety of retail offerings and ever-changing activities, Sunway Pyramid Shopping Mall truly deserves the numerous awards and accolades it has received thus far. We look forward to many more years of working together to bring our businesses to greater heights!

SUNWAY CARNIVAL SHOPPING MALL



Sunway Carnival Shopping Mall is a premier five-storey lifestyle shopping mall in Pusat Bandar Seberang Jaya, Penang. The mall includes an eight-screen cineplex, an amusement centre, a convention centre, Parkson Department Store and Giant Supermarket.

The mall is located within Pusat Bandar Seberang Jaya, a 56-acre development initiated by the Penang

State government at an estimated cost of more than RM1 billion. The township which is master-planned and developed by the Sponsor consists of office buildings, a hotel, factories and residential properties. The mall is situated in the Northern State near the bridge to Penang Island, one of Malaysia's top tourist destinations and also close to the exit point of the North-South Expressway and Butterworth-Kulim Expressway.

The mall principally attracts shoppers from mainland Malaysia who, prior to the development of the mall in 2007, often crossed a toll-bridge to Penang Island to fulfill their shopping needs. The mall has since emerged as the leading lifestyle shopping mall in Seberang Jaya.

SETTING LIFESTYLE IN THE MAINLAND, PENANG

Contact Details for Management Office

Management Office, LG-68,
Sunway Carnival Mall,
3068 Jalan Todak,
Pusat Bandar Seberang Jaya,
13700 Seberang Jaya,
Penang, Malaysia.
Tel: (604) 397 9888
Fax: (604) 397 9883
www.sunwaycarnival.com

3068, Jalan Todak,
Pusat Bandar Seberang Jaya,
13700 Seberang Jaya, Penang,
Malaysia.



PORTFOLIO DETAILS (CONT'D)

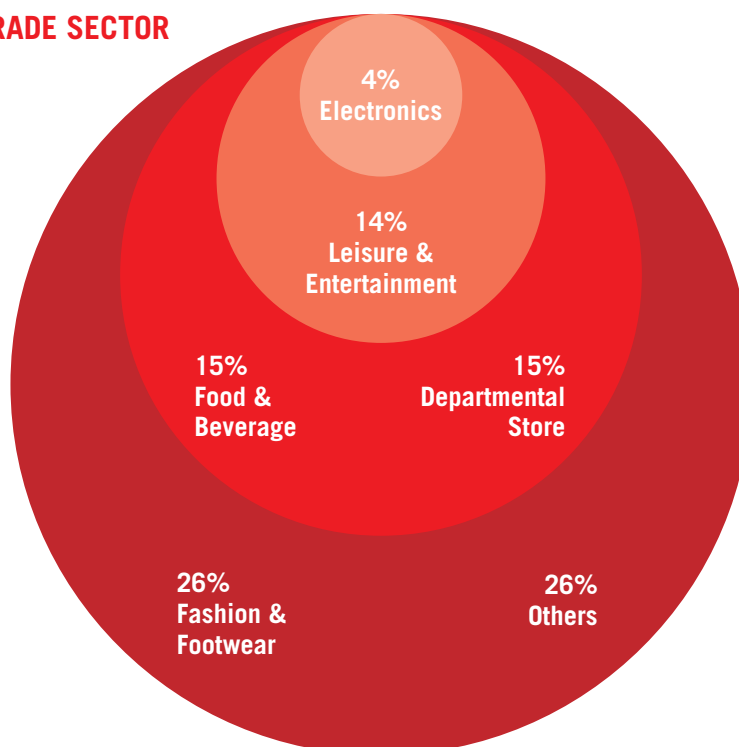
SUNWAY CARNIVAL SHOPPING MALL



Land area (sq.ft.)	348,428
GFA (sq.ft.)	769,546 (retail & convention centre) 213,554 (carpark)
NLA (sq.ft.)	• 456,768 (retail) • 32,292 (convention centre)
No. of parking bays	More than 1,100
No. of tenancies	183
Occupancy as at 30 June 2012 (%)	94.7
Annual shopper traffic	More than 7.5 million
Revenue (RM million)	28.2
NPI (RM million)	16.1

TENANT MIX BY TRADE SECTOR

(Gross Rental Income)



HISTORICAL OCCUPANCY RATE

Average occupancy rate

91.2%

JUNE 2012

90.6%

JUNE 2011

93.6%

JUNE 2010

91.8%

JUNE 2009

86.8%

JUNE 2008

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

36.0%

FY2013

45.1%

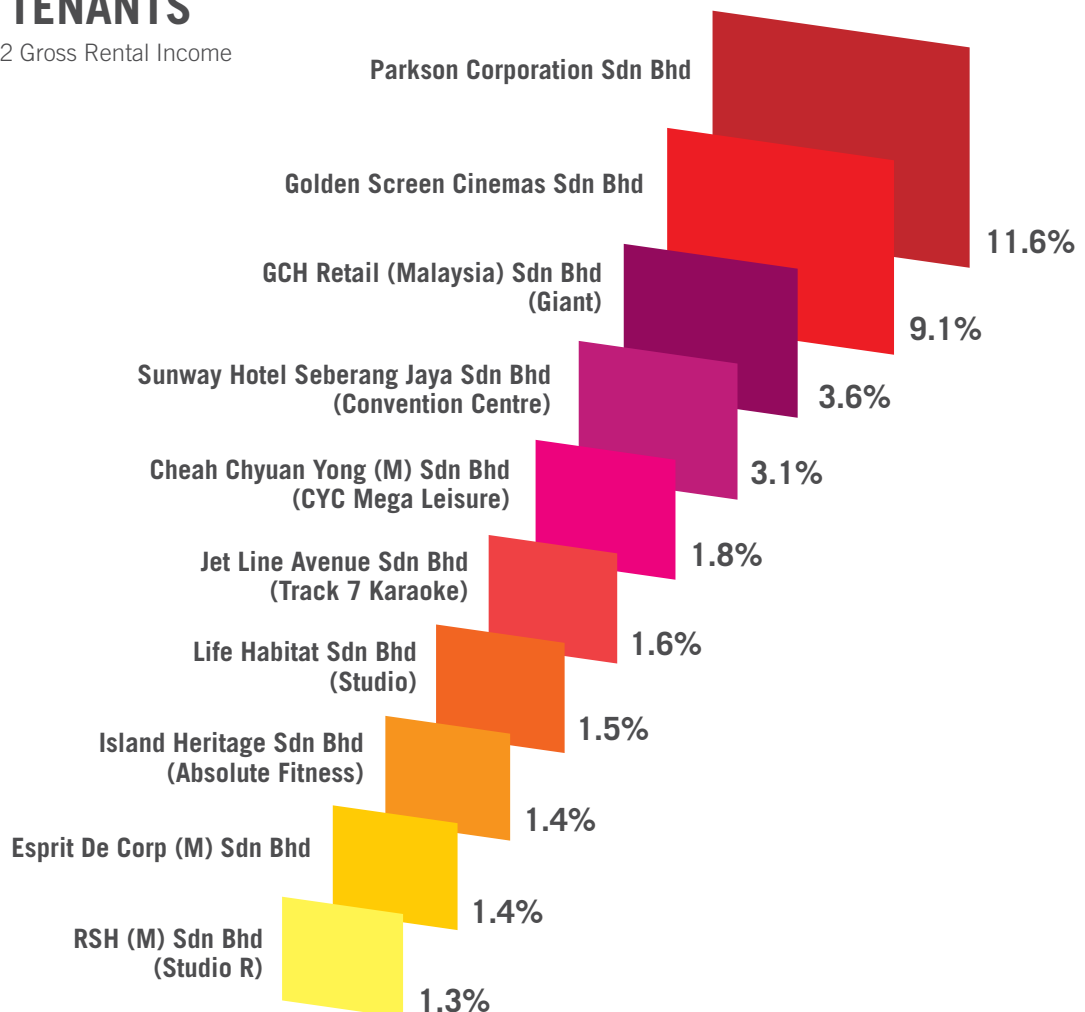
FY2014

13.6%

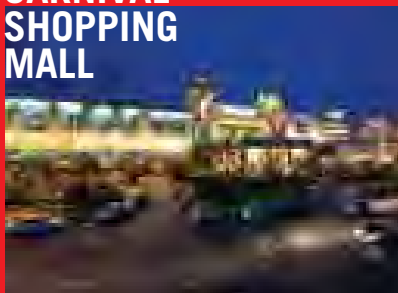
FY2015

TOP 10 TENANTS

% of June 2012 Gross Rental Income



SUNWAY CARNIVAL SHOPPING MALL



MARKETING ACTIVITIES

August 2011

Sale-brate

In conjunction with the Malaysia Mega Sale Carnival 2011, Sunway Carnival Mall hosted a life-size board game, 'Sale-brate', which works similarly to 'Snakes & Ladders'. The 'Sale-brate' board located at the UG Level, was open to shoppers with a minimum purchase of RM100 in a single receipt throughout 15th June till 28th August.

On each landed space upon the dice throw, the shopper must overcome an obstacle, perform an action or collect cash vouchers and gifts. Shoppers reaching the end point competed at the finale play-off for the grand prize of a 3-night Penang-Phuket-Krabi cruise trip for 2 pax courtesy of Tourism Malaysia and Star Cruise.

September 2011

Memori Raya Merdeka

Reliving the yesteryear's famous mode of transportation, a lot of publicity and public interest was gained in this unique Hari Raya decoration at the mall's Upper Ground Concourse.

The retro mock train station, with a real railway track and a coach in collaboration with Keretapi Tanah Melayu Berhad set a festive mood at the concourse area. Apart from ongoing redemptions of green packets and pashmina shawls, customers were also treated to a variety of Malay traditional

activities and programs such as Ketupat Making Contests, Raya Songs Singing Competition and Malay dances.

October 2011

Colours of Blessing

The 17-day long event running until the weekend of Deepavali was launched with the lighting up of oil-lamps at the mall's West Entrance. Upon entering, shoppers were greeted by 'Health', 'Wealth', 'Wishes' and 'Joy', four sacred hand-painted and crafted elephants.

The elephants were placed surrounding the stage and two colourful kolams crafted by a local Indian family. The two kolams were inspired by the mythological elephant which symbolises protection, strength, luck and loyalty whereas the kolam can bring prosperity to the family.

Among the activities held were a Peacock Dance, Sitar & Tabla Musical and martial arts performances. Shoppers also redeemed Deepavali packets with a minimum spending at the mall.

December 2011

Christmas Fantasia

Sunway Carnival Mall's UG Concourse was transformed into a fantasy-like world, with a Snow Globe and colourful castle-like setting complete with a tower all lit up in the background and cone-shaped Christmas trees adorning the mall. The mall lined-up performances

to spread the joy of the festive season in Fantasia Musical whereas friendly whimsical characters of 'Folks of Fantasia', greeted shoppers with goodies.

Shoppers also experienced playing an Augmented Reality (AR) Game, gained exclusive visits into the Giant Snow Globe, free planners and a complimentary 'Whimsical Moments Photography' to capture their shopping experience at the mall.

January 2012

Dragon Dance Championship

To usher in the Dragon year of the Chinese Lunar calendar, Sunway Carnival Mall, in collaboration with Kwong Wah Yit Poh and Tow Boo Kong organised the nationwide Dragon Dance Championship 2012. This championship is one of the highly-anticipated Chinese New Year events in 'An Orchestra of Prosperity'.

February 2012

An Orchestra of Prosperity

Sunway Carnival Mall's Chinese New Year celebration themed 'An Orchestra of Prosperity', orchestrated the reminiscences of the simple life we once upon a time lived, celebrating the richness of simplicity in tradition and culture.

The Upper Ground Concourse stage was an extravagant setup of an exquisite Chinese Opera theme

embellished with a contemporary version of Chinese Opera.

Among the performances held was a Chinese Opera Show showcasing a traditional Opera Performance, the more commonly seen street performance and The Plum Blossom Garden which is an opera musical story. On top of that, a minimum spend entitled shoppers to redeem an exclusive set of Opera Ang Pau Packets and a special edition Chinese Opera Notebook.

February 2012

The Wedding Host

The first wedding expo organised by Sunway Carnival Mall providing a wholesome solution for all wedding needs under one roof from a selection of local to international wedding vendors offering a wide variety of wedding and honeymoon packages; florists, catering, jewelleries, photo and videographer, cakes, hairstylists, music booths and much more at the Upper Ground Concourse and Level 1.



Some of the activities held were Bridal Gown Auction, Best Matching Couple and Ring Fitting Competition.

April 2012

High Fashion High Tea

High Fashion High Tea was timely with the latest Spring/Summer 2012 fashion releases.

Within this period, the shopping mall had an ongoing redemption of a free makeover by Korean Beauty Square and hairstyling by Infinity Hair Design & Beauty Image with a complimentary photoshoot taken at the stage centerpiece featuring giant high tea sweet delights as props of the shoot.

In addition, events such as High Tea Etiquette Workshop, High Tea Fashion Event, Hat/Headgear Design Competition and Recycled Fashion Design Competition were held to complete the thematic shopping experience.

June 2012

5port Fiesta

5port Fiesta was a sports-themed event in conjunction with Sunway Carnival Mall's 5th anniversary and timely for the entire family as it coincided with the school holidays.

The Upper Ground Concourse was decked with larger than life sports props with a 10-foot archery board beside bowling pins, tennis racquets and a basketball as the backdrop.

Among the exciting line-up of events were sports demonstrations such as Rhythmic Gymnastics, Body Combat, BMX Stunts, Taekwondo and a hip hop dance performance. Shoppers took home a sporty wristwatch and Penang Bird Park tickets.

TESTIMONIAL

Parkson Corporation Sdn Bhd

Sunway Carnival Mall Management has done a great job in bringing many new tenants which has created more choices and improved customer traffic flow into the mall.

The Management Staff is courteous, polite, cooperative and always willing to listen positively to improve further for achieving mutual business goals.

GCH Retail (M) Sdn Bhd

- 1) The management communicate closely with us from time to time.
- 2) The Sunway Carnival Mall staff are cooperative and helpful.
- 3) We also find that our customers feel safe to shop at Giant with the mall's auxiliary police force who are patrolling constantly.

Studio

Sunway Carnival mall is a leading mall in mainland Penang in term of product leadership, operation excellence & customer service.

Product Leadership - strong tenants mix

Operation excellence - System & process are easy to use.

Customer Service - Frequent security check at the car park deters theft and break-in.

We look forward to the leasing team carrying more well known brands to bring the mall to the next level.

SUNCITY IPOH HYPERMARKET

Land area (sq.ft.)	354,994
GFA (sq.ft.)	193,408
NLA (sq.ft.)	181,216
No. of parking bays	400
No. of tenancy (Expiring FY 2014)	1
Occupancy as at 30 June 2012 (%)	100
Revenue (RM million)	4.6
NPI (RM million)	4.2



SunCity Ipoh Hypermarket is a single-storey hypermarket which is designed and purpose-built to the specifications of the original and current sole tenant, GCH Retail (Malaysia) Sdn Bhd (“GCH”). GCH is a major hypermarket and retailer chain operating under the “Giant” brand in Malaysia, Singapore, Indonesia and Brunei Darussalam. In addition to operating the Giant Hypermarket at the property, GCH also sublets floor space to a number of smaller tenants who are complementary to the hypermarket. GCH solely manages the subleasing arrangements.

Opened in 2005, the hypermarket is located in Sunway City Ipoh township, which is master-planned and developed by the Sponsor, in collaboration with the Perak State government. Sunway City Ipoh was launched in 1996 and is being developed to replicate many of the key features of the Bandar Sunway township. Sunway City Ipoh is the first township in the surrounding area. It is conveniently located near an exit point of the North-South Expressway that connects Kuala Lumpur to Penang. The township is planned to include approximately 3,000 residential and commercial properties by 2018, more than 1,330 of which

have been built by the Sponsor. The township offers a diverse mix of retail, office, entertainment, hospitality and residential properties. The township includes the Lost World of Tambun theme park, a 174-room Lost World Hotel as well as the luxury The Banjaran Hotsprings Retreat.

Like Bandar Sunway, Sunway City Ipoh is expected to create synergies and cross-promotion opportunities between the various Sunway properties within Sunway City Ipoh, which is expected to support and grow the customer base of SunCity Ipoh Hypermarket.



HEART OF RETAIL IN SUNCITY IPOH TOWNSHIP

No. 52, Jalan SCI 1/3,
Dataran Sunway, Sunway City Ipoh,
31150 Ipoh, Perak Darul Ridzuan,
Malaysia.

SUNWAY PUTRA MALL



Sunway Putra Mall is an eight-level podium shopping mall which forms part of a 3-in-1 mixed-use development comprising retail, a hotel and offices.

Sunway Putra Mall is strategically located in Kuala Lumpur's commercial district and is situated across from the Putra World Trade Centre (PWTC). It is easily accessible via major highways and well served by public transportation such as the STAR Light Rail Transit (LRT) and KTM Komuter Train with the respective train stations located within close proximity to the property. The

Hentian Putra Bus Station that caters to coaches plying the East Coast routes is within walking distance.

Sunway Putra Mall, completed in the late 1980s, was a key shopping destination in the city centre. However the retail landscape has since changed significantly with the development of bigger and newer shopping malls in the city centre. The Manager plans to transform and reposition it to a sparkling jewel with a comprehensive refurbishment exercise.



A FUTURE HUB OF EXCITEMENT

Contact Details for Management Office

Centre Management Office
Level CP6, Blue Atrium
Sunway Pyramid Mall,
No. 3 Jalan PJS 11/15
Bandar Sunway, 46150 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: (603) 7494 3003
Fax: (603) 7492 6333
www.sunway.com.my/pyramid/

No. 100, Jalan Putra,
50350 Kuala Lumpur.

PORTFOLIO DETAILS (CONT'D)

SUNWAY PUTRA MALL

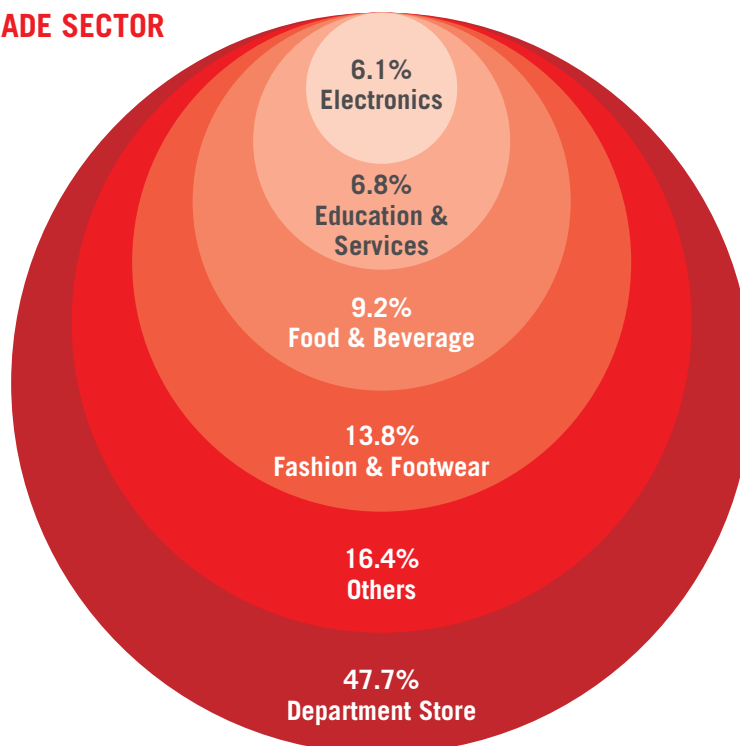


Land area (sq.ft.)	193,621 ¹
GFA (sq.ft.)	803,034 (retail) 585,540 ¹ (carpark)
NLA (sq.ft.)	507,171
No. of parking bays	More than 1,300 ¹
No. of tenancies	178
Occupancy as at 30 June 2012 (%)	74.3
Revenue (RM million)	31.0
NPI (RM million)	17.1

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.

TENANT MIX BY TRADE SECTOR

(Gross Rental Income)



HISTORICAL OCCUPANCY RATE

Average occupancy rate

79.8%
JUNE 2012

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

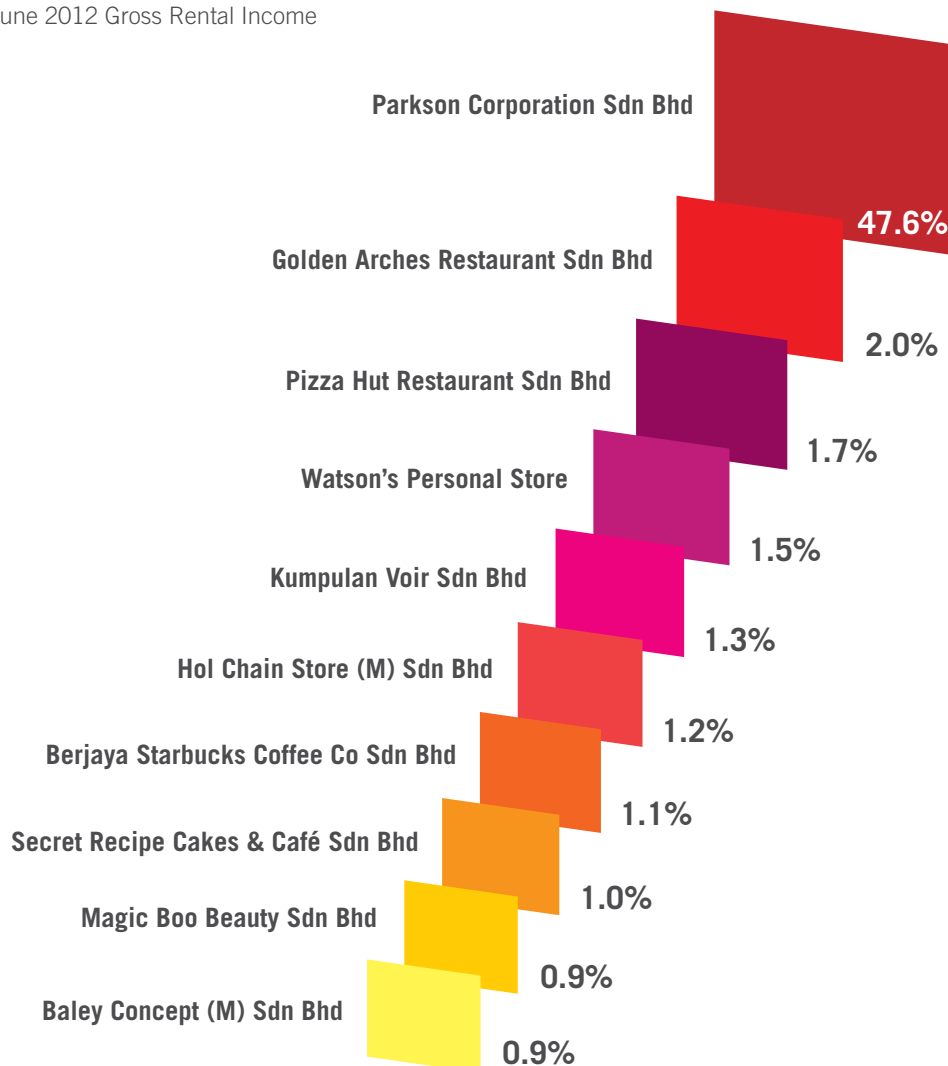
67.7%
FY2013

6.6%
FY2014

Note: The anchor tenancy and other tenancies are subject to 3 months and 6 months termination notice respectively for refurbishment.

TOP 10 TENANTS

% of June 2012 Gross Rental Income





HOTEL

One of the Nation's Growth Pillar

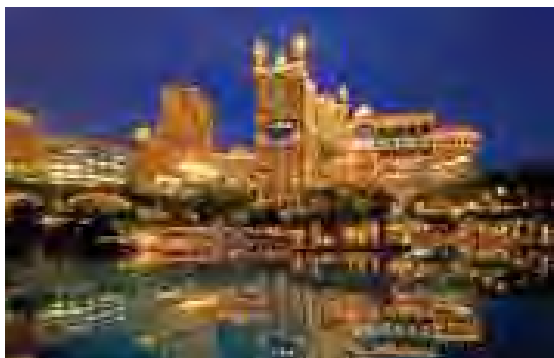


Sunway Resort Hotel & Spa

PORTFOLIO SUMMARY

HOTEL

SUNWAY RESORT HOTEL & SPA



Location
Selangor

Date of acquisition
8-Jul-2010

Acquisition price (RM million)
445

Year of completion
Sunway Resort Hotel & Spa - 1997
Three Villas - 2004

Title details & expiry date
- PN 9492 Lot 35
1 April 2097 (commenced 2 April 1998,
approx. 85 years remaining)
- PN 9498 Lot 51173
1 April 2097 (commenced 2 April 1998,
approx. 85 years remaining)

All in Bandar Sunway, Daerah Petaling,
Negeri Selangor.

Tenure
99 year lease

Encumbrances
i) Charged to Public Investment Bank Berhad
ii) 10 years lease to Sunway Resort Hotel
Sdn Bhd
iii) Private Caveat by Public Bank Berhad

Appraised value (RM million)
508

Date of latest valuation*
June - 2012

PYRAMID TOWER HOTEL



Location
Selangor

Date of acquisition
8-Jul-2010

Acquisition price (RM million)
250

Year of completion
2004

Title details & expiry date
Strata title
- PN 17415/M1/1/1 Lot 62060
21 February 2102 (commenced 22 February
2003, approx. 90 years remaining)

Bandar Sunway, Daerah Petaling,
Negeri Selangor.

Tenure
99 year lease

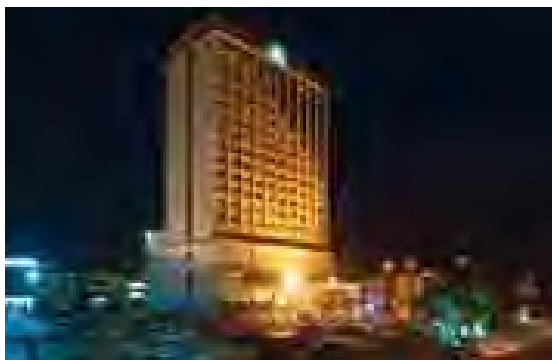
Encumbrances
i) Charged to Public Investment Bank Berhad
ii) 10 years lease to Sunway Resort Hotel
Sdn Bhd
iii) Private Caveat by Public Bank Berhad

Appraised value (RM million)
295

Date of latest valuation*
June - 2012

*Note: All the properties are valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)

SUNWAY HOTEL SEBERANG JAYA



Location
Penang

Date of acquisition
8-Jul-2010

Acquisition price (RM million)
52

Year of completion
1997

Title details & expiry date

- PN 2602 Lot 5785
21 October 2092 (commenced 22 October 1993, approx. 80 years remaining)

Mukim 1
Daerah Seberang Perai Tengah,
Negeri Pulau Pinang.

Tenure
99 year lease

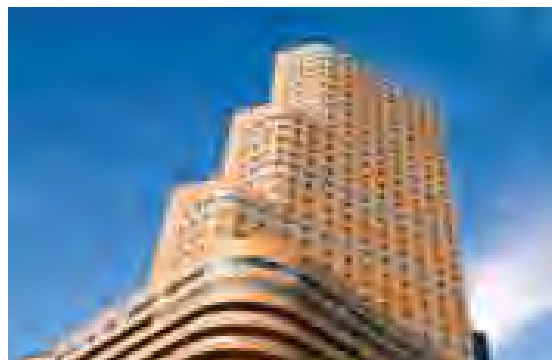
Encumbrances

10 year lease to Sunway Hotel
Seberang Jaya Sdn Bhd

Appraised value (RM million)
57

Date of latest valuation*
June - 2012

SUNWAY PUTRA HOTEL



Location
Kuala Lumpur

Date of acquisition
19-Apr-2011

Acquisition price (RM million)
214

Year of completion
1993

Title details

- Geran 10012,
Lot 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan.

Tenure
Freehold

Encumbrances

- i) Charged to Public Investment Bank Berhad
- ii) 10 year lease to Sunway Putra Hotel Sdn Bhd
- iii) 30 year lease to Lembaga Letrik Negara Tanah Melayu (Tenaga Nasional Berhad) expiring 4 April 2017
- iv) Private Caveat by Public Bank Berhad
- v) Private Caveat by Trustee

Appraised value (RM million)
240

Date of latest valuation*
June - 2012

SUNWAY RESORT HOTEL & SPA



Sunway Resort Hotel & Spa, a 5-star hotel located within Sunway Resort City, delivers Malaysian warmth and hospitality within the resort's 439 guest rooms and suites. The hotel offers Club rooms, Premier rooms and Suites with themed rooms such as Tranquility, Arabian and Honeymoon for added luxury and comfort.

The Hotel is complemented by a Balinese-inspired spa, a fitness centre and various food and beverage restaurants serving worldly cuisines at

its doorstep. It is adjacent to Sunway Lagoon, a multi-park destination with a host of themed parks and the upscale Sunway Pyramid mega shopping and entertainment mall.

Sunway Resort Hotel & Spa also operates the Sunway Pyramid Convention Centre, which accommodates up to 6,000 guests for cocktails and up to 4,000 guests in theatre-style seating, one of the largest convention centres in Malaysia.

LEADING 5-STAR HOTEL IN SELANGOR

Contact Details for Management Office

Persiaran Lagoon, Bandar Sunway,
46150 Petaling Jaya
Selangor Darul Ehsan, Malaysia.
Tel : (603) 7492 8000
Fax : (603) 7492 8001
kualalumpur.sunwayhotels.com

Persiaran Lagoon,
Bandar Sunway,
46150 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.



PORTFOLIO DETAILS (CONT'D)

SUNWAY RESORT HOTEL & SPA



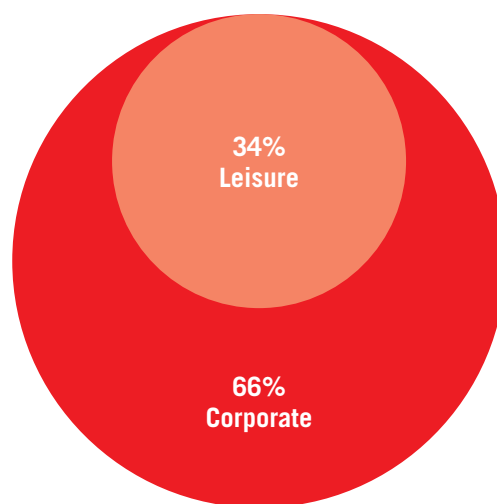
Land area (sq.ft.)	376,274
GFA (sq.ft.)	1,050,497
No. of rooms	439 guest rooms 3 villas
No. of parking bays	More than 640
Average occupancy (%)	76.0
Revenue (RM million)*	35.1
NPI (RM million)	34.0

*The revenue represents total rent under a hotel master lease agreement.

MASTER LEASE DETAILS

Master lessee	Sunway Resort Hotel Sdn Bhd
Duration	10 years from 8 July 2010 with an option to renew for another 10 years
Total rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Resort Hotel & Spa and Pyramid Tower Hotel consists of RM42.0 million for FYE 2011 and FYE 2012 and RM31.6 million for each of the financial years for the remaining 10-year term

GUEST PROFILE



HISTORICAL OCCUPANCY RATE

Average occupancy rate

76.0%
JUNE 2012

69.4%
JUNE 2011

66.7%
JUNE 2010

61.0%
JUNE 2009

78.0%
JUNE 2008

MARKETING ACTIVITIES

MIGF GALA LAUNCH AT SUNWAY RESORT HOTEL & SPA

Sunway Resort Hotel & Spa's prestigious Chinese Restaurant, West Lake Garden, celebrated the 11th Malaysia International Gourmet Festival (MIGF) with oriental exuberance. More than two thousand of the country's "who's who" gathered in the Grand Ballroom of Sunway Resort Hotel & Spa, to celebrate the start of the region's most anticipated fine dining event - The Malaysia International Gourmet Festival (MIGF).



West Lake Garden Chinese Restaurant showcased its rich delicacies at the Festival in October with a lavish spread of oriental flavours and delicacies.

AWARDS & ACCOLADES

February 2012 TripAdvisor Traveler's Choice Awards 2012

Sunway Resort Hotel & Spa, a true home-grown resort hotel, was ranked 16th beating other renowned international hotel chains.

December 2011 The BrandLaureate - The BrandLaureate Top 10 Master Awards 2011

Sunway Resort Hotel & Spa is the winner of The Most Preferred Brand in Hospitality-Resort and The BrandLaureate SMEs BestBrands Awards 2011 in Brand Speciality-Brand Communication Voted by SMEs.

October 2011 Malaysia International Gourmet Festival (MIGF)

West Lake Garden shone brightly at the 2011 Malaysia International Gourmet Festival (MIGF) with 8 awards of Excellence for its participation at MIGF 2011.

Judges' Choice -
Most Creative Restaurant at the
Gala Launch

Judges' Choice -
Best Marketed Restaurant of the Festival

Festival Diners' Choice -
Most Outstanding Canapes of the Festival

Festival Diners' Choice -
Most Outstanding Appetiser of the
Festival

Festival Diners' Choice -
Most Outstanding Dessert of the Festival

People's Choice -
Most Creative Restaurant Station at the
Gala Launch

People's Choice -
Most Creative Food Presentation at the
Gala Launch

People's Choice - Most Outstanding
Cuisine

July 2011 Holidays with Kids 11th Annual Top 10 Awards – Top 10 Resorts For Families – Malaysia

Sunway Resort Hotel & Spa has received this award after being nominated by Holidays with Kids' readers for the outstanding holiday appeal and facilities for families.

These awards invite readers to vote for the best family-friendly resorts they have encountered, and to rank their nominations in categories including activities and facilities for kids, childcare and babysitting services, staff hospitality, standard of accommodation, location, accessibility, safety, fun for the entire family, value for money and overall experience. This way, Holidays with Kids could find not only the most popular holiday operators but also those of the highest quality. Nominations came from vast readership of over 600,000 parents and our 61,000 online members and customers of Club Med, Ubid4Room.com and TakeABreak.com.au.

TESTIMONIALS

A note of appreciation from Axiata Group Berhad

Axiata Group Berhad would like to thank Sunway Resort Hotel & Spa's staff for the perfect hospitality during our CXO Forum which took place at the hotel from 27th February to 2nd March. From the

first meeting with the sales team to the final goodbye from the bellboy, our CXO Forum was rated 5-star. The entire hotel rose to the occasion and provided service and quality that were amazing. We have had series of CXO Forum and this was one of the best we had. We found the partnership with your hotel to be mutually rewarding and a fantastic experience.

Well done Sunway Resort Hotel & Spa From Jeremy Balak, Director, Strategic Accounts, Asia Pacific Region, Agility

I just wish to extend my thanks to your hotel and resort for a short yet excellent stay. In my position, I do a lot of travel and stayed in many locations, but this is my first email of thanks. In my opinion, a hotel would need to go far and beyond a great service level for such a thing. However I find myself writing to you as this was indeed the case. I experienced a level beyond greatness, where your staff went well above and beyond. I will definitely be back with my family and sing praises to my friends and colleagues.

Keep up the good job! By Jonathan Lou of Siemens

I thank you for your very supportive initiatives and superb organisational skills in hosting our meeting at Sunway. We had a very productive meeting with a lot of positive feedback from customers, partners and colleagues alike. The team was always proactive in managing every aspect of the meeting and dinner and also at the same time ensuring the challenges that I put forth never wiped off that courteous and friendly smiles on their faces. Keep up the good job and I look forward to another opportunity to work with all of you again.

FUTURE PLANS

For the year 2012, Sunway Resort Hotel & Spa will be looking at revamping and refreshing its products as well as the services. Amongst the plans in the pipeline for a new and improved Food and Beverage line-up is to refurbish West Lake Garden for a fresh appeal with minor works planned for the 5-Star Hotel's Chinese Restaurant.

The Lobby Lounge at the 5-star Hotel's main lobby will undergo renovations at the end of the year to better suit the concept of an Intimate Lounge.

PYRAMID TOWER HOTEL



Pyramid Tower Hotel is a four-star hotel in Bandar Sunway, with 549 guest rooms as well as suites and studio. Offering comfort and convenience, Pyramid Tower Hotel is equipped with numerous facilities, including in-room high-speed Internet access, a business centre, café and lounge, room service and parking facilities. The hotel offers recreational and entertainment facilities, including convenient access to a fitness centre and spa facilities

as well as the award-winning Sunway Lagoon and Sunway Pyramid Shopping Mall.

Hotel guests have access to the 370-seat cafe and 80-seat lounge, which are located within the premises. In addition, guests have access to the amenities offered at the 5-star Sunway Resort Hotel & Spa, which is adjacent and linked to the Pyramid Tower Hotel. A perfect complement to the 5-star

Sunway Resort Hotel & Spa, Pyramid Tower Hotel is a part of the Sunway Resort City in Bandar Sunway which is master-planned and developed by the Sponsor.



A PREFERRED CORPORATE HOTEL

Contact Details for Management Office

Persiaran Lagoon, Bandar Sunway,
46150 Petaling Jaya, Selangor Darul
Ehsan, Malaysia.
Tel : (603) 7492 8000
Fax : (603) 7492 8001
kualalumpur.sunwayhotels.com

Persiaran Lagoon,
Bandar Sunway,
46150 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

PORTFOLIO DETAILS (CONT'D)

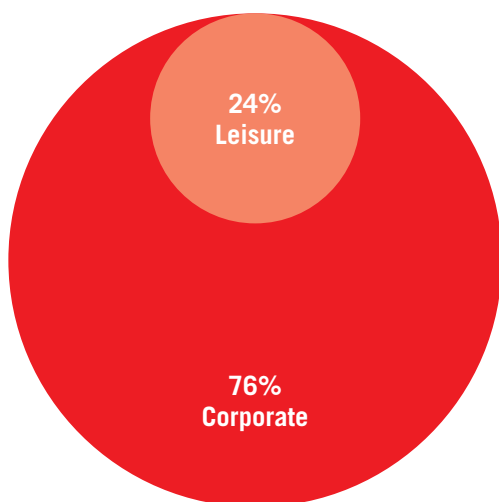
PYRAMID TOWER HOTEL



GFA (sq.ft.)	356,888 strata floor area (Level 1 to 9)
No. of rooms	549
No. of parking bays	More than 530
Average occupancy (%)	83.1
Revenue (RM million)*	22.8
NPI (RM million)	22.4

*The revenue represents total rent under a hotel master lease agreement.

GUEST PROFILE



MASTER LEASE DETAILS

Master lessee	Sunway Resort Hotel Sdn Bhd
Duration	10 years from 8 July 2010 with an option to renew for another 10 years
Total rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Resort Hotel & Spa and Pyramid Tower Hotel consists of RM42.0 million for FYE 2011 and FYE 2012 and RM31.6 million for each of the financial years for the remaining 10-year term

HISTORICAL OCCUPANCY RATE

Average occupancy rate

83.1%
JUNE 2012

80.9%
JUNE 2011

81.3%
JUNE 2010

78.8%
JUNE 2009

82.1%
JUNE 2008

MARKETING ACTIVITY

Father's Day Campaign

In conjunction with Father's Day, Sunway Resort Hotel & Spa gave away holiday packages worth up to RM11,000 via the Hotel's 'Just Like Dad' contest.

The 'Just Like Dad' required Facebook fans to submit a photograph of them and their Father or with their child, son or daughter, with the pair either dressed similarly or looking very much alike.

The winner was selected via online voting as well as votes from diners at Atrium Café where a board was put up with pictures of all the participants for diners to review and cast their votes.

FUTURE PLANS

Proposed installation of new chillers and additional cooling towers and replacement of chilled water pipe to improve energy efficiency.



Main Entrance



Lounge OnTwelve



Atrium Cafe

SUNWAY HOTEL SEBERANG JAYA



Sunway Hotel Seberang Jaya is a 17-storey, 4-star hotel located in Pusat Bandar Seberang Jaya with 202 guest rooms. The hotel's amenities include a health and fitness centre, internet access, two lounges, a restaurant, a ballroom and eight function rooms. The hotel also manages the 32,292 sq. ft. Sunway Carnival Convention Centre with a seating capacity of 1,200

which is the largest on the mainland of Penang.

Sunway Hotel Seberang Jaya, as the only 4-star hotel in the vicinity, primarily serves business travellers seeking to access the industrial hubs and commercial zones located on Penang's mainland. Pusat Bandar Seberang Jaya is a township that is

master-planned and developed by the Sponsor consisting of office buildings, factories and residential properties. Sunway Hotel Seberang Jaya is located approximately 100 meters from the Sunway Carnival Shopping Mall. The hotel is also near the access point to Penang Island, one of Malaysia's top tourist destinations.

REVITALISING FOR FUTURE GROWTH

Contact Details for Management Office

11, Lebuh Tenggara 2
Pusat Bandar Seberang Jaya
13700 Perai, Penang, Malaysia.
Tel : (604) 370 7788
Fax : (604) 370 0555
www.sunwayhotels.com

11, Lebuh Tenggara 2,
Pusat Bandar Seberang Jaya,
13700 Perai, Penang,
Malaysia.



PORTFOLIO DETAILS (CONT'D)

SUNWAY HOTEL SEBERANG JAYA



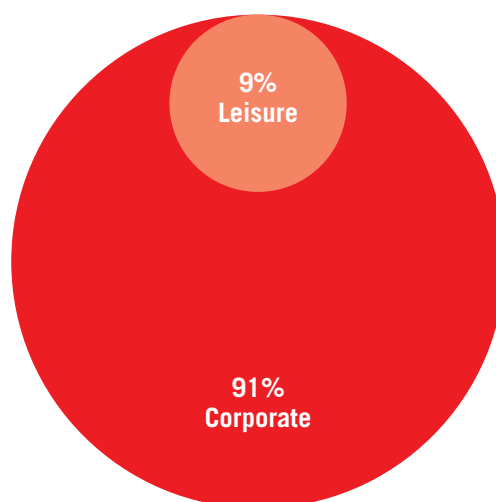
Land area (sq.ft.)	46,220
GFA (sq.ft.)	174,800
No. of rooms	202
No. of parking bays	64
Average occupancy (%)	70.2
Revenue (RM million)*	4.6
NPI (RM million)	4.4

*The revenue represents total rent under a hotel master lease agreement.

MASTER LEASE DETAILS

Master lessee	Sunway Hotel Seberang Jaya Sdn Bhd
Duration	10 years from 8 July 2010 with an option to renew for another 10 years
Total rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Hotel Seberang Jaya consists of RM4.5 million for FYE 2011 and FYE 2012 and RM3.4 million for each of the financial years for the remaining 10-year term

GUEST PROFILE



HISTORICAL OCCUPANCY RATE

Average occupancy rate

70.2%
JUNE 2012

80.0%
JUNE 2011

77.0%
JUNE 2010

78.8%
JUNE 2009

82.1%
JUNE 2008

MARKETING ACTIVITIES

Ramadhan Buffet

In conjunction with the fasting month of Ramadhan, a buffet themed “Berbuka Dan Beramal” was held nightly at Sunway Carnival Convention Centre from 1–27 August 2011. Advertisements were placed in Harian Metro and Guang Ming Daily.

Meanwhile, a maildrop of 25,000 flyers were made to selected residential and business areas, banners hung at strategic locations, and a food review for the local press was organised. A charity drive where RM1.00 for every Ramadhan buffet sold would be equally donated to three centres for the less privileged children was also held.



Mass Wedding 2012

Sunway Hotel Seberang Jaya (SHSJ) was one of the co-organiser with Sunway Carnival Mall and Kenlink in the 5 day bridal fair which was held at Sunway Carnival Mall. A booth was set up at the concourse area. Salespersons and F&B staffs were on duty to sell hotel wedding packages.

A mass wedding, which was the highlight of the 5 day event held on 12 February 2012 at Sunway Carnival Convention Centre. 29 couples took part in the ceremony and were welcomed by Malaysia’s popular model, Amber Chia.

Chinese New Year Cultural and Heritage Celebration

SHSJ participated in CNY Cultural and Heritage Celebration which was organised by the Penang State Government, the hotel set up laptops and managed to garner more than 400 likes for their Facebook page.



Lucky draw prizes, which included complimentary stays at Lost World Tambun Hotel, Sunway Hotel Seberang Jaya and F&B vouchers were offered. SHSJ swept away the first prize in the Best Creatively Decorated Hotel Stall competition.

Set up to reflect an old Chinese Shop, the booth which sold Prosperity Mantao, had the hotel’s God of Prosperity at the entrance to welcome visitors and to provide photo opportunities.

AWARDS

Their impressive bed-making skills won two associates from Sunway Hotel Seberang Jaya the top prize at the Professional Bed Making Competition held in conjunction with the 13th Penang International Salon Gastronomique 2011 ‘Battle of the Chefs’.

Participants were judged based on technique, neatness, speed and the overall look.



The duo Adam Ahmad and Mohd Rizal Abdul Razak spent countless hours practicing weeks before the event beat 18 participants from nine other hotels.

TESTIMONIALS

Universiti Teknologi MARA

On 21 January 2012, UiTM Penang collaborated with Sunway Hotel Seberang Jaya to organise a charity event themed “A Love For Life”.

On this, we would like to express our deepest gratitude towards Mr. Ben Ho, the hotel’s General Manager and the entire team who tirelessly contributed credible ideas, overwhelming hospitality and services as well as constant attention to the event.

The success of the event exceeded our expectation and for that we are truly thankful to everyone for their commitment towards making this meaningful charity event a great success.

Wedding Banquet

We are very happy that the wedding dinner of our children which was hosted at the Sunway Carnival Convention Centre, was conducted as planned and the programme flowed smoothly that evening.

We really appreciate the hotel staff’s help in coordinating this function from the printing of the invitation cards to food tasting and venue decoration.

We would also like to thank you for the introduction of a good band to us for the wedding dinner.

We will definitely consider Sunway Convention Centre as our first choice if we need to hold other similar functions in the future.

SUNWAY PUTRA HOTEL

Land area (sq.ft.)	193,621 ¹
GFA (sq.ft.)	833,844
No. of rooms	618
No. of parking bays	More than 1,300 ¹
Average occupancy (%)	59.0
Revenue (RM million)*	9.1
NPI (RM million)	8.2

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.



Sunway Putra Hotel is a 25-storey 5-star hotel plus service apartments which forms part of a 3-in-1 mixed-use development comprising retail, a hotel and offices.

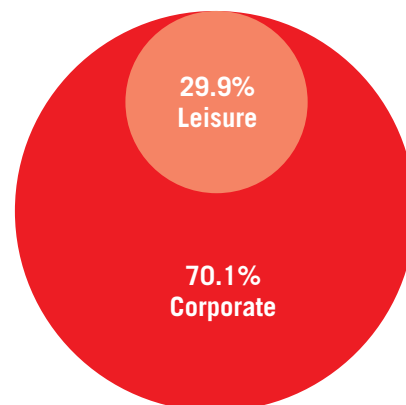
The facilities available include restaurants, a ballroom and banquet facilities, swimming pool, a comprehensive business centre and recreational facilities.

Situated across from Putra World Trade Centre (PWTC) and within the city's main commercial district, Sunway Putra Hotel Kuala Lumpur is easily accessible via public transportation services.

FUTURE PLANS

Proposed refurbishment exercise to maintain its competitiveness.

GUEST PROFILE



MASTER LEASE DETAILS

Master lessee	Sunway Putra Hotel Sdn Bhd
Duration	10 years from 28 September 2011 to 27 September 2021
Total rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Putra Hotel consists of RM9.1 million for FY2012, RM12.1 million for FY2013, RM9.8 million for FY2014, RM9.1 million for FY2015 to FY2021 and RM2.3 million for FY2022.

A REBRANDED KUALA LUMPUR CITY HOTEL

HISTORICAL OCCUPANCY RATE

Average occupancy rate

59.0%
JUNE 2012

Contact Details for Management Office

Level 1, Unit 1.2, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
Petaling Jaya, Selangor.
Tel: (603) 5639 8881
Fax: (603) 5639 8182

No. 100, Jalan Putra,
50350 Kuala Lumpur.



Office

Thriving Businesses



Menara Sunway

PORTFOLIO SUMMARY

OFFICE

MENARA SUNWAY



Location

Selangor

Date of acquisition

8-Jul-2010

Acquisition price (RM million)

128

Year of completion

1993

Title details & expiry date

- PN 17105 Lot 61760
1 April 2097 (commenced 2 April 1998,
approx. 85 years remaining)

Bandar Sunway, Daerah Petaling,
Negeri Selangor.

Tenure

99 year lease

Encumbrances

- i) Charged to Public Investment Bank Berhad
- ii) Private Caveat by Public Bank Berhad

Market value (RM million)

150

Date of latest valuation*

June - 2012

SUNWAY TOWER



Location

Kuala Lumpur

Date of acquisition

8-Jul-2010

Acquisition price (RM million)

171

Year of completion

1996

Title details

- Geran 45110,
Lot 55, Seksyen 0045

Kuala Lumpur, Wilayah Persekutuan.

Tenure

Freehold

Encumbrances

- i) Charged to Public Investment Bank Berhad
- ii) 30 year lease to Lembaga Letrik Negara
Tanah Melayu (Tenaga Nasional Berhad)
expiring 4 April 2017
- iii) Private Caveat by Public Bank Berhad

Appraised value (RM million)

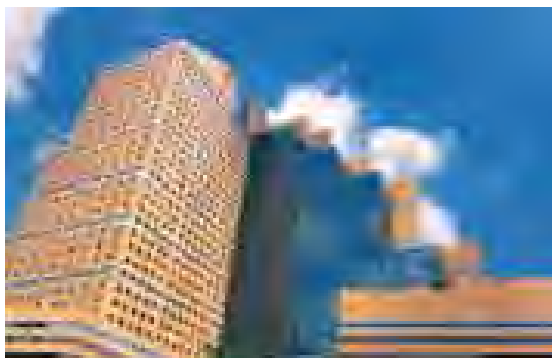
190

Date of latest valuation*

June - 2012

*Note: All the properties are valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)

SUNWAY PUTRA TOWER



Location

Kuala Lumpur

Date of acquisition

19-Apr-2011

Acquisition price (RM million)

82

Year of completion

1993

Title details

- Geran 10012,
Lot 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan.

Tenure

Freehold

Encumbrances

- i) Charged to Public Investment Bank Berhad
- ii) 10 year lease to Sunway Putra Hotel Sdn Bhd
- iii) 30 year lease to Lembaga Letrik Negara Tanah Melayu (Tenaga Nasional Berhad) expiring 4 April 2017
- iv) Private Caveat by Public Bank Berhad
- v) Private Caveat by Trustee

Appraised value (RM million)

90

Date of latest valuation*

June - 2012

MENARA SUNWAY



Menara Sunway is a 19-storey office building in Bandar Sunway consisting of a main tower and an annexe. Unlike a standalone office building, Menara Sunway offers a unique office environment where its tenants can take advantage of the convention centre and the surrounding hospitality, leisure and retail options offered by Sunway Resort City. With its headquarters based in Menara Sunway, Sunway Group is the main tenant occupying 69.7% of the NLA.

It is easily accessible via 5 major expressways namely New Pantai Expressway, North Klang Valley Expressway, KESAS Expressway, Damansara-Puchong Highway, and the Federal Highway. Surrounded by highly populated suburbs such as Subang Jaya, Puchong and Petaling Jaya, Menara Sunway is a preferred office location for office workers due to shorter travel time as compared to commuting to the city centre.



CORPORATE OFFICE IN SUNWAY RESORT CITY

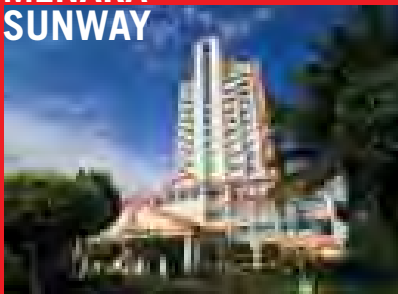
Contact Details for Management Office

Unit 4.5 Level 4,
Menara Sunway Annexe,
Jalan Lagoon Timur,
Bandar Sunway, 46150 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel : (603) 5639 8888
Fax : (603) 5639 9595

Jalan Lagoon Timur,
Bandar Sunway, 46150 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

PORTFOLIO DETAILS (CONT'D)

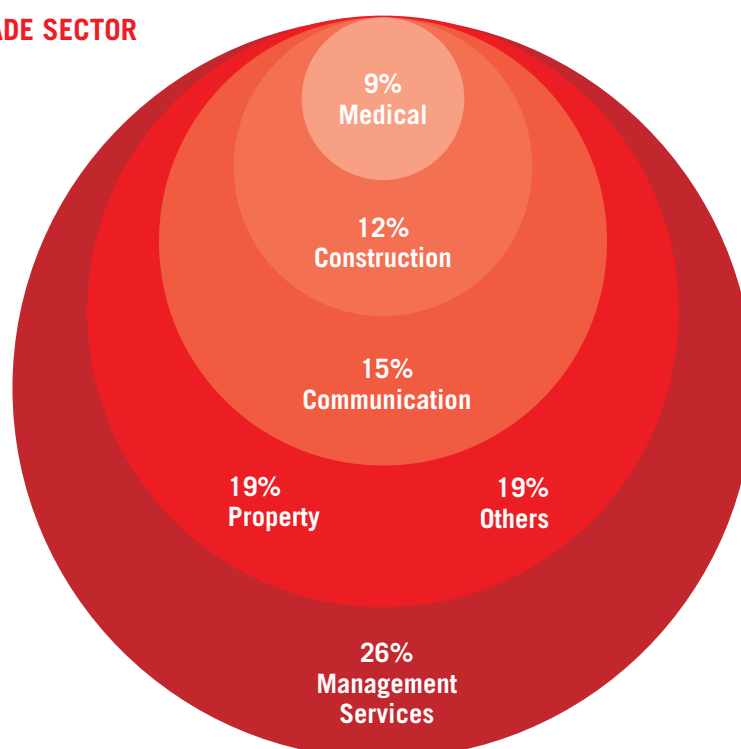
MENARA SUNWAY



Land area (sq.ft.)	193,395
GFA (sq.ft.)	388,087 (office) 266,696 (carpark)
NLA (sq.ft.)	276,612
No. of parking bays	More than 650
No. of tenancies	40
Occupancy as at 30 June 2012 (%)	98.9
Revenue (RM million)	16.2
NPI (RM million)	11.9

TENANT MIX BY TRADE SECTOR

(Gross Rental Income)



HISTORICAL OCCUPANCY RATE

Average occupancy rate

98.5%
JUNE 2012

99.7%
JUNE 2011

97.7%
JUNE 2010

97.3%
JUNE 2009

94.0%
JUNE 2008

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

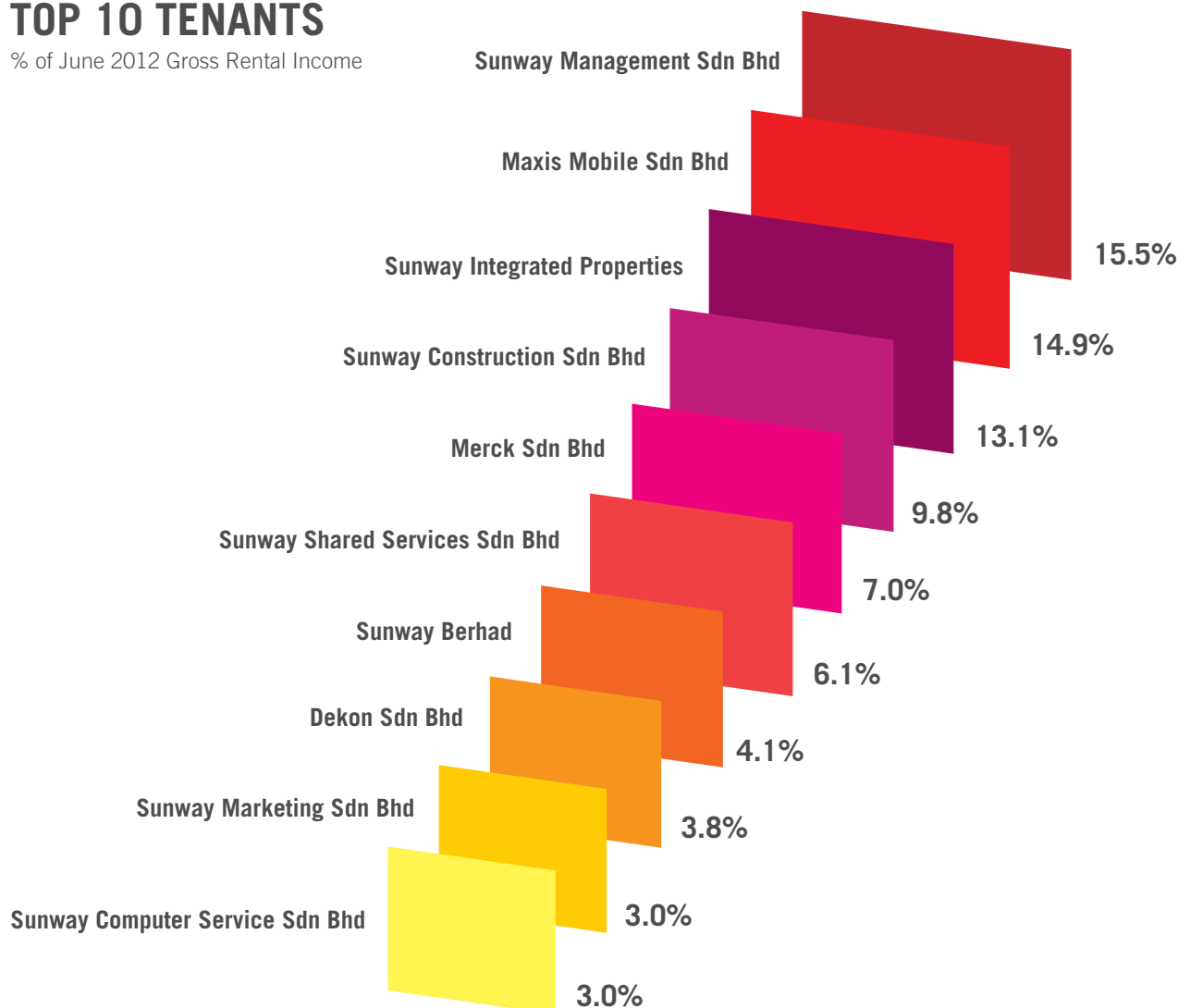
8.4%
FY2013

73.2%
FY2014

17.3%
FY2015

TOP 10 TENANTS

% of June 2012 Gross Rental Income



SUNWAY TOWER



Sunway Tower is a 33-storey prime office building that is a 5 minute drive to Petronas Twin Tower and Kuala Lumpur Convention Centre. It is strategically located near the intersection of Jalan Sultan Ismail and Jalan Ampang in Kuala Lumpur. The property's location is in an area commonly referred to as the Golden Triangle and Central Business District and adjacent to the entry and exit points of the Ampang-Kuala Lumpur Elevated Highway which links to major

highways within and around the Klang Valley as well as Dang Wangi LRT station and Bukit Nanas monorail station.

The building which was previously known as Wisma Denmark has been extensively refurbished and modernised by the Sponsor in July 2009 involving the building facade, the ground floor and all lift lobbies, security systems and guarded access.

A LOCATION OF CHOICE FOR MNCs

Contact Details for Management Office

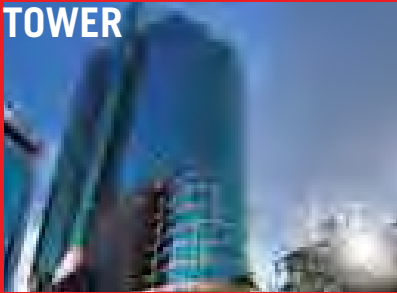
Ground Floor, Sunway Tower,
No. 86, Jalan Ampang,
50450 Kuala Lumpur,
Malaysia.
Tel : (603) 2032 4100
Fax : (603) 2070 4093

No. 86 Jalan Ampang,
50450 Kuala Lumpur,
Malaysia.



PORTFOLIO DETAILS (CONT'D)

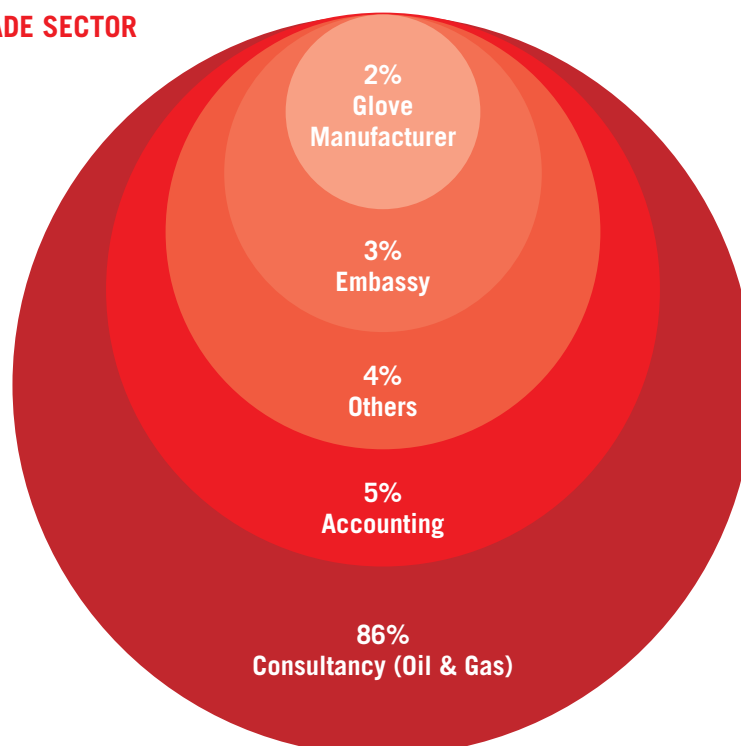
SUNWAY TOWER



Land area (sq.ft.)	25,898
GFA (sq.ft.)	348,998 (office) 107,606 (carpark)
NLA (sq.ft.)	268,306
No. of parking bays	More than 290
No. of tenancies	15
Occupancy as at 30 June 2012 (%)	81.8
Revenue (RM million)	16.8
NPI (RM million)	12.8

TENANT MIX BY TRADE SECTOR

(Gross Rental Income)



HISTORICAL OCCUPANCY RATE

Average occupancy rate

93.5%

JUNE 2012

97.0%

JUNE 2011

95.6%

JUNE 2010

67.1%

JUNE 2009

70.1%

JUNE 2008

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

7.1%

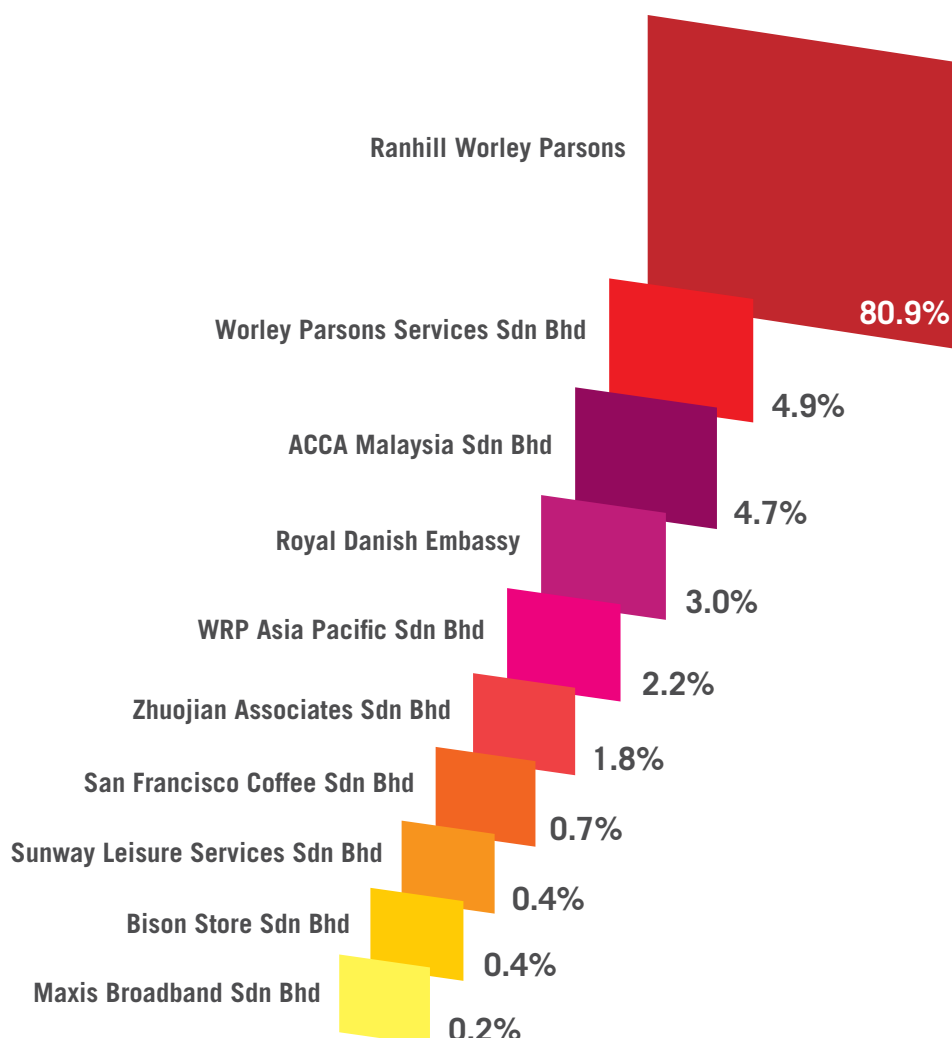
FY2013

74.7%

FY2015

TOP 10 TENANTS

% of June 2012 Gross Rental Income



SUNWAY PUTRA TOWER



Sunway Putra Tower is an office tower which forms part of a 3-in-1 mixed-use development comprising retail, a hotel and offices.

It is mainly occupied by Government agencies and is currently home to Malaysia's consumer tribunal for Kuala Lumpur which operates under the Ministry of Domestic, Trade, Cooperatives and Consumerism. Sunway Putra Tower is strategically located in Kuala Lumpur's commercial district across from the Putra World Trade

Centre (PWTC). It is easily accessible via major highways and well served by public transportation such as the STAR Light Rail Transit (LRT) and KTM Komuter Train with the respective train stations located close by. The Hentian Putra Bus Station that caters to coaches plying the East Coast routes is within walking distance.

FUTURE PLANS

Proposed refurbishment exercise to meet current market demand.



SYNERGISTIC OFFICE WITH EASY ACCESSIBILITY

Contact Details for Management Office

Sunway Putra Mall, Basement 1
No. 100, Jalan Putra,
50350 Kuala Lumpur
Tel: (603) 4042 7122
Fax: (603) 4042 0716

No. 100, Jalan Putra,
50350 Kuala Lumpur.

PORTFOLIO DETAILS (CONT'D)

SUNWAY PUTRA TOWER

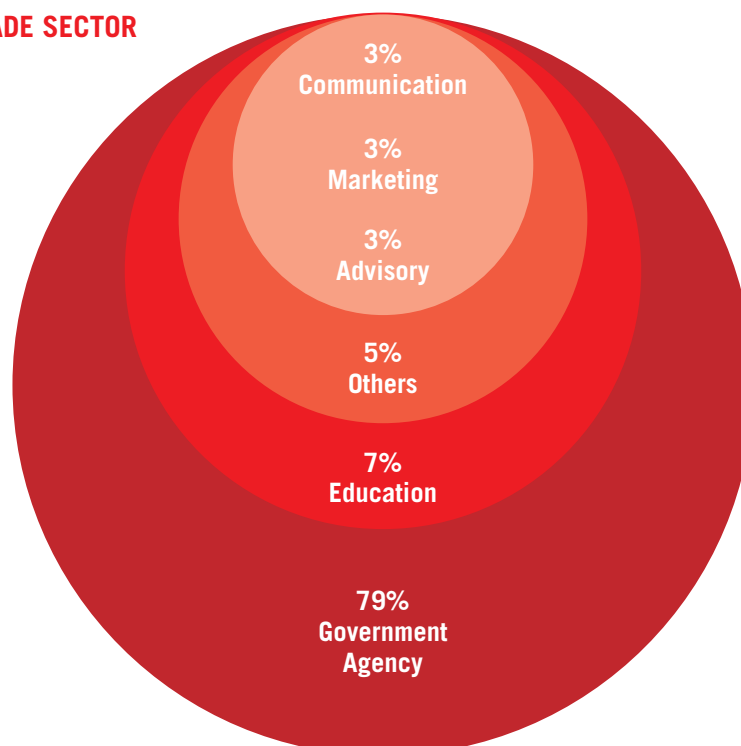


Land area (sq.ft.)	193,621 ¹
GFA (sq.ft.)	453,842
NLA (sq.ft.)	317,051
No. of parking bays	More than 1,300 ¹
No. of tenancies	11
Occupancy as at 30 June 2012 (%)	80.0
Revenue (RM million)	9.6
NPI (RM million)	5.9

¹For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.

TENANT MIX BY TRADE SECTOR

(Gross Rental Income)



HISTORICAL OCCUPANCY RATE

Average occupancy rate

85.2%

JUNE 2012

98.7%

JUNE 2011

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

53.9%

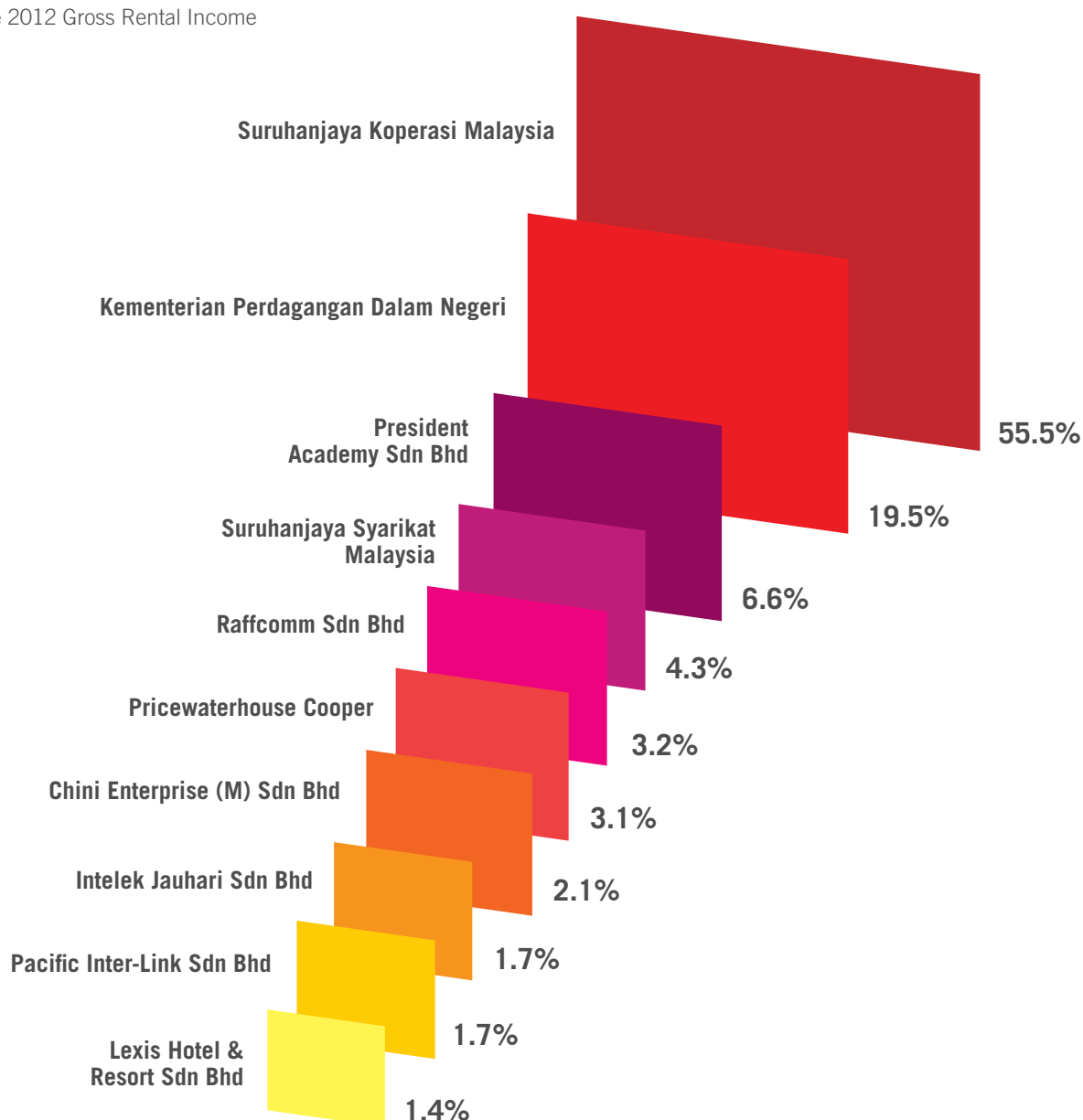
FY2013

26.1%

FY2014

TOP 10 TENANTS

% of June 2012 Gross Rental Income



A PILLAR OF SUPPORT

CONSIDERATE

In 1933, Harry Jennings built the first folding wheelchair for his paraplegic friend, Herbert Everest. The two engineers saw great potential in the invention and together founded Everest & Jennings and went on to become the first mass-manufacturers of wheelchairs.

MAKING A DIFFERENCE

Marketplace

122

Workplace

122

Environment

123

Community

125



Sunway REIT strives toward building and maintaining synergistic relationships with all stakeholders as well as giving back to society through various Corporate Responsibility initiatives.

CORPORATE RESPONSIBILITY

Sunway REIT believes that sustainability in business is built upon the principle of highest standard of practices, conduct and ethics in dealing with all stakeholders and dedication to **Corporate Responsibility (“CR”) in the four pillars of Marketplace, Workplace, Environment and Community.**

PILLAR 1: MARKETPLACE

In the business of Sunway REIT, our key stakeholders include employees of the Manager, tenants, customers, regulators, media, investors/financial community as well as the local community. Sunway REIT places a strong emphasis in continuous stakeholders engagement.

Stakeholders Engagement

Sunway REIT is a strong advocate of a high level of disclosure and transparency in communications with all key stakeholders. In addition, fair dealing is embedded in our philosophy. Sunway REIT is convinced that proactive, honest, transparent, responsible and sustainable dialogue and engagement is fundamental to creating a conducive marketplace for all stakeholders.

We believe in engagement with tenants, retail customers, hotel guests and other stakeholders in understanding, customizing and fulfilling their needs and desires to form a lasting, harmonious and mutually beneficial relationship. We emphasise high service levels and believe in going the extra mile in the entire service value

chain, from pre-sales to post-sales service. Surveys of customers, hotel guests and tenants are undertaken to ensure that we exceed expectations and do not merely meet service quality. Business coaching is conducted with tenants if the need arises to provide the necessary path for them to excel in their businesses.

The Manager takes the initiative to pursue dialogues with regulators and industry players such as Asia Pacific Real Estate Association (“APREA”) and Malaysian REIT Managers Association (“MRMA”) to work closely in pursuit of the overall development of M-REIT industry and capital market. This initiative sets a platform for regulators and REIT players for periodic dialogues to set higher standards of practice that is at par with the region.

Media is the main communication channel in disseminating information to the public. We develop good rapport with members of the media via press releases, interviews, roundtable discussions and media briefings to keep them abreast with the development of Sunway REIT.

Similarly, the investment community forms a crucial part in our stakeholders’

chain. The investor relation department is tasked in providing timely, concise information to investors and analysts in a transparent manner. A systematic investors engagement programme is adopted where investors and analysts are well informed through various communication channels; stock exchange announcements, financial results announcements are disseminated to investors/analysts, presentation decks are made available on the website, post financial results conference call sessions, analysts and fund managers briefing are held. We are an active participant in overseas investors roadshows by facilitating foreign investors to keep abreast of Sunway REIT’s development.

PILLAR 2: WORKPLACE

For the Manager, our passions revolve around our people. As part of the enlarged group of Sunway, the Manager subscribes to the credo “Leading with Passion” where we cultivate passionate people to passionately drive the business to the level of excellence.

The Manager believes in fostering excellent human resources in pursuit



Retail Investors Roadshow in collaboration with MRMA in Kota Kinabalu

of delivering sustainable business growth. We are committed to creating an environment in which our employees grow alongside with the company and entrench the highest standards of professional excellence and integrity. We place great emphasis on employees diversity, training and career development, work-life balance and occupational health and safety management.

Employees Development Programme

The Manager endeavours to establish ourselves as the employer of choice to attract talents to join our company. To be a first choice employer, we remain competitive by benchmarking our remuneration packages in the industry complemented by employees development programmes to nurture the best in the industry.

One of Sunway's core leadership requirements is the ability to develop others. Employees' career plans are developed supported by continuous in-house and external training and to development programmes to nurture and accelerate employees' career progression.

Sunway's Annual Talent Review is a special programme designed to nurture high potential employees for an accelerated career progression path. Sunway's "Managing for Excellence" performance management system focuses on performance-based culture. The same practices and culture are embedded in Sunway REIT where employees' performance is recognized and rewarded accordingly.

Employees Engagement

Employee engagement is pivotal to ensure a high level of commitment and involvement while at the same time creating a conducive environment for employees. We encourage open communication and team spirit through

bonding activities such as informal chats with superiors, festive, birthday and welcome celebrations, teambuilding activities as well as our family day.

On an annual basis, Sunway organises Sunway Managers' Conference by bringing employees from various ranks to share and align Sunway's core values for employees of Sunway Group.

PILLAR 3: ENVIRONMENT

SRC has recently been awarded the prestigious Silver Ratings by Malaysia's Green Building Index ("GBI") as Malaysia's first green township.

In order to qualify for the accreditation, GBI requires that a minimum 15% of the township to be green. SRC has doubled that requirement with approximately 30% of the development being green.

SRC alongside with assets of Sunway REIT located within SRC, namely Sunway Pyramid Shopping Mall, Sunway Resort Hotel & Spa, Pyramid Tower Hotel and Menara Sunway, were evaluated based on 6 broad criteria:

- Climate, Energy & Water
- Environmental & Ecology
- Community Planning & Design
- Transportation & Connectivity
- Building & Resources
- Business & Innovation

Besides business operations and profitability, Sunway REIT is also mindful of the long term environmental implications such as climate change.

On a broad perspective, we take a conscious approach towards environmental management in the areas of managing energy efficiency, water conservation and recycling programmes.

Energy Efficiency

In our efforts to reduce in energy consumption, Sunway Pyramid Shopping Mall is replacing the old and inefficient chillers with new chillers to achieve higher energy efficiency. Meanwhile, Menara Sunway has replaced its basement car park with energy efficient T5 fluorescent lights. We have installed light sensors for all restrooms in Menara Sunway and Sunway Tower to conserve energy. Similarly, reduction of lighting along lobbies, car park floors, external float lights and common areas during lunch hours and after office hours will help conserve energy.

General good practices are embedded into daily operational activities such as setting of power save mode for computers, usage of energy savings equipment and switching appliances off when not in use, amongst others.

Water Conservation

To conserve water, waterless urinals were installed in men's restrooms. Utilizing a special biodegradable chemical compound, this environmental friendly liquid breaks down urine into harmless and odorless particles without the need to flush. Such an innovation coupled with motion sensor tap in toilets aims to reduce water wastage by as much as 30% of total water consumption.

Menara Sunway has also installed low-flow faucet aerators on hand-washing sinks in restrooms to reduce water wastage.

The 3R Practice - Reduce, Reuse & Recycle

To encourage recycling, recycling bins in sets of three for paper, plastic and aluminum found throughout the malls. Trash separation is conducted to ensure recyclable materials didn't end up in landfills. Buy back centres were also located in Sunway Pyramid Shopping Mall and Sunway Carnival Mall.

CORPORATE RESPONSIBILITY (CONT'D)



Beaconhouse Pre-School Children Participated in Go Green with Leo



Earth Hour 2012

Go Green with Leo

A community outreach programme entitled 'Go Green With Leo' moved into its second year. This made good use of Sunway Pyramid's mascot Leo the Lion by bringing to kindergarten and international schools the importance of recycling amongst the young. The 1 ½ hour programme included a trash separating exercise, an introduction of Leo as the recycling crusader and handicraft made using recyclable items.

Addressing Climate Change

Earth Hour is an event sponsored by the World Wildlife Fund (WWF), in which consumers and businesses are urged to switch off their lights as a support for climate change. 2012 marked the 4th consecutive year Sunway Group participated in the annual event in a concerted effort to show solidarity towards the issue of global warming.

Sunway Pyramid Shopping Mall was selected for two consecutive years as the official venue for WWF Malaysia. All non-essential lights were switched off for an hour during Earth Hour. In Seberang Jaya, Sunway Carnival Seberang Jaya joined the nationwide move by turning off non-essential lights.

Guests staying in Sunway Resort Hotel & Spa were also encouraged to join in the effort in their respective guestrooms.

Sunway Pyramid's Carpark Guiding System, the 1st to be implemented in Malaysia continued to draw good response from motorists.

The system allows motorists to locate vacant bays faster and with less hassle while reducing fuel consumption as well as heat and exhaust emission in the carpark.

The newly opened "Canopy Walk" is a 360m long pedestrian covered walkway connecting Sunway University and Sunway Pyramid Shopping Mall. It is shaded with trees and fitted with close-circuit TV cameras for safety reasons. This initiative reduces the need to travel by car and encourages a walking culture.

In Penang, Penang State Government initiated the Park & Ride Service. Sunway Carnival Shopping Mall has been selected as a pick-up station destination for mainland workers to the Island using free public transportation. The bus operates from Mondays to

Fridays from the mainland to the island in the morning with a return route from the island to the mainland in the evening. Another objective of this program is to encourage the usage of public transportation, reduce the pollution index (car's carbon emissions) and to reduce traffic congestion.

Bring Your Own Bag (BYOB) Campaign

Paving the way for plastic and paper free shopping, Sunway Pyramid 'Bring Your Own Bag (BYOB)' programme designated two days – Tuesday and Saturday as no plastic bag days in an effort to encourage shoppers to go green. Limited edition BYOB bags are also made available for sale to the public with proceeds being channeled to SMK Bandar Sunway Special Education Unit for their special students' gardening project. The mall also launched a trolley bag to the current range of canvas bag to enable shoppers to shop more with less plastic bags too.

Sunway Carnival Shopping Mall encourages the use of recycle bags or trolley bags to create environmental preservation awareness amongst members of the public.

PILLAR 4: COMMUNITY

In Sunway, we go beyond business as we believe commercial pursuits should be balanced with contribution back to the community. We strive to work a little harder and do a little better for the community that we live in.

Sharing the Festive Joy

During festive occasions such as Hari Raya, Chinese New Year, Christmas and Deepavali; we take the opportunity of these joyful events to celebrate with the community in the spirit of sharing and giving. Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall played host to children of various non-profits organisations (“NGO”) for a fun filled day with meals, activities, performances, goodie bags, angpow / duit raya and many more.

Likewise, Sunway Hotel Resort & Spa, Pyramid Tower Hotel and Sunway Hotel Seberang Jaya extended their hospitality during festive seasons. The hotels played host to various NGOs treating the guests with dinners, entertainment including musicals at Sunway Lagoon Theme Park, activities, goodies and many more. Bubur Lambuk is also distributed to mosque after the Friday prayers during Hari Raya celebration.

Exposures for the Youth

We believe in providing opportunities to the younger generation. Sunway Pyramid Shopping Mall once again played host in placing special student

from SMK Bandar Sunway in our Job Placement Programme. The students are offered 6-months attachment programme exposing them to the real working environment to prepare them with basic experience before they enter the employment market in the future.

Fund Raising

S.O.S Thai Floods

The plight of the Thai people following the devastating flood drove Sunway Pyramid Shopping Mall together with Sunway Carnival Shopping Mall organised a massive funds collection drive to aid flood relief efforts. A sum of RM50,000 was raised under the S.O.S: In Aid of Thai Floods and channeled to the Malaysian Red Crescent Society for their relief work in Thailand.

All Year Long Campaigns

As part of Sunway Pyramid Shopping Mall's all year long programme, the mall tried to give back to the society they serve. Outings for the underprivileged, redemption proceeds to charity organizations and venue sponsorships were part of the advertising and promotions events throughout the year. Among the NGOs that we work with are:

- WWF Malaysia
- Malaysia Red Crescent Society
- Yayasan Chow Kit
- SMK Bandar Sunway (Special Education)
- Bandar Sunway Malaysia Hindu Sangam Community
- Agathians Shelter (Petaling Jaya)
- Pusat Jagaan Kanak-Kanak KIDS (Klang and Subang)
- Rumah Caring Kajang



Sunway Pyramid Raised Funds for S.O.S. Thai Floods



Chinese New Year Celebration at Sunway Pyramid

INNOVATION MEETS SUCCESSFUL COMMUNICATION

FORESIGHT

Alexander Graham Bell is the man behind a slew of inventions; the most famous being the telephone. Bell's idea for the telephone was an innovative improvement of the telegraph which he developed by sending several notes in different pitches simultaneously along the same wire.

WITH SINCERITY

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**Sunway REIT practises
high standards of corporate
governance while delivering
sustainable returns to
unitholders in the long term.**



CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Sunway REIT Management Sdn Bhd (“the Board”), being the management company of Sunway REIT (“the Manager”) is committed to ensure that good corporate governance is practised with the ultimate objective of protecting and enhancing unitholders’ value and the financial performance of Sunway REIT.

In developing its system of corporate governance, the Board is guided by the measures set out in the Guidelines on Real Estate Investment Trusts (“REIT Guidelines”) issued by the Securities Commission, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and the Malaysian Code on Corporate Governance (“Code”) and that the Manager’s obligations as described in Sunway REIT’s Deed (“the Deed”) constituting Sunway REIT are properly and efficiently carried out.

A. THE MANAGER

THE MANAGER OF SUNWAY REIT

In accordance with the Deed, the Manager is appointed to manage the assets and administer the funds of Sunway REIT. Its primary objective is to provide the unitholders with long term and stable income distributions with the potential of sustainable growth of the net asset value of Sunway REIT.

Sunway REIT is externally managed by the Manager and as such, it has no employees. The Manager has appointed experienced and qualified personnel to handle its day-to-day operations. All directors and employees of the Manager are remunerated by the Manager and not by Sunway REIT.

The Manager has the general power of management over the assets of Sunway REIT. Its primary role is to manage Sunway REIT and the properties in accordance with the Deed in the sole interest of the unitholders. The Manager will establish the

investment, strategic direction and risk management policies of Sunway REIT. The Manager will make recommendations to OSK Trustees Berhad (“the Trustee”) on acquisitions, divestments and enhancements in line with Sunway REIT’s investment strategies and investment criteria formulated by the Investment Appraisal Working Group and adopted by the Board.

The Manager’s other main functions, amongst others, are as follows:-

- **Asset Management**
Supervise and oversee the management of Sunway REIT’s properties including procurement of service providers to carry out specified activities, including but not limited to on-site property management, property maintenance, letting and leasing services, rent collection and arrear control. The Manager is also responsible for developing a business plan in the short, medium and long-term with a view of maximising the income of Sunway REIT.
- **Risk Management**
Identifying principal risks of Sunway REIT and ensuring the implementation of appropriate systems to mitigate and manage these risks. The Board through the Risk Management Working Group, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by Sunway REIT.
- **Finances**
Formulate plans for equity and debt financing for Sunway REIT’s capital requirements with the objective of optimising the capital structure and cost of capital. The Manager is also responsible for managing the finances of Sunway REIT including preparation of accounts and financial statements.

- **Investor Relations**
Developing and maintaining investor relations including information coordination and distribution as well as customer service to investors.
- **Compliance Management**
Reviewing the adequacy and integrity of Sunway REIT’s internal control systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines as well as ensuring compliance.

THE BOARD

The Board has the overall responsibility for managing and governing the Manager and Sunway REIT in the best interests of the unitholders and stakeholders. The Board provides leadership to the Manager, sets the strategic directions and oversees the management of Sunway REIT.

The main functions and roles of the Board are as follows:-

- Setting the objectives, goals and strategic plans for the Manager and Sunway REIT with a view to maximising unitholders’ value.
- Adopting and monitoring progress of the strategies, budgets, plans and policies of the Manager and Sunway REIT.
- Overseeing the conduct of Sunway REIT’s properties to evaluate whether they are properly managed.
- Identifying principal risks of the Manager and Sunway REIT and ensuring the implementation of appropriate systems to mitigate and manage these risks. The Board through the Risk Management Working Group, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by the Manager and Sunway REIT.
- Considering Management’s recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.

- Reviewing the adequacy and integrity of the internal control systems and management information systems of the Manager and Sunway REIT, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- The Board ensures that proper and effective controls are in place to comply with applicable laws. It also sets the disclosure and transparency standards for the Manager and Sunway REIT and ensures that obligations to unitholders are understood and met.
- Changes to regulations, policies, guidelines and accounting policies are monitored closely. The Board is briefed on any changes to current practices at regular Board meetings or circulated board papers.
- Succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management.
- Developing and implementing an investor relations programme or unitholder communications policy for the Manager.

Each Director must act honestly, with due care and diligence, and in the best interests of the unitholders. The Board is supported by the Audit Committee, Remuneration Committee, Investment Appraisal Working Group and Risk Management Working Group, all of which operate within defined terms of reference.

BOARD COMPOSITION

The Board consists of 7 members, with 3 or one-third are Independent Non-Executive Directors. The Board composition reflects a balance of Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals in the fields of accountancy, banking and finance, property valuation, real estate development and property management. This combination

of different professions and skills working together enables the Board to effectively lead and control the Manager and Sunway REIT.

The composition of the Board is determined using the following principles:-

- The Board should comprise Directors with a broad range of commercial experience, including expertise in fund management, property industry and banking fields; and
- At least one-third of the Board should comprise independent Directors. A Director is considered independent if he is independent of the management of the Manager and is free from any business of other relationships which could interfere with the exercise of independent judgment or the ability to act in the best interest of Sunway REIT. Tan Sri Ahmad Bin Mohd Don, Willy Shee Ping Yah @ Shee Ping Yan and Elvin A/L Berty Luke Fernandez are the independent Directors. The independence of each Director will be reviewed by the Board no less than once every 3 years.

The composition of the Board will be reviewed regularly to ensure that it has an appropriate mix of expertise and experience.

There is a clear segregation of roles and responsibilities between the Chairman and the Chief Executive Officer (“CEO”) to ensure a balance of power and authority. This also provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberation on the business activities of Sunway REIT.

The Chairman ensures that members of the Board work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues.

The CEO has full executive responsibilities over the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing Sunway REIT.

The profile of the Board is presented on pages 26 to 29 of the Annual Report.

MEETINGS AND SUPPLY OF INFORMATION

The Board meets regularly at least once a quarter, to discuss and approve the release of the quarterly and annual financial results, review acquisitions or disposals, annual budget, capital expenditure requirements, property reports, investor relations reports, funding requirements, risk management, performance of the Manager and Sunway REIT against the approved budget. When necessary, the Board meets to review and approve acquisitions or disposals for recommendation to the Trustee or any other issues requiring the immediate attention of the Board.

Notices and agenda of meetings duly endorsed by the Chairman together with the relevant board papers are normally given at least 1 week prior to the meetings for the Board to study and evaluate the matters to be discussed.

The board papers provided include inter alia, the financial results, business plan and budget, progress report on the properties’ developments, regulatory/statutory updates and other operational and financial issues for the Board’s information and/or approval.

The Board is entitled to information pertaining to the Manager and Sunway REIT. In addition, the Board has direct access to the advice and services of the Company Secretaries. They are also permitted to seek independent advice whenever deemed necessary, at the Manager’s expense.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board met 4 times during the financial year ended 30 June 2012 and the details of attendance of the Directors are as follows:-

Name of Directors	Number of Board Meetings Attended	Percentage of Attendance (%)
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	3/4	75
Dato' Jeffrey Ng Tiong Lip	4/4	100
Dato' Ngeow Voon Yean	3/4	75
Sarena Cheah Yean Tih	4/4	100
Tan Sri Ahmad Bin Mohd Don	4/4	100
Willy Shee Ping Yah @ Shee Ping Yan	4/4	100
Elvin A/L Berty Luke Fernandez	4/4	100

DIRECTORS' TRAINING

During the financial year, all the Directors had attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment.

The training programmes, seminars and workshops attended by the Directors during the financial year were, inter alia, on areas relating to corporate leadership and governance, financial reporting, property market and risk management.

Training Programmes, Seminars and Workshops attended by Directors

Name of Directors	Course Title / Organiser	Date
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	• Sunway Managers Conference 2011 – “Passion Unites” (<i>Sunway Group</i>)	4 November 2011
Tan Sri Ahmad Bin Mohd Don	• Economic Financial Market Review (<i>CIMB Bank Berhad</i>) • The Directors' Legal Tool Kit (<i>Financial Institutions Directors' Education Program</i>)	14 July 2011 12 & 13 March 2012
Dato' Jeffrey Ng Tiong Lip	• Global Master-Class: Internal & External Transformation By World Turnaround Expert Mr. Hamish Taylor (<i>The London Speaker Bureau</i>) • 2011 VIP - Asia Investor Roundtable (<i>Institutional Real Estate, Inc.</i>) • 19th FIABCI Asia Pacific Real Estate Congress 2011 “Asia Pacific: The Sky Is The Limit? Setting Tempo For Growth” (<i>FIABCI Malaysian Chapter & FIABCI APREC 2011</i>) • Transformational Leadership Workshop By The World's Most Influential Consultant & Leadership Coach - Prof. Ram Charan (<i>The London Speaker Bureau</i>) • Sunway Managers Conference 2011 – “Passion Unites” (<i>Sunway Group</i>) • Sunway Marketing & Sales Forum 2012 (<i>Sunway Resort Hotel & Spa</i>) • Real Estate Investment Trusts (REITs) Conference (<i>Asian Strategy & Leadership Institute</i>)	26 September 2011 11 & 12 October 2011 14 October 2011 23 October 2011 4 November 2011 26 & 27 March 2012 25 & 26 June 2012

Training Programmes, Seminars and Workshops attended by Directors (cont'd)

Name of Directors	Course Title / Organiser	Date
Dato' Ngeow Voon Yean	• Sunway Managers Conference 2011 – “Passion Unites” (Sunway Group)	4 November 2011
	• Sunway Marketing & Sales Forum 2012 (Sunway Resort Hotel & Spa)	26 & 27 March 2012
Sarena Cheah Yean Tih	• Global Master-Class: Internal & External Transformation By World Turnaround Expert Mr. Hamish Taylor (The London Speaker Bureau)	26 September 2011
	• Simplified Strategic Planning (Kexxel Group)	19 & 20 October 2011
	• Transformational Leadership Workshop By The World's Most Influential Consultant & Leadership Coach - Prof. Ram Charan (The London Speaker Bureau)	23 October 2011
	• Sunway Managers Conference 2011 – “Passion Unites” (Sunway Group)	4 November 2011
	• Sunway Marketing & Sales Forum 2012 (Sunway Resort Hotel & Spa)	26 & 27 March 2012
Willy Shee Ping Yah @ Shee Ping Yan	• Topic 1.1: Law pertaining to Real Estate Contracts (CBRE)	2 May 2012
	• Business Sustainability - Making A Difference In Performance (Bursatra Sdn Bhd)	7 May 2012
	• Enterprise Risk Management - What A Director Must Know (Bursatra Sdn Bhd)	9 May 2012
	• Topic 1.3: Law pertaining to Property Tax, Stamp Duty & GST (CBRE)	31 May 2012
Elvin A/L Berty Luke Fernandez	• Seminar on Issues relating to Biological Assets (Persatuan Penilai, Pengurus Harta, Ejen Harta & Perunding Harta Swasta Malaysia)	27 September 2011
	• 19th FIABCI Asia Pacific Real Estate Congress 2011 “Asia Pacific: The Sky Is The Limit? Setting Tempo For Growth” (FIABCI Malaysian Chapter & FIABCI APREC 2011)	13 & 14 October 2011
	• Comprehensive Overview of Standards (Malaysian Accounting Standards Board)	30 November 2011 & 1 December 2011
	• Malaysian Annual Real Estate Convention 2012 (Malaysian Institute of Estate Agents)	3 & 4 March 2012
	• 2012 IFRS Conference: Kuala Lumpur (Malaysian Accounting Standards Board)	28 March 2012
	• 6th International Real Estate Research Symposium 2012 (International Real Estate Research Symposium)	24 & 25 April 2012
	• Real Estate Investment Trusts (REITs) Conference (Asian Strategy & Leadership Institute)	25 & 26 June 2012
	• The 11th Annual Real Estate Investment World Asia 2012 (Terrapinn B2B Media)	26 to 28 June 2012

The Board was also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

DEALINGS WITH CONFLICT OF INTEREST

The Manager has established the following procedures to deal with potential conflict of interest issues which it (including its Directors, executive officers and employees) may encounter in managing Sunway REIT:-

- The Manager will be a dedicated manager of Sunway REIT and will not manage any other REIT or be involved in any other real property business.
- The appointment or renewal of appointment of any delegate or service provider who is a related party of the Manager must be approved by the Independent Directors of the Manager.
- Any related party transaction must be duly disclosed by the related parties to the Audit Committee and the Board.
- The Board shall ensure one-third of its Directors are Independent Directors.
- In circumstances where any Director or officer of the Manager may have a direct or indirect interest in any related party transaction, they will abstain from deliberation and voting at any Board meeting and will require Trustee's approval prior to entering into any transaction or agreement.

The Board is under a fiduciary duty towards Sunway REIT to act in the best interest in relation to decisions affecting Sunway REIT when they are voting as a member of the Board. In addition, the Executive and Non-Executive Directors (including the CEO) and the executive officers of the Manager are expected to act with honesty and integrity at all times.

Under the Deed, the related parties of the Manager (as defined in the Deed) are prohibited from voting at, or being part of a quorum for, any meeting of unitholders convened to approve matter or business in which any of the related parties has an interest.

DEALINGS WITH RELATED PARTY TRANSACTIONS

In dealing with any related party transaction, it is the Manager's policy that all related party transactions carried out by or on behalf of Sunway REIT should be :-

- carried out in full compliance with the REIT Guidelines and the Deed;
- carried out on an arm's length basis and under normal commercial terms;
- in the best interest of the unitholders;
- adequately disclosed to the unitholders; and
- consented by the Trustee.

All related party transactions are subject to regular periodic review by the Audit Committee prior to recommendation to the Board. If a member of the Audit Committee has an interest in a transaction, he is to abstain from participating in the review and recommendation process in relation to that transaction.

The Manager would have to demonstrate to the Audit Committee that transactions (whether purchase of services or property) would be undertaken on normal commercial terms, which may include in the case of the purchase of services, the obtaining of quotations from parties unrelated to the Manager; or in the case of purchase of property, the obtaining of valuation from an independent valuer.

If the Trustee is to sign any contract with a related party of the Trustee or the Manager, the Trustee will review the contract documentation to ensure it complies with the requirements and provisions relating to related party transactions contained in the REIT Guidelines and the Deed, and that the transaction is in the best interests of the unitholders.

Real Estate Related Party Transactions

Related party transactions shall require the Trustee to ensure that such transactions are at arm's length, based on normal commercial terms and not prejudicial to the interest of the unitholders. A further step to be undertaken by the Trustee, as set out in the Deed, is for the Trustee to provide a written confirmation to confirm that the related party transaction is based on normal commercial terms at arm's length and is not prejudicial to the unitholders' interests where:-

- (i) the transaction value does not exceed 5% of the total asset value of Sunway REIT (after completion of the transaction) and the Trustee is satisfied that the proposed transaction is in compliance with the Deed; or
- (ii) in relation to acquisitions and disposals of real estate, the acquisition price is not more than 110% of the value assessed in the valuation report or the disposal price not less than 90% of the value assessed in the valuation report and the Trustee is satisfied that the proposed transaction price is commercially justifiable.

For the purpose of (i) and (ii) above, the Manager must inform unitholders through an announcement to Bursa Malaysia Securities Berhad.

Furthermore, the Trustee has the ultimate discretion under the Deed to decide whether or not to enter into a transaction involving a related party of the Manager. Where the value of the proposed real estate related party transaction exceeds 5% of the total asset value of Sunway REIT (after completion of the transaction), the Trustee will obtain prior approval from unitholders in a meeting held specifically for that purpose, and the approval of the Securities Commission, if required.

At any meeting held for such purposes, the related parties shall not vote on the resolution.

Non-Real Estate Related Party Transactions

Although Paragraph 8.36 of the Listing Requirements states that Chapter 10 of the Listing Requirements does not apply to Sunway REIT, nonetheless in the absence of any specific provisions in the REIT Guidelines, the Manager is adopting the provisions of Chapter 10 of the Listing Requirements where it relates to announcements to Bursa Malaysia Securities Berhad in respect of non-real estate related party transactions.

The Manager, in ensuring its commitment to high standards of corporate governance has used its discretion to adopt the requirements under Paragraphs 10.08(1) and 10.09(1) of the Listing Requirements for the purposes of announcements to Bursa Malaysia Securities Berhad where the following governance procedures are adopted:-

- (i) transactions below the threshold stipulated under Paragraphs 10.08(1) and 10.09(1) of the Listing Requirements:-
 - Presentation to the Audit Committee on quarterly basis for ratification.
- (ii) transactions exceeding the threshold stipulated under Paragraphs 10.08(1) and 10.09(1) of the Listing Requirements:-
 - Approval to be sought from the Audit Committee and the Board;
 - Trustee to be informed immediately of the transaction and the relevant details; and
 - Announcement is made to Bursa Malaysia Securities Berhad.

Note:

Paragraph 10.08(1) -

Where any one of the percentage ratios of a related party transaction is 0.25% or more, a listed issuer must announce the related party transaction to Bursa Malaysia Securities Berhad as soon as possible after terms of the transaction have been agreed, unless –

- (a) *the value of the consideration of the transaction is less than RM250,000; or*
- (b) *it is a recurrent related party transaction.*

Paragraph 10.09(1) -

Notwithstanding Paragraph 10.08(1)(b) above, a listed issuer must immediately announce a recurrent related party transaction as follows:

- (a) *in relation to a listed issuer with an issued and paid-up capital of RM60 million and above –*
 - (i) *the consideration, value of the assets, capital outlay or costs of the recurrent related party transaction is RM1 million or more; or*
 - (ii) *the percentage ratio of such recurrent related party transaction is 1% or more,*

whichever is the higher; or

- (b) *in relation to a listed issuer with an issued and paid-up capital which is less than RM60 million –*
 - (i) *the consideration, value of the assets, capital outlay or costs of the recurrent related party transaction is RM1 million or more; or*
 - (ii) *the percentage ratio of such recurrent related party transaction is 1% or more,*

whichever is the lower.

APPOINTMENT AND REMOVAL, RETIREMENT BY ROTATION AND RE-ELECTION OF DIRECTORS

Appointment and Removal

Given the current size of the Board, the Board is of the view that it is not necessary for the Manager to establish a Nomination Committee for the time being and the Board as a whole will serve as the Nomination Committee. All new nominations received are assessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient calibre and experience.

The Board has the power to appoint any person to be a Director, either to fill a vacancy or as an addition to the existing Directors. Shareholders of the Manager may by ordinary resolution remove any Director and appoint another person in his stead.

Retirement by Rotation and Re-election

The Manager's Articles of Association provides that one-third of the Board is subject to retirement by rotation at each Annual General Meeting. A retiring Director who is subject to retirement by rotation will retire at every Annual General Meeting with the exception of the First Annual General Meeting whereby all Directors shall retire from office. A retiring Director shall be eligible for re-election. The retiring Directors on each occasion will be those Directors who have remained in office the longest since their last election or appointment. As between persons who become Directors on the same day, those to retire shall (unless otherwise agreed among themselves) be determined by lot.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMMITTEES AND WORKING GROUPS

The Board has set up the following Committees and Working Groups, and will periodically review their terms of reference and operating procedures. The Committees and Working Groups are required to report to the Board on all their deliberations and recommendations and such reports are incorporated in the minutes of the Board Meetings.

1. Audit Committee

The Audit Committee comprising Tan Sri Ahmad Bin Mohd Don as Chairman, Willy Shee Ping Yah @ Shee Ping Yan and Elvin A/L Berty Luke Fernandez, is set up to play an active role in assisting the Board in discharging its governance responsibilities. The composition of the Audit Committee, its terms of reference, attendance of meetings and a summary of its activities are set out on pages 137 to 141 of the Annual Report.

The Audit Committee is currently looking into finalising and implementing policies and procedures to provide employees of the Manager and the stakeholders of Sunway REIT with structured and accessible channels to report on suspected fraud, corruption and/or abuses involving Sunway REIT, the Manager and/or the Trustee. The aim of the whistle-blowing policy is to encourage the reporting of such matters in good faith and with adequate protection as to confidentiality and reprisals for the benefit of the reporting individuals.

2. Remuneration Committee

The Remuneration Committee comprises mainly Non-Executive Directors namely Tan Sri Ahmad Bin Mohd Don as Chairman, Willy Shee Ping Yah @ Shee Ping Yan and Elvin A/L Berty Luke Fernandez. The other member of the Committee is Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling.

The Remuneration Committee recommends to the Board, the proposed remuneration for CEO and Chief Financial Officer ("CFO"), with the aim of ensuring that the Manager attracts and retains them to run the Manager and Sunway REIT successfully.

During the financial year, 2 meetings were held for the following purposes:-

- (a) to note the term of reference of the Remuneration Committee; and
- (b) to evaluate the performance of the CEO and CFO of the Manager and to endorse their annual increment and bonuses.

3. Investment Appraisal Working Group ("IAWG")

The IAWG was established to determine the investment and divestment strategies of Sunway REIT, with an aim to grow Sunway REIT and improve distribution yields. The IAWG consists of Dato' Jeffrey Ng Tiong Lip as Chairman, Dato' Ngeow Voon Yean, Sarena Cheah Yean Tih, Cheah Wing Choong and Wai Sow Fun.

4. Risk Management Working Group ("RMWG")

The RMWG comprises Dato' Jeffrey Ng Tiong Lip as Chairman, Dato' Ngeow Voon Yean, Sarena Cheah Yean Tih and Wai Sow Fun.

The RMWG is tasked with the responsibilities to oversee the risk management activities of Sunway REIT, approving appropriate risk management procedures and measurement methodologies across Sunway REIT as well as identification and management of strategic business risks of Sunway REIT. Risk management has been part of the Manager's day-to-day operations and there is a Policy Manual (reviewed and updated from time to time) which provides an overview of the Manager's

responsibilities and guidance in relation to the management of Sunway REIT to ensure consistency of operational procedures and practices within the organisation.

The duties and responsibilities of the RMWG include:-

- (a) to review Sunway REIT's risk profile and reports to the Board for effectiveness of risk management;
- (b) to review the status of implementation of action plans to manage and mitigate the identified risks;
- (c) to discuss the key changes in the business environment, key risk management issues and strategic business risks;
- (d) to discuss and report on any irregularities and proposes key recommendations to mitigate the risks;
- (e) to deliberate on key enterprise-wide risks and the governance scorecard; and
- (f) to discuss on the impact of economic uncertainties on the performance of Sunway REIT.

B. DIRECTORS' REMUNERATION

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages for Executive and Non-Executive Directors. The remuneration of the Directors is paid by the Manager and not by Sunway REIT.

The remuneration of the Executive Director is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, they receive a basic fee, an additional fee for serving on any of the committees and an attendance fee for participation in meetings of the Board and any of the committee meetings. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account.

The Board as a whole resolves on the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Non-Executive Directors are subject to the approval of shareholders of the Manager.

C. UNITHOLDERS

DIALOGUE BETWEEN THE MANAGER AND INVESTORS

The Board values constant dialogue and is committed to clear communication with unitholders and investors. In this respect, as part of Sunway REIT's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, unitholders and the media to convey information about Sunway REIT's performance, corporate strategy and other matters affecting unitholders' interests.

The Manager communicates information on Sunway REIT to unitholders and the investing community through announcements that are released to Bursa Malaysia Securities Berhad via Bursa LINK. Such announcements include the quarterly results, material transactions and other developments relating to Sunway REIT requiring disclosure under the Listing Requirements.

Communication channels with unitholders are also made accessible via:-

- Press and analysts' briefings.
- One-on-one/group meetings, conference calls, investor luncheons, domestic/overseas roadshows and conferences.
- Annual reports.
- Press releases on major developments of Sunway REIT.
- Sunway REIT's website at www.sunwayreit.com.

With the majority of units in Sunway REIT held by institutional investors, the Manager considers meetings with local and foreign fund managers an integral part of investor relations. These meetings and roadshows with investors enabled the Manager to update potential and current unitholders on Sunway REIT's significant developments and its medium to long-term strategies. Sunway REIT also participates in various local and overseas investors' conferences as part of its efforts to build interest in the Malaysia's REIT market.

The details of the Directors' remuneration during the financial year are as follows:-

	Executive Director RM	Non-Executive Directors RM	Total RM
Directors' Fee	-	114,000	114,000
Other Emoluments	-	12,000	12,000
Meeting Allowance	-	15,000	15,000
Salaries and other Remuneration	698,444	-	698,444
Bonus	278,057	-	278,057
Benefits-in-kind	10,425	-	10,425
Total:	986,926	141,000	1,127,926

The number of Directors whose remuneration falls under the following bands is as follows:-

Range of Remuneration	Executive Director	Non-Executive Directors	Total
Below RM50,000	-	3	3
RM950,001 to RM1,000,000	1	-	1
Total:	1	3	4

CORPORATE GOVERNANCE STATEMENT (CONT'D)

In addition to a published Annual Report sent to all unitholders and quarterly results announced to Bursa Malaysia Securities Berhad, Sunway REIT has established a website at www.sunwayreit.com from which investors and unitholders can access for information.

While the Manager endeavours to provide as much information as possible to unitholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

INVESTOR RELATIONS SERVICE

Sunway REIT's website has a section dedicated to investor relations which provides detailed information on Sunway REIT's businesses and latest developments.

Any enquiries on investor related matters may be directed to this email address, irsunreit@sunway.com.my or may also be conveyed to the following person:-

Ms Crystal Teh Lay Ling
Manager - Investor Relations
Tel No : (603) 5639 8864
Fax No : (603) 5639 8001
Email : crystal@sunway.com.my

D. ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

In presenting the annual financial statements, annual report and quarterly announcement of results to unitholders, the Board aims to provide a balanced and understandable assessment of Sunway REIT's financial position, performance and prospects. The Board is assisted by the Audit Committee to oversee Sunway REIT's financial reporting processes and the quality of its financial reporting.

INTERNAL CONTROL

The Statement on Internal Control set out on pages 142 and 143 of the Annual Report provides an overview of the state of internal controls within the Manager.

RELATIONSHIP WITH EXTERNAL AUDITORS

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with the External Auditors. The role of the Audit Committee in relation to the External Auditors is disclosed in the Audit Committee Report set out on pages 137 to 141 of the Annual Report.

The appointment of External Auditors, who may be nominated by the Manager, is approved by the Trustee. The External Auditors appointed must be independent of the Manager and the Trustee. The remuneration of the External Auditors must be approved by the Trustee.

COMPLIANCE OFFICER

The Manager has a designated compliance officer working towards ensuring the compliance with the Deed as well as all legislations, rules and guidelines issued by the Securities Commission and Bursa Malaysia Securities Berhad applicable to Sunway REIT.

and that reasonable and prudent judgments and estimates have been made. All applicable approved accounting standards and provisions of the Companies Act, 1965 have been complied with.

The Board is also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy, the financial position of the Manager and Sunway REIT and to ensure that the financial statements comply with the relevant statutory requirements.

The Board has the overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of Sunway REIT to prevent and detect fraud and other irregularities.

F. COMPLIANCE

The Manager and Sunway REIT have complied with the REIT Guidelines and have also complied substantially with the principles and best practices outlined in the Code.

As the Code advocates the adoption of standards that go beyond the minimum prescribed by regulation, the Manager and Sunway REIT have also benchmarked, where practicable, with the Asia Pacific Real Estate Association (APREA) Best Practices Handbook.

E. DIRECTORS' RESPONSIBILITY STATEMENT ON AUDITED FINANCIAL STATEMENTS

The Board is responsible in the preparation of the Audited Financial Statements to give a true and fair view of the state of affairs, results and cash flows of the Manager and Sunway REIT at the end of each financial year.

In preparing the financial statements, the Board will ensure that suitable accounting policies have been applied consistently,

This Corporate Governance Statement was approved by the Board on 7 August 2012.



Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO
Chairman

AUDIT COMMITTEE REPORT

FORMATION

The Audit Committee was formed by the Board of Directors of the Manager on 22 September 2010.

The objective of the Audit Committee is to assist the Board of Directors of the Manager in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Manager and Sunway REIT.

COMPOSITION

The members of the Audit Committee during the financial year ended 30 June 2012 were as follows:-

1. Tan Sri Ahmad Bin Mohd Don - Chairman
(Independent Non-Executive Director)
2. Willy Shee Ping Yah @ Shee Ping Yan
(Independent Non-Executive Director)
3. Elvin A/L Berty Luke Fernandez
(Independent Non-Executive Director)

MEETINGS AND ATTENDANCE

The Audit Committee held 4 meetings during the financial year and the details of attendance of the Committee Members are as follows:-

Name of Committee Member	Number of Meetings Attended
Tan Sri Ahmad Bin Mohd Don	4/4
Willy Shee Ping Yah @ Shee Ping Yan	4/4
Elvin A/L Berty Luke Fernandez	4/4

The Chief Executive Officer, Chief Financial Officer, Internal Auditors and External Auditors were invited to the meetings held. The External Auditors were present at 2 of the total meetings held.

TERMS OF REFERENCE

1. MEMBERSHIP

1.1 The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than 3 members.

1.2 All members of the Committee must be non-executive Directors, a majority of whom are Independent Directors as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1.3 The members of the Committee should be financially literate and shall include at least 1 person:-

(a) who is a member of the Malaysian Institute of Accountants; or

(b) who must have at least 3 years' working experience and:

- (i) have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
- (ii) is a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or

(c) who must have at least 3 years' post qualification experience in accounting or finance and:

- (i) has a degree/masters/ doctorate in accounting or finance; or
- (ii) is a member of one of the professional accountancy organisations which has been admitted as a full member of the International Federation of Accountants; or

(d) who must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

1.4 No Alternate Director shall be appointed as a member of the Committee.

1.5 The members of the Committee shall elect a Chairman from amongst their number, who shall be an Independent Director.

1.6 If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraphs 1.1, 1.2 or 1.3 above, the Board of Directors must fill the vacancy within 3 months.

1.7 The terms of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors at least once every 3 years. However, the appointment terminates when a member ceases to be a Director.

AUDIT COMMITTEE REPORT (CONT'D)

2. MEETINGS

- 2.1 The quorum for a Committee Meeting shall be at least 2 members, who must be Independent Directors.
- 2.2 The Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide.
- 2.3 Notwithstanding paragraph 2.2 above, upon the request of any member of the Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.
- 2.4 The External Auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so.
- 2.5 The non-member Directors and employees of the Company shall normally attend the meetings at the Committee's invitation, to assist in its deliberations and resolutions of matters raised. However, at least twice a year, the Committee should meet with the External Auditors without the presence of the executive board members.
- 2.6 The Internal Auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters as well as the recommendations relating thereto and to follow-up on all relevant decisions made.
- 2.7 The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.

- 2.8 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.
- 2.9 In addition to the availability of detailed minutes of the Committee Meetings to the Board of Directors, the Committee at each Board Meeting, will report a summary of significant matters and resolutions.

3. RIGHTS AND AUTHORITY

The Committee is authorised to:-

- 3.1 Investigate any matter within its terms of reference.
- 3.2 Have adequate resources required to perform its duties.
- 3.3 Have full and unrestricted access to information, records and documents relevant to its activities.
- 3.4 Have direct communication channels with the External and Internal Auditors.
- 3.5 Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.
- 3.6 Convene meetings with the External Auditors, Internal Auditors, Property Manager or its service providers or all of them, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

4. FUNCTIONS AND DUTIES

- 4.1 To review the following and report the same to the Board of Directors:-
- (a) With the External Auditors:
- (i) the audit plan and audit report and the extent of assistance rendered by employees of the Auditee, Property Manager or its service providers;
 - (ii) their evaluation of the system of internal controls;
 - (iii) the audit fee and on matter concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as External Auditors;
 - (iv) the management letter and management's response; and
 - (v) issues and reservations arising from audits.
- (b) With the Internal Auditors:
- (i) the Internal Audit Charter which defines the independent purpose, authority, scope and responsibility of the internal audit function in the Company;
 - (ii) the adequacy and relevance of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;

- (iii) the audit plan of work programme and results of internal audit processes including recommendations and actions taken;
 - (iv) the extent of cooperation and assistance rendered by employees of Auditee, the Property Manager or its service providers;
 - (v) the appraisal of the performance of the internal audit function including that of the senior staff and any matter concerning their appointment and termination; and
 - (vi) the internal audit reports pertaining to the effectiveness of internal control, risk management and governance processes including compliance with the operational manuals, Securities Commission's Guidelines on Real Estate Investment Trusts and the Listing Requirements of Bursa Malaysia Securities Berhad as well as ensuring that the audit recommendations are promptly implemented by the management.
- (c) The quarterly results and year end financial statements prior to the approval by the Board of Directors, focusing particularly on:-
- (i) changes in and implementation of major accounting policies and practices;
 - (ii) significant and unusual issues;
 - (iii) going concern assumption; and
 - (iv) compliance with accounting standards, regulatory and other legal requirements.
- (d) The major findings of investigations and management response.
- (e) The propriety of any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity as set out in the Securities Commission's Guidelines on Real Estate Investment Trusts and the Deed.
- 4.2 To report any breach of the Listing Requirements of Bursa Malaysia Securities Berhad which has not been satisfactorily resolved, to Bursa Malaysia Securities Berhad.
- 4.3 To prepare the Audit Committee Report for inclusion in the Sunway REIT's Annual Report covering:-
- (a) the composition of the Committee including the name, designation and directorship of the members;
 - (b) the terms of reference of the Committee;
 - (c) the number of meetings held during the financial year and details of attendance of each member of the Committee;
- (d) a summary of the activities of the Committee in the discharge of its functions and duties for that financial year; and
- (e) a summary of the activities of the internal audit function.
- 4.4 To review the following for publication in the Sunway REIT's Annual Report as well as to review the Annual Report and recommend for the Board of Directors' approval:-
- (a) the disclosure statement of the Board of Directors on:
 - (i) the applications of the principles set out in Part I of the Malaysian Code on Corporate Governance; and
 - (ii) the extent of compliance with the best practices set out in Part II of the Malaysian Code on Corporate Governance, specifying reasons for any area of non-compliance and the alternative measures adopted in such areas.
 - (b) the statement on the Board of Directors' responsibility for the preparation of the annual audited financial statements.
 - (c) the disclosure statement on the state of the internal controls system of the Company.
 - (d) other disclosures forming the contents of annual report spelt out in the Securities Commission's Guidelines on Real Estate Investment Trusts.

AUDIT COMMITTEE REPORT (CONT'D)

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|--|---|--|
| <p>4.5 To carry out any other functions that may be mutually agreed upon by the Committee and the Board of Directors which would be beneficial to Sunway REIT and to ensure the effective discharge of the Committee's duties and responsibilities.</p> | <p>(c) Reviewed with the External Auditors, the audit plan for the year (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and management responses) prior to the commencement of the annual audit.</p> | <p>(i) Discussed the implications of any latest changes and pronouncements on Sunway REIT and/or the Manager, issued by the statutory and regulatory bodies.</p> |
| <p>4.6 To review the procedures for detecting fraud and whistle-blowing, and ensuring that arrangements are in place whereby employees may, in confidence, raise concerns or any possible improprieties in the matters of financial reporting, financial control or any other matters.</p> | <p>(d) Reviewed the financial statements, the audit report, issues and reservations arising from statutory audit with the External Auditors.</p> <p>(e) Reviewed and discussed the Management Accounts with management.</p> <p>(f) Reviewed the quarterly results and financial statements with management and the External Auditors for recommendation to the Board of Directors for approval and release to Bursa Malaysia Securities Berhad.</p> <p>(g) Reviewed and endorsed all related party transactions entered into by Sunway REIT as well as the statements by the Audit Committee in respect of these related party transactions in the announcement to Bursa Malaysia Securities Berhad.</p> <p>(h) Reviewed any conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.</p> | <p>(j) Reported to the Board of Directors on significant issues and concerns discussed during the Committee's meetings together with applicable recommendations. Minutes of the Committee's meetings were tabled, discussed and noted by the Board of Directors.</p> |

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee for the financial year ended 30 June 2012 included the following:-

- | | |
|---|--|
| <p>(a) Reviewed the adequacy and relevance of the scope, functions, resources, risk based internal audit plan and results of the internal audit processes with the Internal Auditors.</p> | <p>(g) Reviewed and endorsed all related party transactions entered into by Sunway REIT as well as the statements by the Audit Committee in respect of these related party transactions in the announcement to Bursa Malaysia Securities Berhad.</p> |
| <p>(b) Reviewed the audit activities carried out by the Internal Auditors and the audit reports to ensure corrective actions were taken in addressing the risk issues reported.</p> | <p>(h) Reviewed any conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.</p> |

AUDIT COMMITTEE'S TRAINING

The details of training programmes and seminars attended by each Committee Member during the financial year ended 30 June 2012 are set out in the Corporate Governance Statement under "Directors' Training".

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The internal audit function is outsourced and undertaken by the Manager's holding company's Internal Audit Department. During the financial year ended 30 June 2012, the Internal Audit Department carried out the following activities:-

- (a) Prepared the annual audit plan for the approval of the Committee.
- (b) Regularly performed risk based audits, which covered reviews of the internal control system, accounting and management information system and risk management.

- (c) Issued audit reports to the Committee and management identifying weaknesses and issues as well as highlighting recommendations for improvements.

- (d) Acted on suggestions made by the Committee and/or senior management on concerns over operations or controls and significant issues.

- (e) Followed up on management corrective actions on audit issues raised by the External Auditors.

- (f) Attended the Committee's meetings to table and discuss the audit reports and followed up on matters raised.

- (g) Performed independent evaluation on the operation of risk management framework focusing primarily on the adequacy and effectiveness of the said framework.

The costs incurred for the internal audit function in respect of the financial year ended 30 June 2012 amounted to RM300,000/-.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Sunway REIT Management Sdn Bhd (“the Board”), being the management company of Sunway REIT (“the Manager”) has voluntarily adopted the best practices in corporate governance by establishing an Audit Committee and internal audit function, which is outsourced, although it is not compulsory for Sunway REIT, being a REIT to comply with such requirements under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These efforts and the inclusion of this Statement on Internal Control in the annual report, demonstrate the Board’s recognition that strong corporate governance is a key priority and that an effective corporate governance culture is critical to the Manager’s performance and consequently to the success of Sunway REIT.

The Board is committed to maintaining a sound and effective system of internal control with a view to safeguard the interests of Sunway REIT’s unitholders, assets and investments.

THE BOARD’S RESPONSIBILITY

The Board places importance on, and is committed to maintaining a sound system of internal control and effective risk management practices in the Manager and Sunway REIT to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and integrity of the system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines and risk management practices.

Notwithstanding, as with any internal control system, the Manager’s system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. It follows, therefore, that

the system of internal control can only provide reasonable but not absolute assurance against material misstatements, losses or fraud.

THE SYSTEM OF INTERNAL CONTROL

Monitoring Mechanisms and Management Style

Scheduled periodic meetings of the Board, Audit Committee and management represent the main platform by which Sunway REIT’s performance and conduct are monitored. The daily running of the business is entrusted to the Chief Executive Officer (“CEO”) and his management teams. Under the purview of the CEO, the heads of the respective properties are empowered with the responsibility of managing their respective operations.

The CEO actively communicates the Board’s expectations to the management teams and the property managers at the management meetings. At these meetings, besides reviewing the performance of the properties, operational and financial risks and issues are also discussed and dealt with.

The Board is responsible for setting the business direction and for overseeing the conduct of Sunway REIT’s operations through the Audit Committee, the working groups and management reporting mechanisms. Through these mechanisms, the Board is informed of all major control issues pertaining to internal controls, regulatory compliance and risk taking.

The Board has and will continue to ensure that all regulatory requirements such as the announcement of quarterly results and other material information to Bursa Malaysia Securities Berhad as well as the submission of quarterly returns to the Securities Commission are reported and submitted in a timely manner.

Risk Management Framework

The Manager adopts a robust risk management framework that enables it to continuously identify, evaluate, mitigate and monitor risks that affect Sunway REIT in achieving its objectives within defined risk parameters in a timely and effective manner. All identified risks are recorded in a risk management scorecard to facilitate systematic review and monitoring.

The risk management process is integrated with the business processes, enabling proper risk management at operation level of each property, as well as at Sunway REIT’s level. Risks identified are systematically evaluated with proper mitigating action in place, developed to manage the risks to an acceptable level and monitored on continuous basis.

Whistle-blowing Policy

The Audit Committee has embarked on the implementation of whistle-blowing policy and procedures. This whistle-blowing policy has been established to promote fraud awareness. The objective of the whistle-blowing policy is to encourage the employees of the Manager and other stakeholders, to report on suspected fraud, corrupt practices, abuses or other similar matters relating to Sunway REIT. The employees are encouraged to report such matters in good faith, with the confidence that they will be treated fairly and shall be protected from reprisal.

The procedures provide employees of the Manager, the unitholders and other stakeholders, accessible channels to whistle-blow on the concerns relating to Sunway REIT, and for independent investigation of these reports and appropriate follow-up action.

Key Elements of the System of Internal Control

The current system of internal control has within it, the following key elements:-

- Clear vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.
- The Board with appropriate management reporting mechanisms which enable the Board to review the performance of Sunway REIT.
- Board approved annual budgets and business plans prepared by each property during the Business Plan exercise to consider the relevant strengths, weaknesses, opportunities and threats including competitor, market and broader environmental analysis.
- Investment strategies and criteria which are agreed and formulated by the Investment Appraisal Working Group and recommendation on any acquisition or divestment would be presented to the Board for approval before escalating to OSK Trustees Berhad for approval.
- The Audit Committee with formal terms of reference clearly outlining its functions and duties delegated by the Board.
- Comprehensive policies and procedures manual that provide guidelines on, and authority limits over various operating, financial, human resources and health and safety matters.
- The use of the intranet as an effective means of communication and knowledge sharing.
- Regular management meetings involving the review of the operations and financial performance of each property.

- Communication of policies and guidelines in relation to human resources matters to all employees through a staff handbook which is also available on the intranet.
- A systematic performance appraisal system for all levels of staff.
- Relevant training provided to personnel across all functions to maintain a high level of competency and capability.
- The outsourced internal audit function which carries out internal audits based on an annual risk-based audit plan approved by the Audit Committee.

Assurance Mechanisms

The Audit Committee, with the assistance of the Internal Auditors is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the system of internal control. In carrying out its responsibilities, the Audit Committee relies significantly on the support of the internal audit function, which carries out internal audits based on a risk-based audit plan approved annually by the Audit Committee.

Based on these audits, the Audit Committee is provided with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control. In addition, the Audit Committee also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements.

The Manager has a designated compliance officer to ensure the compliance with all legislations, rules and guidelines issued by the Securities Commission and Bursa Malaysia Securities Berhad as well as Sunway REIT's Deed.

In addition, the Manager has formed a Risk Management Working Group which has the responsibility for overseeing the risk management activities of Sunway REIT, approving appropriate risk management procedures and measurement methodologies as well as identification and management of strategic business risks of Sunway REIT.

THE BOARD'S COMMITMENT

The Board recognises that Sunway REIT operates in a dynamic business environment in which the internal control system must be responsive in order to be able to support its business objectives. To this end, the Board remains committed towards maintaining a sound system of internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

THE BOARD'S CONCLUSION

The Board is pleased to report that the state of the internal control system and risk management practices are able to meet the objective of the Manager and Sunway REIT to ensure good corporate governance. There was no material control failure or weakness that would have material adverse effect on the results of Sunway REIT for the period under review.

This Statement on Internal Control was approved by the Board on 7 August 2012.



Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO
Chairman

CORPORATE CODE OF CONDUCT

1. INTRODUCTION

Our Corporate Code of Conduct ("the Code") forms an integral part of our corporate governance framework and together with our Standard Operating Procedures, is part of our commitment to observe and adhere to high standards of corporate responsibility and to conduct ourselves rightly.

The Code also guides us to operate at high standards of business integrity, to comply with the relevant laws and regulations and to ensure that the Code is never compromised for the sake of results.

2. OBJECTIVES

The objectives of the Code are:-

- (a) to ensure that decisions and judgements made by the employees are lawful and comply with high ethical standards;
- (b) to set a tone and culture for the organisation which will enable it to be regarded as a good corporate citizen;
- (c) to help employees who are faced with making difficult judgements in the course of their work; and
- (d) to give reassurance to Sunway REIT's stakeholders with whom it comes into business contact.

3. OUR CONDUCT

A. To Unitholders

We will ensure all our actions are always taken and made in the best interest of unitholders and we deliver sustainable distributions and growth in total return to unitholders. We will strive to ensure timely and accurate dissemination of information in accordance with regulatory requirements and

actively managing Sunway REIT's assets for an optimal return.

B. To Customers

We will seek to understand our customers' expectations and requirements through active engagement with them and provide products and services which offer value in terms of price, quality and good service to them.

C. To Employees

We must all follow the regulatory laws, act with integrity and honesty in all matters and be accountable for our actions. We value honesty and feedback of our actions and accept that whilst we strive for high standards, honest mistakes may occasionally happen. Only intentional efforts to misrepresent or improperly record or report transactions will not be accepted.

D. To those with whom Sunway REIT does business

We will pursue, build and maintain mutually beneficial long-term relationships with our customers, suppliers and business associates.

E. To Society

We will conduct our business in a sustainable and responsible manner, to observe the laws of the countries in which we operate in, to express support for fundamental human rights in line with the legitimate role of business. We will participate and support selected social activities in the society we operate in.

4. ECONOMIC PRINCIPLES

Profitability is essential to discharging the above responsibilities and staying in business. It is a measure both of efficiency and of the value that customers place on Sunway REIT's products and services. It is essential to the allocation of the necessary corporate resources and to support the continuing investment required to develop and

produce future energy supplies to meet customers' needs. Without profits and a strong financial foundation, it would not be possible to fulfill the responsibilities outlined above.

Sunway REIT operates in a wide variety of changing social, political and economic environments but in general, it believes that the interests of the community can be served most efficiently by a market economy. Criteria for investment decisions are not exclusively economic in nature but also take into account social and environmental considerations and an appraisal of the security of the investment.

5. BUSINESS INTEGRITY

We will practise honesty, integrity and fairness in carrying out our business with all whom we come into contact with. Our personal interest and relationship must not interfere or appear to interfere with our ability to make decisions in the best interest of Sunway REIT. As a guide, we should avoid investments that could affect or appear to affect the decisions we are making on behalf of Sunway REIT and ensure there has been full disclosure of our interests and such disclosures are always updated. The Code cannot address every potential conflict of interest, hence we will use our conscience and common sense, and will seek guidance if we are in doubt.

6. HEALTH, SAFETY AND ENVIRONMENT

The health and safety of our colleagues are of paramount importance and we must continuously take steps to improve on existing health and safety measures and to develop necessary additional health and safety measures without compromising the performance of Sunway REIT.

ADDITIONAL INFORMATION

The information set out below is disclosed in compliance with the Securities Commission's Guidelines on Real Estate Investment Trusts:-

1. SANCTIONS AND/OR PENALTIES

There was no public sanction and/or penalty imposed on Sunway REIT, the Manager or Directors of the Manager by the relevant regulatory bodies during the financial year ended 30 June 2012.

2. NON-AUDIT FEES

The non-audit fees paid to the External Auditors of Sunway REIT for the financial year ended 30 June 2012 amounted to RM132,000.

3. SOFT COMMISSION

There was no soft commission received by the Manager during the financial year ended 30 June 2012.

4. VARIATION IN RESULTS

There was no variance of 10% or more between the audited results for the financial year ended 30 June 2012 and the unaudited results previously announced by Sunway REIT. Sunway REIT did not release any profit estimate, forecast or projection for the financial year.

5. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF THE DIRECTORS AND MAJOR UNITHOLDERS

There was no material contract (not being contract entered into in the ordinary course of business) entered into by Sunway REIT involving the interests of the Directors of the Manager and major unitholders of Sunway REIT during the financial year ended 30 June 2012.

A LIGHT BULB MOMENT

RESILIENCE

Thomas Edison was an American inventor who invented several devices; the most significant one being the electric light bulb. It is said that he attempted to invent the light bulb 1,000 times.

FINANCIAL INSIGHT

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A large, glowing lightbulb with a red-tinted filament. The filament is shaped like a stylized, abstract figure or a complex, swirling pattern. The lightbulb is set against a dark background, and the overall image has a warm, red glow.

**Sunway REIT embodies a winning
strategy of resilience and determination
while ensuring stable financial returns
for all our ventures.**

FINANCIAL STATEMENTS

MANAGER'S REPORT

The Manager of Sunway Real Estate Investment Trust ("Sunway REIT" or "Fund"), Sunway REIT Management Sdn. Bhd., have pleasure in presenting their report together with the audited financial statements of the Group and of the Fund for the financial year ended 30 June 2012.

Sunway Real Estate Investment Trust ("Sunway REIT" or "Fund") is a Malaysia-domiciled real estate investment trust constituted pursuant to the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as the "Deed") between Sunway REIT Management Sdn. Bhd. (the "Manager") and OSK Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010.

Sunway REIT's key objective is to provide unitholders with exposure to a diverse 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 ("NAV") per Unit.

Sunway REIT seeks to achieve its investment objective via the following broad strategies:

- a) active asset management strategy;
- b) acquisition growth strategy; and
- c) capital and risk management strategy

The Manager is of the view that it has achieved the investment objective for the financial year ended 30 June 2012. There was no change in the strategies and policies employed during the financial year.

OTHER INFORMATION

- a) Before the statements of comprehensive income and statements of financial position of the Group and of the Fund were made out, the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b) At the date of this report, the Manager is not aware of any circumstances which would render:
 - (i) the amount of written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Fund inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Fund misleading.
- c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate.
- d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Fund which would render any amount stated in the financial statements misleading.
- e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Fund which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Fund which has arisen since the end of the financial year.
- f) In the opinion of the Manager:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Fund to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Fund for the financial year in which this report is made.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 35 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Significant event subsequent to the financial year end is disclosed in Note 36 to the financial statements.

MATERIAL LITIGATIONS

Material litigations are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of Sunway REIT Management Sdn. Bhd. in accordance with a resolution of the directors of the Manager dated 7 August 2012.



Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO



Dato' Ng Tiong Lip

STATEMENT BY THE MANAGER

The Manager acknowledges its responsibilities for the preparation and fair presentation of the financial statements of Sunway REIT. In the opinion of the Manager, the financial statements set out on pages 154 to 213 are drawn up in accordance with the provisions of the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as "Trust Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts and Financial Reporting Standards ("FRS") in Malaysia so as to give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 on page 214 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 7 August 2012.

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO

Dato' Ng Tiong Lip

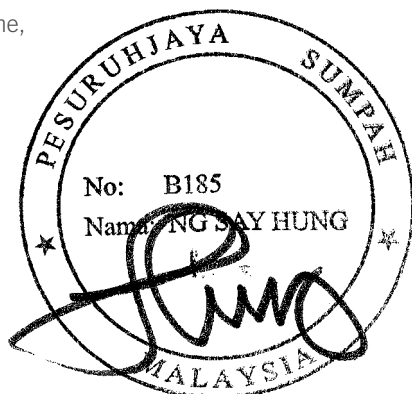
STATUTORY DECLARATION

I, Wai Sow Fun, being the Officer primarily responsible for the financial management of Sunway Real Estate Investment Trust, do solemnly and sincerely declare that the accompanying financial statements set out on pages 154 to 214 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Wai Sow Fun
at Petaling Jaya in the State of Selangor
Darul Ehsan on 7 August 2012

Wai Sow Fun

Before me,



No. 10-1, Jalan PJS 11/28A,
Sunway Metro, 47150 Petaling Jaya,
Selangor Darul Ehsan.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

We have acted as Trustee of Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund") for the financial year ended 30 June 2012. In our opinion and to the best of our knowledge, Sunway REIT Management Sdn. Bhd. (the "Manager") has managed Sunway REIT during the period covered by these financial statements, set out on pages 154 to 214 in accordance with the limitations imposed on the investment powers of the Manager, the provisions of the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as "Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts and the applicable securities laws.

We have ensured that the procedures and processes employed by the Manager to value/price the units of Sunway REIT are adequate and that such valuation/pricing is carried in accordance with the Deed and other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 30 June 2012 are in line with and are reflective of the objective of Sunway REIT.

For and on behalf of the Trustee,
OSK Trustees Berhad



Woo Lai Mei
Director

Kuala Lumpur,
7 August 2012

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

We have audited the financial statements of Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund"), which comprise the statements of financial position as at 30 June 2012 of the Group and of the Fund, and the statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 154 to 213.

Manager's and Trustee's responsibility for the financial statements

The Manager of the Fund is responsible for the preparation of financial statements that give a true and fair view in accordance with applicable Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

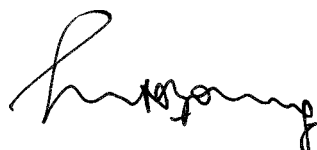
Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trust in Malaysia so as to give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2012 and of its financial performance, the changes in net asset value and the cash flows of the Group and of the Fund for the year then ended.

Other matters

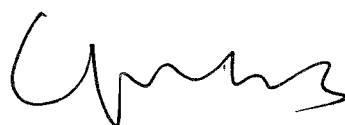
The supplementary information set out in Note 39 on page 214 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Manager is responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
7 August 2012



Yap Seng Chong
No. 2190/12/13(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Group		Fund	
	Note	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Gross revenue	4	406,426	327,416	406,426	327,416
Property operating expenses	5	(107,228)	(83,401)	(107,228)	(83,401)
Net property income		299,198	244,015	299,198	244,015
Other income	6	1,320	2,035	1,320	2,035
Changes in fair value of investment properties	13	230,151	385,569	230,151	385,569
Net investment income		530,669	631,619	530,669	631,619
Manager's fees	7	(22,601)	(19,003)	(22,601)	(19,003)
Trustee's fees		(846)	(783)	(846)	(783)
Auditor's remuneration:					
Statutory audits		(157)	(158)	(150)	(158)
Overprovision in prior year		40	-	37	-
Others services		(132)	(65)	(132)	(65)
Tax agent's fee		(21)	(97)	(19)	(97)
Valuation fees		(380)	(250)	(380)	(250)
Other trust expenses		(4,913)	(2,410)	(4,919)	(2,407)
Finance costs	8	(81,196)	(55,190)	(81,196)	(55,190)
Total expenses		(110,206)	(77,956)	(110,206)	(77,953)
Income before taxation		420,463	553,663	420,463	553,666
Income tax expense	9	-	-	-	-
Profit for the year/period		420,463	553,663	420,463	553,666
Profit for the year/period comprise the following:					
Realised		190,583	167,311	190,583	167,314
Unrealised		229,880	386,352	229,880	386,352
		420,463	553,663	420,463	553,666
Basic earnings per Unit (sen)	10				
- realised		7.08	6.24	7.08	6.24
- unrealised		8.54	14.40	8.54	14.40
		15.62	20.64	15.62	20.64
Distribution per Unit (sen)	11	7.50	6.58	7.50	6.58

The accompanying notes form an integral part of the financial statements.

	Group		Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Profit for the year/period	420,463	553,663	420,463	553,666
Other comprehensive income				
Cash flow hedge - fair value of derivative	8,455	-	8,455	-
Cash flow hedge reserve recycled to profit or loss	(8,150)	-	(8,150)	-
Total comprehensive income for the year/period	420,768	553,663	420,768	553,666
Realised profit for the year/period is arrived at as follows:				
Profit for the year/period	420,463	553,663	420,463	553,666
Less: Changes in fair value of investment properties	(230,151)	(385,569)	(230,151)	(385,569)
Add/(less): Net changes in fair value of derivative financial instrument	390	(706)	390	(706)
Add: Unrealised foreign exchange loss (hedged item)	8,150	-	8,150	-
Less: Cash flow hedge reserve recycled to profit or loss	(8,150)	-	(8,150)	-
Less: Others	(119)	(77)	(119)	(77)
Realised profit for the year/period	190,583	167,311	190,583	167,314

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Income Distribution

	Group		Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Realised profit for the year/period	190,583	167,311	190,583	167,314
Add: Surplus cash arising from 50% Manager's fees paid/payable in units	11,296	9,502	11,296	9,502
Total available for income distribution for the year/period	201,879	176,813	201,879	176,816
Brought forward undistributed income available for distribution	235	-	238	-
Total available for income distribution	202,114	176,813	202,117	176,816
Distribution to Unitholders during the year/period:				
Distribution of 1.51 sen per unit for period from 20 May 2010 (date of establishment) to 30 September 2010	-	(40,470)	-	(40,470)
Distribution of 1.75 sen per unit for period from 1 October 2010 to 31 December 2010	-	(46,941)	-	(46,941)
Distribution of 1.70 sen per unit for period from 1 January 2011 to 31 March 2011	-	(45,639)	-	(45,639)
Proposed final income distribution of 1.62 sen per unit for period from 1 April 2011 to 30 June 2011 ¹	-	(43,528)	-	(43,528)
Distribution of 1.75 sen per unit for period from 1 July 2011 to 30 September 2011	(47,062)	-	(47,062)	-
Distribution of 1.99 sen per unit for period from 1 October 2011 to 31 December 2011	(53,566)	-	(53,566)	-
Distribution of 1.87 sen per unit for period from 1 January 2012 to 31 March 2012	(50,381)	-	(50,381)	-
Proposed final income distribution of 1.89 sen per unit for period from 1 April 2012 to 30 June 2012 ¹	(50,963)	-	(50,963)	-
Balance undistributed arising from rounding difference	142	235	145	238

¹ The proposed final income distribution will be recognised and paid in the immediate subsequent financial year.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

		Group		Fund	
	Note	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Assets					
Non-current assets					
Plant and equipment	12	437	122	437	122
Investment properties	13	4,630,000	4,379,000	4,630,000	4,379,000
Investment in subsidiaries	14	-	-	- ¹	- ¹
Derivative financial instrument	19	8,455	-	8,455	-
		4,638,892	4,379,122	4,638,892	4,379,122
Current assets					
Trade receivables	15	11,650	9,393	11,650	9,393
Other receivables	16	7,035	5,068	6,849	5,068
Amount due from a subsidiary	17	-	-	184	3
Cash and bank balances	18	25,799	58,606	25,799	58,606
Derivative financial instrument	19	-	706	-	706
		44,484	73,773	44,482	73,776
Total assets		4,683,376	4,452,895	4,683,374	4,452,898
Equity and liabilities					
Unitholders' funds					
Unitholders' capital	20	2,361,487	2,350,437	2,361,487	2,350,437
Undistributed income		646,844	420,613	646,847	420,616
		3,008,331	2,771,050	3,008,334	2,771,053
Non-current liabilities					
Borrowings	21	318,085	1,502,025	318,085	1,502,025
Long term liabilities	22	53,920	52,029	53,920	52,029
		372,005	1,554,054	372,005	1,554,054
Current liabilities					
Trade payables	23	3,067	815	3,067	815
Other payables	24	54,934	67,626	54,928	67,626
Amount due to a subsidiary	17	-	-	545,040	-
Borrowings	21	1,245,039	59,350	700,000	59,350
		1,303,040	127,791	1,303,035	127,791
		4,683,376	4,452,895	4,683,374	4,452,898
Units in circulation ('000)		2,696,462	2,686,898		
Net asset value ("NAV") per unit (RM)					
- before income distribution ²		1.1157	1.0313		
- after income distribution ³		1.0968	1.0151		

¹ Value less than RM1,000

² Before the proposed final income distribution of 1.89 sen per unit (2011: 1.62 sen per unit)

³ After the proposed final income distribution of 1.89 sen per unit (2011: 1.62 sen per unit)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Group

	Unitholders' Capital RM'000	< Undistributed Realised RM'000	Income > Unrealised RM'000	Total Unitholders' Funds RM'000
As at 1 July 2011	2,350,437	34,261	386,352	2,771,050
Total comprehensive income				
Profit for the year	-	190,583	229,880	420,463
Other comprehensive income				
- Cash flow hedge - fair value of derivative	-	-	8,455	8,455
- Cash flow hedge reserve recycled to profit or loss	-	-	(8,150)	(8,150)
Total comprehensive income, representing the increase in net assets resulting from operations	2,350,437	224,844	616,537	3,191,818
Unitholders' transactions				
Creation of units (Note 20)				
- Manager's fee paid in units	11,050	-	-	11,050
Distribution to unitholders (Note 11)				
- Income distribution declared and paid in current year	-	(151,009)	-	(151,009)
- Income distribution proposed in prior period but paid in current year	-	(43,528)	-	(43,528)
Increase/(decrease) in net assets resulting from unitholders' transactions	11,050	(194,537)	-	(183,487)
As at 30 June 2012	2,361,487	30,307	616,537	3,008,331
As at 20 May 2010 (date of establishment)	-	-	-	-
Total comprehensive income for the period, representing the increase in net assets resulting from operations	-	167,311	386,352	553,663
Unitholders' transactions				
Creation of units (Note 20)				
- Units issued as partial satisfaction of the purchase consideration for properties acquired	920,969	-	-	920,969
- Pursuant to initial public offering	1,486,792	-	-	1,486,792
- Manager's fee paid in units	6,849	-	-	6,849
Unit issuance expenses (Note 25)	(64,173)	-	-	(64,173)
Distribution to unitholders (Note 11)				
- Income distribution declared and paid in current period	-	(133,050)	-	(133,050)
Increase/(decrease) in net assets resulting from unitholders' transactions	2,350,437	(133,050)	-	2,217,387
As at 30 June 2011	2,350,437	34,261	386,352	2,771,050

The accompanying notes form an integral part of the financial statements.

Fund

	Unitholders' Capital RM'000	< Undistributed Realised RM'000	Income > Unrealised RM'000	Total Unitholders' Funds RM'000
As at 1 July 2011	2,350,437	34,264	386,352	2,771,053
Total comprehensive income				
Profit for the year	-	190,583	229,880	420,463
Other comprehensive income				
- Cash flow hedge - fair value of derivative	-	-	8,455	8,455
- Cash flow hedge reserve recycled to profit or loss	-	-	(8,150)	(8,150)
Total comprehensive income, representing the increase in net assets resulting from operations	2,350,437	224,847	616,537	3,191,821
Unitholders' transactions				
Creation of units (Note 20)				
- Manager's fee paid in units	11,050	-	-	11,050
Distribution to unitholders (Note 11)				
- Income distribution declared and paid in current year	-	(151,009)	-	(151,009)
- Income distribution proposed in prior period but paid in current year	-	(43,528)	-	(43,528)
Increase/(decrease) in net assets resulting from unitholders' transactions	11,050	(194,537)	-	(183,487)
As at 30 June 2012	2,361,487	30,310	616,537	3,008,334
As at 20 May 2010 (date of establishment)	-	-	-	-
Total comprehensive income for the period, representing the increase in net assets resulting from operations	-	167,314	386,352	553,666
Unitholders' transactions				
Creation of units (Note 20)				
- Units issued as partial satisfaction of the purchase consideration for properties acquired	920,969	-	-	920,969
- Pursuant to initial public offering	1,486,792	-	-	1,486,792
- Manager's fee paid in units	6,849	-	-	6,849
Unit issuance expenses (Note 25)	(64,173)	-	-	(64,173)
Distribution to unitholders (Note 11)				
- Income distribution declared and paid in current period	-	(133,050)	-	(133,050)
Increase/(decrease) in net assets resulting from unitholders' transactions	2,350,437	(133,050)	-	2,217,387
As at 30 June 2011	2,350,437	34,264	386,352	2,771,053

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Group		Fund	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating activities					
Cash receipts from customers		414,688	338,755	414,688	338,755
Refundable security deposits from customers		10,811	72,383	10,811	72,383
Cash paid for operating expenses		(141,621)	(109,210)	(141,621)	(109,207)
Net cash generated from operating activities		283,878	301,928	283,878	301,931
Investing activities					
Acquisition of plant and equipment	Note a	(382)	(100)	(382)	(100)
Acquisition of investment properties	Note b	-	(3,049,636)	-	(3,049,636)
Incidental costs on acquisition of investment properties	Note c	(6,248)	(1,932)	(6,248)	(1,932)
Subsequent expenditure of investment properties	Note d	(21,086)	(1,088)	(21,086)	(1,088)
Investment in a subsidiary	14	-	-	¹	¹
Interest received		1,537	1,093	1,537	1,093
Net cash used in investing activities		(26,179)	(3,051,663)	(26,179)	(3,051,663)
Financing activities					
Proceeds from issuance of new units		-	1,486,792	-	1,486,792
Proceeds from issuance of commercial papers		1,168,544	-	-	-
Drawdown of term loans		1,391,600	1,514,000	1,391,600	1,514,000
Drawdown of revolving loans/credits		862,100	254,086	862,100	254,086
Repayment of term loans		(2,594,800)	-	(2,594,800)	-
Repayment of commercial papers		(625,000)	-	-	-
Repayment of revolving loans/credits		(221,450)	(189,000)	(221,450)	(189,000)
Interest paid		(72,928)	(47,209)	(72,928)	(47,209)
Gain on termination of derivative financial instrument		316	-	316	-
Payment of unit issuance and financing expenses		(4,351)	(77,278)	(250)	(77,278)
Net change in inter-company balances		-	-	539,443	(3)
Distribution paid		(194,537)	(133,050)	(194,537)	(133,050)
Net cash (used in)/generated from financing activities		(290,506)	2,808,341	(290,506)	2,808,338

¹ Value less than RM1,000

The accompanying notes form an integral part of the financial statements.

	Note	Group		Fund	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Net (decrease)/increase in cash and cash equivalents		(32,807)	58,606	(32,807)	58,606
Cash and cash equivalents at beginning of year/period		58,606	-	58,606	-
Cash and cash equivalents at end of year/period		25,799	58,606	25,799	58,606
Cash and cash equivalents at end of year/period comprise:					
Cash and bank balances		8,359	4,884	8,359	4,884
Deposits placed with licensed financial institutions		17,440	53,722	17,440	53,722
Cash and cash equivalents at end of year/period	18	25,799	58,606	25,799	58,606
Note a:					
Additions of plant and equipment	12	369	132	369	132
Additions via deferred payment		(19)	(32)	(19)	(32)
Payment of plant and equipment purchased via deferred payment in prior year		32	-	32	-
Cash outflow for acquisition of plant and equipment		382	100	382	100
Note b:					
Acquisition price of investment properties	13	-	3,970,605	-	3,970,605
Consideration units issued as partial satisfaction of the purchase consideration for properties acquired	20	-	(920,969)	-	(920,969)
Cash outflow for acquisition of investment properties		-	3,049,636	-	3,049,636
Note c:					
Incidental costs on acquisition of investment properties	13	-	8,180	-	8,180
Deferred payment on incidental costs on acquisition of investment properties		-	(6,248)	-	(6,248)
Payment of incidental costs on acquisition of investment properties incurred in prior year		6,248	-	6,248	-
Cash outflow for incidental costs on acquisition of investment properties		6,248	1,932	6,248	1,932
Note d:					
Subsequent expenditure of investment properties	13	20,849	14,646	20,849	14,646
Additions via deferred payment		(11,145)	(13,558)	(11,145)	(13,558)
Payment of subsequent expenditure on investment properties incurred in prior year		11,382	-	11,382	-
Cash outflow for subsequent expenditure of investment properties		21,086	1,088	21,086	1,088

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1. Fund information

Sunway Real Estate Investment Trust ("Sunway REIT" or "Fund") is a Malaysia-domiciled real estate investment trust constituted pursuant to the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as the "Deed") between Sunway REIT Management Sdn. Bhd. (the "Manager") and OSK Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010.

The registered office of the Manager is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business is located at Level 15, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan.

Sunway REIT is an income and growth fund with the key investment objective to provide unitholders with exposure to a diverse 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 ("NAV") per Unit. The principal investment policy of Sunway REIT is to invest in retail, hospitality, office and other real estate assets, subject to the REIT Guidelines. The principal activities of the subsidiaries are set out in Note 31.

There has been no significant change in the nature of the principal activity during the financial year.

The consolidated financial statements comprise the Fund and its subsidiaries (the "Group").

The comparative figures of the financial statements cover the period from 20 May 2010 (date of establishment) to 30 June 2011. Accordingly, the comparative figures are not comparable.

The financial statements for the financial year ended 30 June 2012 were authorised for issue in accordance with a resolution by the directors of the Manager on 7 August 2012.

Sunway REIT has entered into several service agreements in relation to the management of the Fund and its property operations. The fee structures of these services are as follows:

1.1 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 dated 26 May 2010;
- (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 Manager's fee shall be net of all applicable tax, duties and levies imposed by the relevant authorities in Malaysia. The Manager shall be paid the base fee and performance fee which may be in the form of cash, new Units or a combination thereof, with the initial applicable proportion to be 50% in the form of cash and 50% in the form of new Units, such proportion which may be varied at the discretion of the Manager. The Manager's fees are payable quarterly in arrears.

1. Fund information (cont'd)

1.2 Property management fees

The Property Manager, DTZ Nawawi Tie Leung Property Consultant Sdn. Bhd., is entitled to receive a fixed fee for managing the retail and office properties owned by Sunway REIT. The Property Manager and/or its service providers shall be reimbursed in full for the property expenses which include the employment and remuneration costs of the centralised team of employees of the Property Manager and/or its service providers as provided in the Property Management Agreement dated 26 May 2010. The property management fees and reimbursements are payable monthly in arrear.

1.3 Trustee's fees

Pursuant to the Deed, the Trustee is entitled to receive up to 0.03% per annum of the net asset value of Sunway REIT, net of all applicable taxes, duties and levies imposed by the relevant authorities in Malaysia, calculated on a monthly accrual basis, based on a year of 12 months and is payable monthly in arrear.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Fund have been prepared in accordance with the provisions of the Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts and Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and the Fund adopted all applicable FRSs which are mandatory for financial periods beginning on or after 1 July 2011.

The financial statements of the Group and of the Fund have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

At the date of authorisation of these financial statements, the Group and the Fund have applied all applicable FRSs, Issues Committee Interpretations ("IC Interpretations") and Amendments to FRSs which are issued and effective for financial periods beginning on or after 1 July 2012.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial period except as follows:

The Group and the Fund adopted the following new and amended FRSs and IC interpretations mandatory for annual financial periods beginning on or after 1 July 2011:

Description	Effective for annual periods beginning on or after
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: First-time Adoption of Financing Reporting Standards [Improvements to FRS (2010)]	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 3: Business Combinations [Improvements to FRS (2010)]	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 7: Financial Instruments: Disclosures [Improvement to FRS (2010)]	1 January 2011
Amendments to FRS 101: Presentation of Financial Statements [Improvements to FRS (2010)]	1 January 2011
Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates [Improvements to FRS (2010)]	1 January 2011
Amendments to FRS 128: Investments in Associates [Improvements to FRS (2010)]	1 January 2011
Amendments to FRS 131: Interests in Joint Ventures [Improvements to FRS (2010)]	1 January 2011
Amendments to FRS 132: Financial Instruments: Presentation [Improvements to FRS (2010)]	1 January 2011
Amendments to FRS 134: Interim Financial Reporting [Improvements to FRS (2010)]	1 January 2011
Amendments to FRS 139: Financial Instruments: Recognition and Measurement [Improvements to FRS (2010)]	1 January 2011
IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
Amendments to IC Interpretation 13: Customer Loyalty Programme [Improvements to FRS (2010)]	1 January 2011
IC Interpretation 18: Transfer of Assets from Customers	1 January 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Adoption of the standards and interpretations did not have any effect on the financial performance or position of the Group and of the Fund except for those disclosed below:

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 32(f). The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 32(c).

2.3 Standards issued but not yet effective

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group and the Fund do not fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2013. In presenting its first MFRS financial statements, the Group and the Fund will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiary as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Fund. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiary is accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Fund are presented in Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Fund and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.6 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	10%
Office/computer equipment	10 - 20%

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. Summary of significant accounting policies (cont'd)

2.7 Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for plant and equipment set out in Note 2.6 up to the date of change in use.

2.8 Impairment of non-financial assets

The Manager assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Manager makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.9 Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Fund's separate financial statement, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Fund determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Fund commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. Summary of significant accounting policies (cont'd)

2.11 Impairment of financial assets

The Manager assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Manager considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Manager's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Fund that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

The Group's and the Fund's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 Derivatives financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. Summary of significant accounting policies (cont'd)

2.15 Derivatives financial instruments and hedging activities (cont'd)

The Group designates and documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group assesses both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items and applies hedge accounting only where effectiveness tests are met on both a prospective and retrospective basis. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group does not have any fair value hedges and net investment hedges except for cash flow hedge.

Cash flow hedge

The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve until such time as the hedged items affect profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss. The application of hedge accounting will create some volatility in equity reserve balances.

Where a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time remain in equity and are recognised when the forecast transaction is ultimately recognised in the profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the profit or loss.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Fund incurred in connection with the borrowing of funds.

2.17 Leases

Leases where the Group is the lessor and retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.18 (a), (b) and (c).

2. Summary of significant accounting policies (cont'd)

2.18 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Rental income

Rental income is derived from renting of retail and office properties to tenants and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(b) Hotel master lease income

Hotel master lease income is derived from renting of hotel properties to hotel operators ("Lessee") and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis. The hotel master lease income is derived based on the following total rent formula:

Total rent = The higher of variable rent or guaranteed rent

Variable rent = Base rent plus 70% of (hotel's gross operating profit less master lease expenses)

- (i) Base rent: 20% of the hotel's gross operating revenue.
- (ii) Gross operating profit: Hotel's gross operating revenue less operating expenses.
- (iii) Master lease expenses: Base rent, reserve for furniture, fittings and equipment and hotel management fees.

(c) Carpark rental income

Carpark rental income is derived from renting of the investment properties' carpark space to carpark operators and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

The carpark rental income is derived based on the following variable rent formula:

Variable rent = Base rent plus 95% of carpark's gross operating profit

- (i) Base rent: 20% of the carpark's gross operating revenue
- (ii) Gross operating profit: Carpark's gross operating revenue less base rent and operating expenses.

(d) Other operating income

Other operating income mainly comprise rental from common area of the retail properties for promotional events and is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(e) Interest income

Interest income from short term deposits is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. Summary of significant accounting policies (cont'd)

2.19 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. No deferred tax assets and liabilities have been recognised as the REIT is exempted from income tax since the REIT intend to distribute at least 90% of its total taxable income in all its future years.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd)

2.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their business and geographical segment which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Manager who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment's performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. Judgements made in applying accounting policies

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, the Manager has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3.1 Classification between investment properties and plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation of plant and equipment

The useful lives and residual values of plant and equipment are also estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets and hence future depreciation charges on such assets could be revised.

(b) Impairment of loans and receivables

The Manager assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Manager considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. Revenue

	Group/Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Rental income	310,823	253,612
Hotel master lease income	69,947	54,069
Carpark rental income	16,152	12,509
Other operating income	9,504	7,226
	406,426	327,416

5. Property operating expenses

	Group/Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Quit rent, assessment and insurance	12,027	7,499
Property management fees and reimbursements	27,425	22,663
Utilities	29,630	24,448
Service contracts and maintenance	17,165	13,319
Advertising and promotion	11,725	9,144
Allowance for impairment of receivables (Note 15)	3,117	1,770
Bad debts written off	84	-
Depreciation of plant and equipment (Note 12)	54	10
Administrative and other operating expenses	6,001	4,548
	107,228	83,401

6. Other income

	Group/Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Interest income from deposits with licensed financial institutions	1,591	1,252
Net changes in fair value of derivative financial instruments	(390)	706
Others	119	77
	1,320	2,035

7. Manager's fee

	Group/Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Base fee	13,604	11,670
Performance fee	8,997	7,333
	22,601	19,003

During the financial year/period, approximately 50% of Manager's fees were paid/payable in Units.

8. Finance costs

	Group		Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Interest paid/payable				
- subsidiary	-	-	5,148	-
- term loans	62,403	47,325	62,403	47,325
- commercial papers	5,148	-	-	-
- revolving loan/credit and commitment fees	2,688	3,209	2,688	3,209
- interest rate swap	9	517	9	517
Amortisation of transaction costs	10,634	4,047	10,634	4,047
Others	314	92	314	92
	81,196	55,190	81,196	55,190

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

9. Income tax expense

Taxation of the Real Estate Investment Trust ("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 will not incur any tax expense during the financial year as it will distribute more than 90% of its realised income available for distribution for the financial year ended 30 June 2012 which translates to more than 90% of its total taxable income.

Reconciliation of the tax expense is as follows:

	Group		Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Income before taxation	420,463	553,663	420,463	553,666
Income tax at Malaysian statutory tax rate of 25% (2011: 25%)	105,116	138,416	105,116	138,417
Effect of fair value adjustment of investment properties not subject to tax	(57,538)	(96,392)	(57,538)	(96,392)
Effect of income not subject to tax	(53,164)	(44,202)	(53,164)	(44,203)
Expenses not deductible for tax purposes	5,586	2,178	5,586	2,178
Income tax expense	-	-	-	-

Taxation of the Unitholders

Pursuant to Section 109D(2) of 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:

Unitholders	Tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	25%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 25%.

10. Basic earnings per Unit

Basic earnings per Unit amounts are calculated by dividing realised/unrealised total comprehensive income for the year/period attributable to Unitholders of the Fund by the weighted average number of units in issue during the financial year/period.

	1.7.2011 to 30.6.2012 Unit '000	20.5.2010 (date of establishment) to 30.6.2011 Unit '000
Weighted average number of Units in issue	2,691,202	2,682,101

	Group		Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
<u>Realised</u>				
Total realised profit for the year/period attributable to Unitholders of the Group/Fund after Manager's fee	190,583	167,311	190,583	167,314
Realised basic earnings per Unit (sen)	7.08	6.24	7.08	6.24
<u>Unrealised</u>				
Total unrealised profit for the year/period attributable to Unitholders of the Group/Fund after Manager's fee	229,880	386,352	229,880	386,352
Unrealised basic earnings per Unit (sen)	8.54	14.40	8.54	14.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

11. Distribution to Unitholders

	Group		Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
Distribution to Unitholders is from the following sources:				
Net property income	299,198	244,015	299,198	244,015
Other income	1,320	2,035	1,320	2,035
Changes in fair value of investment properties	230,151	385,569	230,151	385,569
Net investment income	530,669	631,619	530,669	631,619
Less: Expenses	(110,206)	(77,956)	(110,206)	(77,953)
Profit for the year/period	420,463	553,663	420,463	553,666
Less: Unrealised income	(229,880)	(386,352)	(229,880)	(386,352)
Add: Surplus cash arising from 50% Manager's fees paid/payable in Units	11,296	9,502	11,296	9,502
Add: Brought forward undistributed income available for distribution	235	-	238	-
Total available for income distribution	202,114	176,813	202,117	176,816
Less: Income distributed	(151,009)	(133,050)	(151,009)	(133,050)
Less: Proposed final income distribution	(50,963)	(43,528)	(50,963)	(43,528)
Balance undistributed arising from rounding difference	142	235	145	238
Distribution per Unit (sen)	7.50	6.58	7.50	6.58

12. Plant and equipment

At 30 June 2012

	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Group/Fund			
Cost			
At beginning of financial year	126	6	132
Additions (Note 34)	247	122	369
At end of financial year	373	128	501
Accumulated depreciation			
At the beginning of financial year	10	-	10
Depreciation charge for the year (Note 5)	45	9	54
At end of financial year	55	9	64
Net carrying amount	318	119	437

12. Plant and equipment (cont'd)

At 30 June 2011

	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Group/Fund			
Cost			
At date of establishment	-	-	-
Additions (Note 34)	126	6	132
At end of financial period	126	6	132
Accumulated depreciation			
At date of establishment	-	-	-
Depreciation charge for the period (Note 5)	10	-	10
At end of financial period	10	-	10
Net carrying amount	116	6	122

13. Investment properties

	Group/Fund	
	2012 RM'000	2011 RM'000
At beginning of financial year/date of establishment	4,379,000	-
Acquisition price of investment properties	-	3,970,605
Incidental costs on acquisition of investment properties	-	8,180
Subsequent expenditure of investment properties (Note 34)	20,849	14,646
Changes in fair value	230,151	385,569
At end of financial year/period	4,630,000	4,379,000

13. Investment properties (cont'd)

Description of property	Location	Date of acquisition	Tenure of land	Term of lease	Remaining term of lease	Fair value as at 30.6.2012 * RM'000	Fair value as at 30.6.2011 RM'000	Percentage of Net Asset Value as at 30.6.2012 %	30.6.2011 %
Retail									
Sunway Pyramid Shopping Mall	Selangor	8 July 2010	Leasehold	99 years	85/93 years	2,540,000	2,345,000	84.4	84.6
Sunway Carnival Shopping Mall	Penang	8 July 2010	Leasehold	99 years	80 years	257,000	250,000	8.5	9.0
SunCity Ipoh Hypermarket	Perak	8 July 2010	Leasehold	99 years	88 years	55,000	50,000	1.8	1.8
Sunway Putra Mall	Kuala Lumpur	19 April 2011	Freehold	-	-	248,000	246,000	8.2	8.9
						3,100,000	2,891,000	103.0	104.3
Hotel									
Sunway Resort Hotel & Spa	Selangor	8 July 2010	Leasehold	99 years	85 years	508,000	495,000	16.9	17.9
Pyramid Tower Hotel	Selangor	8 July 2010	Leasehold	99 years	89 years	295,000	280,000	9.8	10.1
Sunway Hotel Seberang Jaya	Penang	8 July 2010	Leasehold	99 years	80 years	57,000	56,000	1.9	2.0
Sunway Putra Hotel	Kuala Lumpur	19 April 2011	Freehold	-	-	240,000	240,000	8.0	8.7
						1,100,000	1,071,000	36.6	38.6
Office									
Menara Sunway	Selangor	8 July 2010	Leasehold	99 years	85 years	150,000	138,000	5.0	5.0
Sunway Tower	Kuala Lumpur	8 July 2010	Freehold	-	-	190,000	189,000	6.3	6.8
Sunway Putra Tower	Kuala Lumpur	19 April 2011	Freehold	-	-	90,000	90,000	3.0	3.2
						430,000	417,000	14.3	15.0
						4,630,000	4,379,000	153.9	158.0

* Based on valuation carried out by an independent professional valuer, Knight Frank on 30 June 2012

^ Based on valuation carried out by an independent professional valuer, Knight Frank on 30 June 2011

Based on valuation carried out by an independent professional valuer, Knight Frank on 16 March 2011

13. Investment properties (cont'd)

The investment properties are stated at fair value based on valuation carried out by an independent professional valuer, Knight Frank on 30 June 2012. The basis of valuation adopted is the Market Value which is defined as “the estimated amount for which a property should be exchanged on the date of valuation between a willing seller and a willing buyer in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”. In arriving at the Market Value, the valuer adopted primarily the investment, profits and comparison methods.

The investment approach considers income and expenses data relating to the subject property being valued and estimates value through a capitalisation process. Capitalisation relates income (usually net income figure) and a defined value by converting an income amount into a value estimate. This process may consider direct relationship (known as capitalisation rates), yield or discount rates (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces highest return commensurate with a given level of risk leads to the most probable value figure.

The profits method is most appropriate for properties occupied as business premises and in essence, attempts to determine the net operating profit from the trading accounts which is then capitalised. As a primary method of valuation for the hotel properties, Knight Frank has carried out a discounted cash flow analysis over a 10-year investment horizon in which it has assumed that the property is sold at the commencement of the eleventh year of the cash flow. In undertaking this analysis, Knight Frank has also used a wide range of assumptions for the hotel properties including the growth of average room rates and other revenues during the holding period, average occupancy rates, expense ratios and other related expenses.

The comparison method considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued (subject property) is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Investment properties of the Group amounting to RM4,316,000,000 (2011: RM4,073,000,000) are pledged as securities for borrowings as disclosed in Note 21.

14. Investment in subsidiaries

	Fund	
	2012 RM	2011 RM
At cost		
Unquoted ordinary shares	4	2

During the financial year, Sunway REIT acquired the entire paid up capital of SunREIT Unrated Bond Berhad (formerly known as Mega Revenue Sdn. Bhd.) for a cash consideration of RM2.00. The acquisition of this subsidiary did not have any material effects on the financial results and financial position of the Group. Further details of the subsidiaries are disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

15. Trade receivables

	Group/Fund	
	2012 RM'000	2011 RM'000
Current		
Third parties	10,354	9,106
Amount due from parties related to the Manager	6,183	2,057
	16,537	11,063
Less: Allowance for impairment	(4,887)	(1,770)
	11,650	9,393

		Group		Fund	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total trade receivables		11,650	9,393	11,650	9,393
Add: Other receivables	16	7,035	5,068	6,849	5,068
Less: Prepayments	16	(2,404)	(1,385)	(2,404)	(1,385)
Add: Amount due from a subsidiary	17	-	-	184	3
Add: Cash and bank balances	18	25,799	58,606	25,799	58,606
Total loans and receivables		42,080	71,682	42,078	71,685

Included in trade receivables are the following amounts due from parties related to the Manager:

	Group/Fund	
	2012 RM'000	2011 RM'000
Sunway Berhad Group	6,183	-
Sunway Holdings Berhad Group	-	20
Sunway City Berhad Group	-	2,037

15. Trade receivables (cont'd)

The amounts due from parties related to the Manager are unsecured and bear interests ranging from 10% to 18% per annum (2011: 8% to 18% per annum) and the credit period is generally for a period of 7 days to 30 days (2011: 7 days to 30 days). The relationship with the parties related to the Manager is as disclosed in Note 30.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 7 days to 14 days (2011: 7 days to 14 days). The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by the Manager. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables bear interest ranging from 10% to 18% per annum (2011: 8% to 18% per annum).

Ageing analysis of trade receivables

The ageing analysis of the Group's and Fund's trade receivables is as follows:

	Group/Fund	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	7,774	4,837
Past due not impaired:		
1 to 30 days	1,862	453
31 to 60 days	1,012	1,360
61 to 90 days	335	703
91 to 120 days	60	1,082
More than 120 days	607	958
	3,876	4,556
Impaired	4,887	1,770
	16,537	11,163

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

15. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group/Fund	
	2012 RM'000	2011 RM'000
At beginning of financial year/date of establishment	1,770	-
Charge for the year/period (Note 5)	3,117	1,770
At end of financial year/period	4,887	1,770

Receivables that are past due but not impaired

The remainder trade receivables that are past due but not impaired relate to customers with good track record with the Group. Based on past experience, the Manager believes that no allowance for impairment is necessary in respect of those balances.

16. Other receivables

	Group		Fund	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits	1,611	1,607	1,611	1,607
Prepayments (Note 15)	2,404	1,385	2,404	1,385
Sundry receivables	3,020	2,076	2,834	2,076
	7,035	5,068	6,849	5,068

Included in other receivables are the following amounts due from parties related to the Manager:

	Group/Fund	
	2012 RM'000	2011 RM'000
Sunway Berhad Group	111	-
Sunway Holdings Berhad Group	-	40
Sunway City Berhad Group	-	1,757
Adasia (M) Sdn. Bhd. *	-	70
Asian Strategy & Incorporated	-	11

* Adasia (M) Sdn. Bhd. had ceased to be a related party to Sunway Berhad and its subsidiaries effective from 26 September 2011.

16. Other receivables (cont'd)

The amounts due from parties related to the Manager are unsecured, non-interest bearing and are repayable on demand. The relationship with the above related parties is as disclosed in Note 30.

The Group and the Fund have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

17. Amount due from/(to) a subsidiary

The amount due from a subsidiary is unsecured, non-interest bearing and is repayable on demand.

The amount due to a subsidiary is unsecured, bearing an average interest rate of 3.67% p.a. and is repayable on demand.

18. Cash and bank balances

	Group/Fund	
	2012 RM'000	2011 RM'000
Cash on hand and at banks	8,359	4,884
Deposits with licensed financial institutions	17,440	53,722
	25,799	58,606

The weighted average interest rate of deposits with licensed financial institutions of the Group and of the Fund is 3.14% p.a. (2011: 3.15% p.a.).

The range of maturities of deposits with licensed financial institutions of the Group and of the Fund is between 11 to 91 days (2011: 5 to 91 days).

In the previous financial period, short term deposits with licensed financial institutions of the Group amounting to RM22,590,000 were pledged as securities for borrowings as disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

19. Derivative financial instruments

	Group/Fund			
	Contract/Notional amount		Asset	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current				
Cross currency swap contract	310,800	-	8,455	-
Current				
Interest rate swap contract	-	100,000	-	706
	310,800	100,000	8,455	706

The Group has entered into a 3-year cross currency swap contract during the financial year to manage its exposure to foreign currency risk arising from foreign currency borrowings which was entered to reduce the Group's average cost of borrowings. The Group 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 profit or loss.

In the previous financial period, the Group had entered into a 4-year interest rate swap to exchange floating interest rate for fixed interest rate in order to minimise the exposure from fluctuation of interest rate. Accordingly, the Group recognised an unrealised net gain of RM706,000 arising from changes in fair value of derivative financial instrument for the financial period ended 30 June 2011. An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. The Group had terminated the interest rate swap contract during the financial year as part of the active capital management strategies and recognised a realised gain of RM316,000. The unrealised gain of RM706,000 previously recognised was reversed in the current financial year to reflect the unwinding of the interest rate swap contract.

The fair value of the swap contracts are determined by using the market rates at the end of reporting period and changes in the fair value is recognised in the profit or loss.

20. Unitholders' capital

	Group/Fund	
	2012 RM'000	2011 RM'000
Authorised:		
At end of financial year/period	2,780,112	2,780,112

	Group/Fund			
	2012 Unit '000	2011 Unit '000	2012 RM'000	2011 RM'000
Issued and fully paid:				
At beginning of financial year/date of establishment	2,686,898	-	2,414,610	-
Creation of units				
1,025,143,000 units issued as partial satisfaction of the purchase consideration for properties acquired at approximately RM0.90 per unit	-	1,025,143	-	920,969
Pursuant to initial public offering				
- Institutional offering of 1,520,963,700 units at RM0.90 per unit	-	1,520,964	-	1,368,867
- Retail offering of 134,005,600 at RM0.88 per unit	-	134,006	-	117,925
	2,686,898	2,680,113	2,414,610	2,407,761
Manager's fees paid in units	9,564	6,785	11,050	6,849
Total issued and fully paid	2,696,462	2,686,898	2,425,660	2,414,610
Less: Unit issuance expenses (Note 25)			(64,173)	(64,173)
At end of financial year/period			2,361,487	2,350,437

As at 30 June 2012, the Manager did not hold any units in Sunway REIT. However, the Directors of the Manager and parties related to the Manager held units in Sunway REIT as follows:

	Group/Fund			
	Number of Units		Market value	
	2012 Unit '000	2011 Unit '000	2012 RM'000	2011 RM'000
Direct unitholdings of directors of the Manager:				
Tan Sri Dato' Seri Dr. Jeffrey Cheah				
Fook Ling, Ao *	62,761	-	85,355	-
Elvin A/L Bertly Luke Fernandez	25	-	34	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

20. Unitholders' capital (cont'd)

	Group/Fund			
	Number of Units		Market value	
	2012 Unit '000	2011 Unit '000	2012 RM'000	2011 RM'000
Indirect unitholdings of directors of the Manager:				
Tan Sri Dato' Seri Dr. Jeffrey Cheah				
Fook Ling, AO *	996,198	986,634	1,354,829	1,095,164
Dato' Ngeow Voon Yean **	70	70	95	78
Sarena Cheah Yean Tih ***	1,058,961	986,637	1,440,187	1,095,167
Direct unitholdings of parties related to the Manager:				
Sunway Berhad	9,564	-	13,007	-
Sunway City Sdn. Bhd. (formerly Sunway City Berhad)	-	986,634	-	1,095,164
Indirect unitholding of parties related to the Manager:				
Sunway Berhad	986,634	-	1,341,822	-

* Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad and Sunway REIT Holdings Sdn. Bhd. (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn. Bhd..

** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through his child.

*** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad and Sunway REIT Holdings Sdn. Bhd. (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn. Bhd., spouse and parent.

21. Borrowings

		Group		Fund	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term borrowings					
Secured:					
Commercial papers	(a)	548,692	-	-	-
Revolving credit		-	59,350	-	59,350
		548,692	59,350	-	59,350
Unsecured:					
Revolving loan	(b)	700,000	-	700,000	-
		1,248,692	59,350	700,000	59,350
Less: Unamortised transaction costs		(3,653)	-	-	-
		1,245,039	59,350	700,000	59,350
Long term borrowings					
Secured:					
Term loans	(c)	318,950	1,514,000	318,950	1,514,000
Less: Unamortised transaction costs		(865)	(11,975)	(865)	(11,975)
		318,085	1,502,025	318,085	1,502,025
Total borrowings		1,563,124	1,561,375	1,018,085	1,561,375

(a) Commercial papers

SunREIT Capital Berhad ("SunREIT Capital") ("Issuer"), a wholly owned subsidiary of Sunway REIT, had on 26 April 2012, issued its first Commercial Papers ("CPs") amounting to RM850 million in nominal value. The CPs are issued at a discount to face value under a 7-year programme of up to RM1.6 billion in nominal value. The CP Programme has been accorded a rating of P1(s) by RAM Rating Services Bhd and is fully underwritten by a financial institution.

The CPs issued are for various tenures ranging from 1, 2, 3, 6, 9 or 12 months, and any amount that has been issued may be rolled over during the tenure of the programme at the option of the holder or reissued, to the same or new lenders. In view that the CPs issued carry tenures that are less than 12 months, the Group has classified the outstanding balance of the CPs as current liabilities despite there being little or no liquidity risk to the Group throughout the duration of the programme as the CP Programme is fully underwritten by a financial institution for the entire duration of the programme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

21. Borrowings (cont'd)

(a) Commercial papers (cont'd)

(i) Details of the CP Programme

The respective limit of the CP Programme shall be as follows:

- i) RM1.25 billion in nominal value for the first three (3) years (commencing on the date of first issuance of the commercial paper(s) to be issued from time to time under the CP Programme ("CP(s)")); and
- ii) RM1.6 billion in nominal value thereafter until expiry of the CP Programme.

The aggregate outstanding nominal value of the CPs issued under the CP Programme shall not exceed the applicable programme limit at any one time.

The CPs may be issued for various tenures ranging from one (1), two (2), three (3), six (6), nine (9) or twelve (12) months, provided always that the CPs shall mature prior to the expiry of the Tenure.

The CPs may be issued via competitive tender, direct or private placement, bought deal basis or book running basis, all without prospectus at the option of the Issuer.

The CPs are underwritten by Public Bank Berhad ("PBB") up to RM1.6 billion in nominal value for CPs rated P1, P2 and P3 (or their respective equivalent) by RAM Ratings. At all times, the amount underwritten will be equal to the programme limit of the CP Programme (being RM1.25 billion for the first three (3) years and RM1.6 billion thereafter). PBB reserves the right to sell down all or part of its underwriting commitment.

(ii) Utilisation of the proceeds

The proceeds raised from the CP Programme shall be utilised by the Issuer for the purpose of advancing to Sunway REIT where the Trustee, shall utilise such proceeds firstly to repay the existing borrowings granted by PBB, secondly as working capital requirements of Sunway REIT and to defray expenses incurred in relation to the CP Programme and thirdly for financing including repayment of cash utilised by Sunway REIT to part finance the investment activities (including capital expenditure and the related acquisition and financing expenses) of Sunway REIT and/or refinancing of existing/future borrowings undertaken by Sunway REIT for its investment activities (including capital expenditure and the related acquisition and financing expenses) as well as to refinance maturing CPs on their respective maturity dates subsequent to the first issuance of the CPs and to fund the Trustee's Reimbursement Account as required under the SC's Trust Deed Guidelines.

21. Borrowings (cont'd)

(b) Revolving credits

On 5 June 2012, Sunway REIT had obtained a 1-year floating rate Revolving Loan Facility (the "Facility") of RM1.25 billion from a financial institution.

The purpose of the Facility was to partly or fully repay any issuance of the CPs by SunREIT Capital during the tenure of the Facility and to partly or fully repay the outstanding amount of the existing fixed rate syndicated term loan totaling RM400 million.

The outstanding revolving loans and CPs must not exceed RM1.25 billion at any times during the tenure of the CP Programme.

(c) Term loans

Sunway REIT had secured a 3-year fixed rate term loan facility ('USD100 million Loan Facility') of USD100 million (equivalent to RM310.8 million) from a financial institution during the financial year and had drawdown the full facility amount on 3 February 2012. Sunway REIT had, on even date, entered into a cross currency swap contract to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the period of the foreign currency borrowing. The USD100 million Loan Facility is to be repaid by way of bullet repayment at maturity.

Maturity of the borrowings are as follows:

	Group		Fund	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Not later than 1 year	1,248,692	59,350	700,000	59,350
Later than 1 year and not later than 2 years	-	300,000	-	300,000
Later than 2 years and not later than 3 years	318,950	400,000	318,950	400,000
Later than 3 years and not later than 4 years	-	300,000	-	300,000
Later than 4 years and not later than 5 years	-	514,000	-	514,000
	1,567,642	1,573,350	1,018,950	1,573,350

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

21. Borrowings (cont'd)

Details of the borrowings are as follows:

Type of borrowings	Year of maturity	Average interest rate		Group	
		2012	2011	2012 RM'000	2011 RM'000
<u>Secured</u>					
Fixed rate:					
- Term loan	2012	4.63%	4.63%	-	240,000
- Term loan	2013	4.85%	4.85%	-	160,000
- US Dollar (USD) term loan	2015	3.99%	-	318,950	-
				318,950	400,000
Floating rate:					
- Term loan	2012	4.67%	4.63%	-	60,000
- Term loan	2013	4.67%	4.63%	-	240,000
- Term loan	2014	4.67%	4.63%	-	300,000
- Term loan	2016	4.59%	4.58%	-	514,000
- Revolving credit	2012	4.60%	4.45%	-	59,350
- Commercial papers	2013	3.67%	-	548,692	-
				548,692	1,173,350
Total secured borrowings				867,642	1,573,350
<u>Unsecured:</u>					
- Revolving loan	2012	3.63%	-	700,000	-
Total gross borrowings				1,567,642	1,573,350
Less: Unamortised transaction costs				(4,518)	(11,975)
Total carrying amount				1,563,124	1,561,375

Type of borrowings	Year of maturity	Average interest rate		Fund	
		2012	2011	2012 RM'000	2011 RM'000
<u>Secured</u>					
Fixed rate:					
- Term loan	2012	4.63%	4.63%	-	240,000
- Term loan	2013	4.85%	4.85%	-	160,000
- US Dollar (USD) term loan	2015	3.99%	-	318,950	-
				318,950	400,000
Floating rate:					
- Term loan	2012	4.67%	4.63%	-	60,000
- Term loan	2013	4.67%	4.63%	-	240,000
- Term loan	2014	4.67%	4.63%	-	300,000
- Term loan	2016	4.59%	4.58%	-	514,000
- Revolving credit	2012	4.60%	4.45%	-	59,350
				-	1,173,350
Total secured borrowings				318,950	1,573,350

All borrowings are denominated in Ringgit Malaysia (RM) unless otherwise indicated.

21. Borrowings (cont'd)

Details of the borrowings are as follows (contd.):

Type of borrowings	Year of maturity	Average interest rate		Fund	
		2012	2011	2012 RM'000	2011 RM'000
<u>Unsecured:</u>					
- Revolving loan	2012	3.63%	-	700,000	-
Total gross borrowings				1,018,950	1,573,350
Less: Unamortised transaction costs				(865)	(11,975)
Total carrying amount				1,018,085	1,561,375

The secured borrowings of the Group are secured by legal charges on investment properties and short term deposits with licensed financial institutions of the Group amounting to RM4,316,000,000 (2011: RM4,073,000,000) and RM NIL (2011: RM22,590,000) respectively as disclosed in Notes 13 and 18.

22. Long term liabilities

Long term liabilities are in respect of refundable deposits received from tenants for tenancy contracts with tenure of two to three years.

23. Trade payables

	Group		Fund	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total trade payables	3,067	815	3,067	815
Add: Other payables (Note 24)	54,934	67,626	54,928	67,626
Add: Borrowings (Note 21)	1,563,124	1,561,375	1,018,085	1,561,375
Total financial liabilities carried at amortised cost	1,621,125	1,629,816	1,076,080	1,629,816

Included in trade payables are the following amounts due to parties related to the Manager:

	Group/Fund	
	2012 RM'000	2011 RM'000
Sunway City Berhad Group	-	130

The amounts due to parties related to the Manager are unsecured and non-interest bearing. The relationship with the parties related to the Manager is as disclosed in Note 30.

The normal trade credit terms granted to the Group and the Fund ranges from 1 day to 90 days (2011: 1 day to 90 days).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

24. Other payables

	Group		Fund	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sundry payables	1,053	3,770	1,050	3,770
Accruals	33,631	47,300	33,628	47,300
Refundable deposits	20,250	16,556	20,250	16,556
	54,934	67,626	54,928	67,626

Included in other payables are the following amounts due to parties related to the Manager:

	Group/Fund	
	2012 RM'000	2011 RM'000
Sunway Berhad Group	9,838	-
Sunway Holdings Berhad Group	-	219
Sunway City Berhad Group	-	24,185

The amounts due to parties related to the Manager are unsecured, non-interest bearing and are repayable on demand. The relationship with the above related parties is as disclosed in Note 30.

25. Unit issuance expenses

	Group/Fund	
	2012 RM'000	2011 RM'000
Underwriting and selling commissions	44,316	44,316
Miscellaneous expenses	19,857	19,857
	64,173	64,173

26. Portfolio turnover ratio

	Group	
	2012 RM'000	2011 RM'000
Average of the total acquisitions	-	522,125
Average net asset value during the financial year/period	2,785,559	2,642,376
Portfolio Turnover ratio ("PTR") (times)	-	0.2

26. Portfolio turnover ratio (cont'd)

The calculation of PTR is based on the average of the total acquisitions and total disposals of investments in the Fund for the year/period to the average net asset value during the financial year/period.

Since the basis of calculating PTR can vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of the Fund's PTR against other real estate investment trusts.

27. Management expense ratio

	Group	
	2012 RM'000	2011 RM'000
Total trust expenses	29,010	22,766
Net asset value at end of financial year/period	3,008,331	2,771,050
Less: Proposed final income distribution	(50,963)	(43,528)
Net asset value at end of financial year/period, after proposed final income distribution	2,957,368	2,727,522
Management expense ratio ("MER")	0.98%	0.83%

The calculation of MER is based on the total fees and expenses incurred by the Fund in the year/period, including Manager's fee, Trustee's fee, audit fees, tax agent's fees, valuation fees and other trust expenses to the net asset value (after proposed final income distribution) during the financial year/period.

Since the basis of calculating MER can vary among real estate investment trusts, comparison of the Fund's MER with other real estate investment trusts which use a different basis of calculation may not be an accurate comparison.

28. Operating lease agreements

- (a) The Group and the Fund as lessor

The Group leases out its investment properties. Non-cancellable operating lease rentals receivable are as follows:

	Group/Fund	
	2012 RM'000	2011 RM'000
Within 1 year	313,737	302,266
After 1 year but within 5 years	363,570	383,686
After 5 years	141,118	139,800
	818,425	825,752

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

29. Capital commitments

	Group/Fund	
	2012 RM'000	2011 RM'000
Capital expenditure		
Approved and contracted for:		
Subsequent expenditure of investment properties	55,161	1,775
Approved but not contracted for:		
Subsequent expenditure of investment properties	227,962	61,500
	283,123	63,275

30. Significant transactions with parties related to the Manager

During the year, the Group transacted with certain parties related to the Manager. The transactions are principally payable to/(receivable from) the parties related to the Manager in respect of:

		Group/Fund	
Name of companies related to the Manager	Nature of transactions	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
(a) Sunway Berhad Group *	Rental income and utilities charges	(105,318)	-
	Property management and related services	22,601	-
	Internal audit services	315	-
	Insurance premium and related services	527	-
	Construction and related services	8,917	-
	Others	3,998	-
(b) Sunway Holdings Berhad Group ("Sunway Holdings Group") **	Rental income and utilities charges	-	(6,404)
	Insurance premium and related services	-	162
(c) Sunway City Berhad Group ("Sunway City Group") **	Rental income and utilities charges	-	(79,597)
	Property management and related services	-	24,143
	Internal audit services	-	300
	Others	-	18

30. Significant transactions with parties related to the Manager (cont'd)

		Group/Fund	
Name of companies related to the Manager	Nature of transactions	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
(d) Sunway Technology Sdn. Bhd. Group ("STSB Group") #	Rental income and utilities charges	(566)	(386)
(e) Adasia (M) Sdn. Bhd. ("Adasia") ^	Rental income and utilities charges	(46)	(134)
	Advertising services and others	68	146

The above transactions have been entered into in the normal course of business and have been established based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

The above parties are deemed related to the Manager as follows:

- * Sunway Berhad Group (the Merged Entities between Sunway Holdings Group and Sunway City Group) are deemed parties related to the Manager by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's common directorships in Sunway Berhad and in the Manager as well as interests in Sunway Berhad Group and the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, is a director of several subsidiaries of Sunway Berhad and has interests in Sunway Berhad Group and the Group. Sarena Cheah Yean Tih, being the child of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling is a director of Sunway Berhad and the Group as well as director in several subsidiaries of Sunway Berhad. Evan Cheah Yean Shin, the child of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, is a director and alternate director in several subsidiaries of Sunway Berhad and he has interest in Sunway Berhad. Sarena Cheah Yean Tih and Evan Cheah Yean Shin have interests in Sunway Berhad Group and the Group.
- ** Sunway Holdings Group and Sunway City Group are deemed parties related to the Manager by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's common directorships in Sunway Holdings Berhad, Sunway City Berhad and in the Manager as well as interests in Sunway Holdings Group, Sunway City Group and the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, is a director of Sunway Lagoon Club Berhad, a 83.5% owned subsidiary of Sunway City Berhad and is a director of Sunway Management Sdn. Bhd., a wholly-owned subsidiary of Sunway Holdings Berhad. She has interests in Sunway Holdings Group, Sunway City Group and the Group. Sarena Cheah Yean Tih, being the child of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling is a director and alternate director in several subsidiaries of Sunway City Berhad and she has interests in Sunway Holdings Group, Sunway City Group and the Group. Evan Cheah Yean Shin, the child of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, is the alternate director to Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng in Sunway Lagoon Club Berhad as well as a director and alternate director in several subsidiaries of Sunway Holdings Berhad and he has interest in Sunway Holdings Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

30. Significant transactions with parties related to the Manager (cont'd)

The above parties are deemed related to the Manager as follows (cont'd):

- # STSB Group is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's interests in STSB Group and the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling also has deemed interests in STSB Group and the Group. Sarena Cheah Yean Tih and Evan Cheah Yean Shin have deemed interests in the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih and Evan Cheah Yean Shin are directors of STSB Group.
- ^ Adasia is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's deemed interests in Adasia and the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih and Evan Cheah Yean Shin, being the spouse and children of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling respectively also have deemed interests in Adasia and the Group. Sarena Cheah Yean Tih and Evan Cheah Yean Shin are directors of Adasia. Adasia had ceased to be a related party to the Manager effective from 26 September 2011.

Information regarding outstanding balances arising from transactions from parties related to the Manager as at 30 June 2012 are disclosed in Notes 15, 16, 23 and 24.

31. Subsidiaries

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activity	Proportion of ownership interest	
			2012 %	2011 %
SunREIT Capital Berhad ¹	Malaysia	To undertake the issuance of commercial papers pursuant to the commercial papers programme ("CP Programme") and/or medium term notes programme ("MTN Programme") (collectively referred to as "CP/MTN Programme") and all matters relating to the CP/MTN Programme	100	100
SunREIT Unrated Bond Berhad (formerly known as Mega Revenue Sdn. Bhd.) ¹	Malaysia	To undertake the issuance of unrated medium term notes ("Unrated MTNs") under a medium term note programme ("MTN Programme") and all matters relating to the Unrated MTNs under/and/or the MTN Programme	100	-

¹ The current year financial results have not been audited by Ernst & Young

During the financial year, Sunway REIT acquired the entire paid up share capital of SunREIT Unrated Bond Berhad (formerly known as Mega Revenue Sdn. Bhd.) comprising 2 ordinary shares of RM1.00 each for cash consideration of RM2.00.

The subsidiary is intended as a Special Purpose Vehicle ("SPV") to undertake the issuance of the unrated medium term notes for Sunway REIT.

32. Financial instruments

(a) Financial risk management objectives and policies

The Manager proactively reviews the capital management of the Group and of the Fund to ensure that adequate financial resources are available for the working capital requirements, growing the Group's businesses and for income distributions whilst managing its interest rate risks (both fair value and cash flow), liquidity risk and credit risk. The Manager reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Fund's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Fund's exposure to interest rate risk arises primarily from borrowings at floating rates. All of the Group's and the Fund's borrowings at floating rates are contractually re-priced monthly and quarterly.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts and by entering into interest rate swaps. At the reporting date, after taking into account the effect of an interest rate swap, approximately 20% (2011: 33%) of the Group's borrowings are at fixed rates.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through the income statement. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates at the reporting date would result in profit for the year/period to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables remain constant.

Name of companies related to the Manager	Group/Fund	
	1.7.2011 to 30.6.2012 RM'000	20.5.2010 (date of establishment) to 30.6.2011 RM'000
<u>25 basis points increase</u>		
Variable rate instruments	(3,125)	(2,683)
<u>25 basis points decrease</u>		
Variable rate instruments	3,125	2,683

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

32. Financial instruments (cont'd)

(c) Liquidity risk

The Manager manages the Group's debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Manager strives to ensure that the Group maintains available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

At the reporting date, RM1,248,692,000 (2011: RM59,350,000) of the Group's borrowings comprising revolving loans/credits and commercial papers ("CPs") will be maturing in the next twelve months based on the carrying amount reflected in the financial statements. There will be no roll over risk for the CPs since it is fully underwritten by a financial institution for the entire duration of the CP Programme.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Fund's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group

	2012		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000

Financial liabilities:

Trade and other payables	58,001	53,920	111,921
Borrowings	1,252,130	341,953	1,594,083
Total undiscounted financial liabilities	1,310,131	395,873	1,706,004

32. Financial instruments (cont'd)

(c) Liquidity risk (cont'd)

Fund

	2012		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000

Financial liabilities:

Trade and other payables	57,995	53,920	111,915
Borrowings	700,822	341,953	1,042,775
Total undiscounted financial liabilities	758,817	395,873	1,154,690

Group/Fund

	2011		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000

Financial liabilities:

Trade and other payables	68,441	52,029	120,470
Borrowings	59,411	1,721,680	1,781,091
Total undiscounted financial liabilities	127,852	1,773,709	1,901,561

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Fund's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Fund minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

32. Financial instruments (cont'd)

(d) Credit risk (cont'd)

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's varied customers. These customers are dispersed, engaged in a wide spectrum of activities and sell in a variety of end markets. The Manager's experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, the Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Credit risk concentration profile

The Manager determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Fund's trade receivables by segment at the reporting date are as follows:

By segment:

	Group/Fund			
	2012		2011	
	RM'000	%	RM'000	%
Retail	6,730	57.8	8,271	88.1
Hotel	4,551	39.0	217	2.3
Office	369	3.2	905	9.6
	11,650	100.0	9,393	100.0

(e) Fair value

The carrying amounts of financial assets and liabilities of the Group and of the Fund as at reporting date approximated their fair values except for the following:

	Group		Fund	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial liabilities				
Carrying amount				
Borrowings	1,563,124	1,561,375	1,018,085	1,561,375
Fair value				
Borrowings	1,559,798	1,512,032	1,014,759	1,512,032

32. Financial instruments (cont'd)

(e) Fair value (cont'd)

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade receivables	15
Other receivables	16
Amount due from a subsidiary	17
Trade payables	23
Other payables	24
Borrowings (current)	21

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Long term liabilities

The fair value of this financial instrument is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing at the reporting date.

Derivatives

Cross currency swap and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counter parties and interest rate curves.

(f) Valuation of financial instruments

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 inputs (other than Level 1 input) that are observable for the asset or liability, either directly or indirectly.

Level 3

Valuation inputs that are not based on observable market data.

The table below analyses financial instruments, measured at fair value at the end of the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Group	Level 1	Level 2	Level 3	Total
At 30 June 2012	-	8,455	-	8,455
At 30 June 2011	-	706	-	706

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

33. Capital management

The primary objective of the Manager's capital management is to optimise capital structure and cost of capital of the Group and to adopt active interest rate management strategy to manage the risks associated with changes in interest rates. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2012.

The Manager monitors capital using a gearing ratio, which is total borrowings divided by total asset value of the Fund pursuant to Securities Commission's Guidelines on Real Estate Investment Trusts. The Group's policy is to keep the gearing ratio below 50%.

	Group	
	2012 RM'000	2011 RM'000
Non-current assets	4,638,892	4,379,122
Current assets	44,484	73,773
Total asset value	4,683,376	4,452,895
Total borrowings (including revolving loan/credit but excluding unamortised transaction costs) (Note 21)	1,567,642	1,573,350
Gearing ratio	33.5%	35.3%

34. Segment information

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the product and services produced. Secondary information is reported geographically. The investment properties are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises the following main 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

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Rental from tenants disclosed in geographical segments are based on the geographical location of the assets. The Group's three business segments operate in four main geographical areas:

- (i) Selangor - the operations in this area are principally renting of retail and office premises and leasing of hotel premises to a hotel operator.
- (ii) Kuala Lumpur - the operations in this area are principally renting of retail and office premises and leasing of a hotel premise to a hotel operator.
- (iii) Penang - the operations in this area are principally renting of retail premises and leasing of a hotel premise to a hotel operator.
- (iv) Perak - the operation in this area is principally renting of a retail premise.

34. Segment information (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

Business segments

	1.7.2011 to 30.6.2012			
	Retail RM'000	Hotel RM'000	Office RM'000	Total RM'000
Revenue				
Rental income	269,786	-	41,037	310,823
Hotel master lease income	-	69,947	-	69,947
Carpark rental income	13,185	1,608	1,359	16,152
Other operating income	9,297	-	207	9,504
Gross revenue	292,268	71,555	42,603	406,426
Segment net property income	199,691	68,974	30,533	299,198
Other income				1,320
Changes in fair value of investment properties				230,151
Total expenses (excluding finance costs)				(29,010)
Finance costs				(81,196)
Income before taxation				420,463
Income tax expense				-
Profit for the year				420,463

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

34. Segment information (cont'd)

Business segments (cont'd)

	1.7.2011 to 30.6.2012						
	Retail RM'000	Hotel RM'000	Office RM'000	Subsidiaries RM'000	Elimination RM'000	Total RM'000	Note
Assets							
Segment assets	3,116,194	1,105,333	432,521	548,878	(552,529)	4,650,397	
Unallocated assets						32,979	
Total assets						4,683,376	
Liabilities							
Segment liabilities	136,441	5,738	14,462	548,887	(552,527)	153,001	A
Unallocated liabilities						1,522,044	
Total liabilities						1,675,045	
Other segment information							
Capital expenditure	6,643	13,915	660	-	-	21,218	B
Depreciation	53	-	1	-	-	54	
Other significant non-cash income/(expenses)							
Allocated	199,817	15,085	12,132	-	-	227,034	
Unallocated						(271)	
						226,763	C

Geographical segment

	1.7.2011 to 30.6.2012					
	Selangor RM'000	Kuala Lumpur RM'000	Penang RM'000	Perak RM'000	Total RM'000	
Gross revenue	302,599	66,467	32,808	4,552	406,426	
Segment net property income	230,597	43,923	20,456	4,222	299,198	
Capital expenditure	19,464	697	1,057	-	21,218	
Segment assets	3,503,885	774,054	317,298	55,160	4,650,397	
Unallocated assets					32,979	
					4,683,376	

34. Segment information (cont'd)

Business segments (cont'd)

	┌ ─ ─ ─ 20.5.2010 (date of establishment) to 30.6.2011 ─ ─ ─ ┐			
	Retail RM'000	Hotel RM'000	Office RM'000	Total RM'000
Revenue				
Rental income	220,784	-	32,828	253,612
Hotel master lease income	-	54,069	-	54,069
Carpark rental income	9,557	1,591	1,361	12,509
Other operating income	7,226	-	-	7,226
Gross revenue	237,567	55,660	34,189	327,416
Segment net property income	165,195	53,155	25,665	244,015
Other income				2,035
Changes in fair value of investment properties				385,569
Total expenses (excluding finance costs)				(22,766)
Finance costs				(55,190)
Income before taxation				553,663
Income tax expense				-
Profit for the period				553,663

	┌ ─ ─ ─ ─ ─ ─ 20.5.2010 (date of establishment) to 30.6.2011 ─ ─ ─ ─ ─ ─ ┐						
	Retail RM'000	Hotel RM'000	Office RM'000	Subsidiaries RM'000	Elimination RM'000	Total RM'000	Note
Assets							
Segment assets	2,906,585	1,072,215	419,228	-	-	4,398,028	
Unallocated assets						54,867	
Total assets						4,452,895	
Liabilities							
Segment liabilities	125,053	13,973	14,057	3	(3)	153,083	A
Unallocated liabilities						1,528,762	
Total liabilities						1,681,845	
Other segment information							
Capital expenditure	1,154	13,411	213	-	-	14,778	B
Depreciation	10	-	-	-	-	10	
Other significant non-cash income/(expenses)							
Allocated	255,099	92,903	35,797	-	-	383,799	
Unallocated						783	
						384,582	C

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

34. Segment information (cont'd)

Geographical segment

	20.5.2010 (date of establishment) to 30.6.2011				
	Selangor RM'000	Kuala Lumpur RM'000	Penang RM'000	Perak RM'000	Total RM'000
Gross revenue	274,333	19,262	29,701	4,120	327,416
Segment net property income	208,119	13,835	18,237	3,824	244,015
Capital expenditure	14,612	114	52	-	14,778
Segment assets	3,269,289	770,540	308,071	50,128	4,398,028
Unallocated assets					54,867
					4,452,895

Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment expenses are eliminated on consolidation.

B Capital expenditures consist of:

	Group/Fund	
	2012 RM'000	2011 RM'000
Plant and equipment (Note 12)	369	132
Investment properties (Note 13)	20,849	14,646
	21,218	14,778

C Other significant non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:

	Group/Fund	
	2012 RM'000	2011 RM'000
Fair value gain on investment properties (Note 13)	230,151	385,569
Unrealised foreign exchange loss (hedged item)	(8,150)	-
Cash flow hedge reserve recycled to profit or loss	8,150	-
Net changes in fair value of derivative financial instruments (Note 6)	(390)	706
Allowance for impairment loss - trade receivables (Note 15)	(3,117)	(1,770)
Others (Note 6)	119	77
	226,763	384,582

35. Significant event during the financial year

Merger between Sunway Holdings and Sunway City Berhad

Sunway Berhad (“SB”) had on 18 January 2011, entered into a separate Sale of Business Agreement (“SBA”) with Sunway Holdings Berhad (SHB) and Sunway City Berhad (SCB) respectively (collectively known as the “Merged Entities”). The SBA became unconditional on 24 June 2011 after all the conditions set out in the SBA were fulfilled. The merger was completed on 18 August 2011 following the transfer of the entire businesses and undertakings, including all assets and liabilities of the Merged Entities to SB.

On completion of the merger, SCB’s unitholdings in Sunway REIT and shareholdings in Sunway REIT Management Sdn. Bhd. had been acquired by SB and SB resumes the obligations under the Right of First Refusal (“ROFR”) dated 26 May 2010 issued by SCB to OSK Trustees Berhad.

36. Significant event subsequent to the financial year end

Proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of Unrated Medium Term Notes (“Unrated MTNs”) pursuant to a Medium Term Note Programme of up to RM1.0 billion in nominal value (“MTN Programme”) (“Proposal”)

On 25 May 2012, the Board of Directors of Sunway REIT Management Sdn. Bhd., the manager of Sunway REIT announced that SunREIT Unrated Bond Berhad (formerly known as Mega Revenue Sdn. Bhd.) (“Issuer”), a special purpose vehicle whose shares are held by OSK Trustees Berhad as trustee for Sunway REIT, intends to undertake the Proposal.

SunREIT Unrated Bond Berhad had obtained a written approval from the Securities Commission on 9 July 2012 for establishing the proposed unrated medium term notes programme of up to RM1.0 billion in nominal value (“MTN Programme”). The MTN Programme has a tenure of up to fifteen (15) years commencing from the date of first issuance (which shall be within two (2) years from 9 July 2012). The issue size of the first issuance of unrated medium term notes (“Unrated MTNs”) under the MTN Programme shall be up to RM400.0 million in nominal value comprising two (2) tranches, tranche 1 for RM270.0 million in nominal value (“Tranche 1”) and tranche 2, for RM130.0 million in nominal value (“Tranche 2”). Tranche 1 and Tranche 2 of the Unrated MTNs shall be solely subscribed by DBS Bank Ltd and any further issuances under the MTN Programme shall be subject to further agreement of DBS Bank Ltd for the subscription of such remaining issuances of the MTN Programme.

Tranche 2 shall be secured by way of legal charges over the Pool B Assets (i.e. Sunway Hotel Seberang Jaya and Sunway Carnival Shopping Mall) and their cash flows whereas all other Unrated MTNs issued under the MTN Programme (including Tranche 1) are secured by way legal charges over the Pool A Assets (i.e. Sunway Pyramid Shopping Mall; SunCity Ipoh Hypermarket; Menara Sunway; Sunway Tower; Sunway Resort Hotel & Spa; Pyramid Tower Hotel; and Sunway Putra Place comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower) and their cashflows.

The proceeds raised from the MTN Programme shall be utilised by the Issuer for the following purposes:

- (a) up to RM400.0 million to repay existing borrowings undertaken by Sunway REIT, including without limitation, any outstanding commercial papers issued by SunREIT Capital Berhad under its commercial papers programme of RM1.6 billion in nominal value and any new borrowings taken by Sunway REIT to repay existing borrowings of Sunway REIT; and
- (b) up to RM600.0 million to repay existing borrowings undertaken by Sunway REIT and/or to finance (including repayment of cash utilised by Sunway REIT to part finance) the investment activities (including future acquisition, capital expenditure and the related acquisition and financing expenses) of Sunway REIT in accordance with Sunway REIT’s Deed and the Guidelines on Real Estate Investment Trusts issued by the Securities Commission.

No unrated MTNs was issued as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

37. Material litigation

(a) High Court Originating Summons No. 24NCVC-901-2011 and Court of Appeal No. W-02 (NCVC) -2242-2011, FCC No. 08(f)-399-05/2012 (W)

In the previous financial year on 19 April 2011, Robert Ti and Kornelius Kurniadi (Plaintiffs) commenced this action against amongst others OSK Trustees Berhad and Sunway REIT which sought a declaration that the public auction of Putra Place held on 30 March 2011 was null and void because they were wrongly excluded from bidding and that OSK Trustees Berhad (as trustee for Sunway Real Estate Investment Trust) had contravened a condition of sale in the Proclamation of Sale.

The Kuala Lumpur High Court had on 28 April 2011 dismissed with costs the Plaintiffs' application for various interim injunctions.

On 27 July 2011 in the current financial year, the Kuala Lumpur High Court had dismissed the originating summons with costs.

The Plaintiffs have appealed against the dismissal of originating summons on 27 July 2011 at the Court of Appeal. On 18 April 2012, the Court of Appeal heard and dismissed the appeal.

On 17 May 2012, the Plaintiffs served an unsealed Notice of Motion for leave to appeal to the Federal Court on the solicitors of OSK Trustees Berhad and Sunway REIT Management Sdn. Bhd. The Plaintiffs are seeking leave to appeal against the decision of the Court of Appeal given on 18 April 2012. The hearing of the application for leave to appeal is currently fixed on 13 September 2012.

(b) High Court Originating Summons No. 21NCVC-95-2011, W-02(IM)(NCVC)-4192-12/2011, FCC No. 08(i)-402-05/2012(W)

In the previous financial year on 6 May 2011, Metroplex Holdings Sdn. Bhd. (Plaintiff) commenced the case against amongst others OSK Trustees Berhad, Sunway REIT and Sunway REIT Management Sdn. Bhd. seeking to set aside the sale of Putra Place to OSK Trustees Berhad (as trustee of Sunway REIT) at the auction conducted by the Kuala Lumpur High Court on 30 March 2011. The Plaintiff claims that the auction on 30 March 2011 was not a valid public auction and that OSK Trustees Berhad (as trustee of Sunway REIT) was not entitled to bid at the auction.

On 17 August 2011 in the current financial year, the High Court fixed the hearing date for the application to strike out the case by OSK Trustees Berhad, Sunway REIT Management Sdn. Bhd. and CIMB Investment Bank Berhad on 23 September 2011 which was adjourned to 20 October 2011. After the hearing of the striking out application on 20 October 2011, the High Court will make a decision on 22 November 2011.

Metroplex Holdings Sdn. Bhd. has filed a Notice of Appeal with the Court of Appeal on 13 December 2011 to appeal against the decision of the High Court of Malaya on 22 November 2011 which allowed the striking out of the case. On 20 April 2012, the Court of Appeal heard and dismissed the appeal.

On 17 May 2012, the Plaintiffs served an unsealed Notice of Motion for leave to appeal to the Federal Court on the solicitors of OSK Trustees Berhad and Sunway REIT Management Sdn. Bhd. The Plaintiffs are seeking leave to appeal against the decision of the Court of Appeal given on 18 April 2012. The hearing of the application for leave to appeal is currently fixed on 13 September 2012.

37. Material litigation (cont'd)

(c) High Court Originating Summons No. 24NCVC-1255-2011, Court of Appeal W-02(NCVC)-1680-2011 and W-02(NCVC)-1773-2011 and Federal Court Leave to Appeal 08(f)-425-09-2011

In the previous financial year on 1 June 2011, OSK Trustees Berhad (as trustee of Sunway REIT)(Trustee) and Sunway REIT Management Sdn. Bhd. (Manager) brought the action against Metroplex Holdings Sdn. Bhd. which amongst others seek an order that Metroplex Holdings Sdn. Bhd. ("Metroplex") deliver possession of each and every part of Putra Place that Metroplex, its related corporations, its servants and agents in possession, occupied or control to the Trustee and the Manager.

On 28 June 2011, the High Court has declared that OSK Trustees Berhad (as trustee of Sunway REIT) is the legal owner of Putra Place since 19 April 2011 and has ordered that Metroplex, its servants or agents or otherwise hand over to the Manager control and management of Putra Place within 72 hours which was to expire at noon on 1 July 2011.

Metroplex then filed a notice of appeal for an appeal against the decision of the High Court and on 1 July 2011 of the current financial year, obtained an order for stay of execution of the High Court order dated 28 June 2011 ("Orders"). The Court of Appeal has on 27 September 2011, dismissed the appeals with costs of RM120,000 filed by Metroplex against the Orders.

On 29 September 2011, Metroplex served the Notice for Application for Leave to Appeal, the Notice of Motion (Ex parte) dated 28 September 2011 for stay of execution and the draft ex-parte interim order for stay of execution dated 28 September 2011 granted by Federal Court on the Trustee and the Manager. The sealed ex-parte interim order for stay of execution was served on OSK Trustees Berhad and Sunway REIT Management Sdn. Bhd. on 30 September 2011. The application for stay of execution has been fixed for hearing inter-partes on 4 October 2011.

On 4 October 2011, the Federal Court heard and dismissed the application by Metroplex for the stay of execution Orders, including the control and possession of Putra Place, with costs of RM30,000. With the dismissal of the stay application, the Trustee and the Manager will execute the remaining parts of the Orders that have not been enforced, which include the orders that Metroplex is:

- i) restrained from holding itself out as the owner of Putra Place and from controlling and managing Putra Place or remaining on or entering Putra Place;
- ii) to pay mesne profits from 19 April 2011 until possession is delivered up;
- iii) to provide all accounting records and a true account of all income and receipts derived or received by it from Putra Place since 19 April 2011 together with all supporting documents and to pay all such income and receipts to Sunway REIT;
- iv) to pay interest on all sums ordered to be paid at such rate and for such period the Court deems proper;
- v) restrained from lodging any further private caveat over Putra Place and any private caveat lodged by them after 29 April 2011 be also cancelled and removed forthwith by the Pendaftar Hakmilik Wilayah Persekutuan.

If Metroplex fails to comply with the Orders, either by itself or through its agents or its employees or its representatives, Haron Bin Dato' (DR) Mohd. Salleh, Lim Siew Kim and Mok Pak Hong as directors and/or officers of Metroplex may be cited for process of execution as a means of compelling Metroplex to comply.

Metroplex's application for leave to appeal to Federal Court was heard and dismissed on 20 February 2012.

The case management for assessment of damages is fixed on 13 August 2012.

38. Comparatives

The comparative figures of the financial statements cover the period from 20 May 2010 (date of establishment) to 30 June 2011. Accordingly, the comparative figures are not comparable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

39. Supplementary information

The breakdown of the retained profits/undistributed income of the Group and of the Fund as at 30 June 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Fund	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained profits/undistributed income				
- realised	30,310	34,264	30,310	34,264
- unrealised	616,537	386,352	616,537	386,352
	646,847	420,616	646,847	420,616
Less: Consolidation adjustments	(3)	(3)	-	-
Total retained profits/undistributed income	646,844	420,613	646,847	420,616

The unrealised retained profits/undistributed income mainly comprise fair value gain on investment properties of RM615,720,000 (2011: RM385,569,000).

FINANCIAL CALENDAR

Announcement of Quarterly Results

1 NOVEMBER 2011

Announcement of the unaudited quarterly results for the 1st quarter ended 30 September 2011

9 FEBRUARY 2012

Announcement of the unaudited quarterly results for the 2nd quarter ended 31 December 2011

25 APRIL 2012

Announcement of the unaudited quarterly results for the 3rd quarter ended 31 March 2012

7 AUGUST 2012

Announcement of the unaudited quarterly results for the 4th quarter ended 30 June 2012

Income Distribution for the 1st quarter ended 30 September 2011

1.75 sen per unit (of which 1.62 sen per unit is taxable and 0.13 sen per unit is non-taxable)

Announcement of the notice of entitlement and payment:
1 November 2011

Date of entitlement:
17 November 2011

Date of payment:
1 December 2011

Income Distribution for the 2nd quarter ended 31 December 2011

1.99 sen per unit (of which 1.94 sen per unit is taxable and 0.05 sen per unit is non-taxable)

Announcement of the notice of entitlement and payment:
9 February 2012

Date of entitlement:
24 February 2012

Date of payment:
9 March 2012

Income Distribution for the 3rd quarter ended 31 March 2012

1.87 sen per unit (of which 1.21 sen per unit is taxable and 0.66 sen per unit is non-taxable)

Announcement of the notice of entitlement and payment:
25 April 2012

Date of entitlement:
11 May 2012

Date of payment:
24 May 2012

Income Distribution for the 4th quarter ended 30 June 2012

1.89 sen per unit (of which 1.38 sen per unit is taxable and 0.51 sen per unit is non-taxable)

Announcement of the notice of entitlement and payment:
7 August 2012

Date of entitlement:
24 August 2012

Date of payment:
6 September 2012

ANALYSIS OF UNITHOLDINGS

As At 30 June 2012

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units Held	% of Unitholdings
Less than 100	70	1.09	6,594	0.01
100 - 1,000	847	13.22	772,992	0.03
1,001 - 10,000	3,556	55.50	19,300,700	0.71
10,001 - 100,000	1,538	24.00	50,676,700	1.88
100,001 - 134,823,099 (Less than 5% of issued units)	388	6.06	1,136,986,078	42.16
134,823,100 (5%) and above	8	0.13	1,488,718,936	55.21
Total	6,407	100.00	2,696,462,000	100.00

THIRTY LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS

	Name of Unitholders	No. of Units	%
1	Sunway REIT Holdings Sdn Bhd	320,909,000	11.90
2	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	182,886,400	6.78
3	CIMB Group Nominees (Tempatan) Sdn Bhd - The Bank Of Tokyo-Mitsubishi UFJ, Ltd for Sunway REIT Holdings Sdn Bhd (Sunway City Bhd)	179,323,000	6.65
4	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	176,032,300	6.53
5	Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	175,049,200	6.49
6	Bank Of Tokyo-Mitsubishi UFJ (Malaysia) Berhad - Sunway REIT Holdings Sdn Bhd	160,000,000	5.93
7	Cartaban Nominees (Tempatan) Sdn Bhd - Standard Chartered Bank Malaysia Berhad for Sunway REIT Holdings Sdn Bhd	154,519,036	5.73
8	Public Nominees (Tempatan) Sdn Bhd - Sunway REIT Holdings Sdn Bhd (BSY)	140,000,000	5.19
9	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Bank of New York Mellon (BNYM as E&A)	93,322,000	3.46
10	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	82,653,800	3.07
11	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	62,760,600	2.33
12	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	60,769,000	2.25
13	Amanahraya Trustees Berhad - Amanah Saham Malaysia	48,789,300	1.81

	Name of Unitholders	No. of Units	%
14	Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	44,783,400	1.66
15	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for Eastspring Investments Berhad	44,056,200	1.63
16	Dato' Lim Say Chong	37,949,400	1.41
17	RHB Capital Nominees (Tempatan) Sdn Bhd - Sunway REIT Holdings Sdn Bhd (Sunway)	31,883,149	1.18
18	Teng Yew Huat	31,275,920	1.16
19	Oriental Dragon Enterprises Inc.	27,531,700	1.02
20	ValueCap Sdn Bhd	23,803,000	0.88
21	Amanahraya Trustees Berhad - As 1Malaysia	23,435,900	0.87
22	Citigroup Nominees (Asing) Sdn Bhd - GSCO for Indus Asia Pacific Master Fund Ltd	22,375,600	0.83
23	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	19,180,000	0.71
24	Kurnia Insurans (Malaysia) Berhad	18,000,000	0.67
25	Citigroup Nominees (Tempatan) Sdn Bhd - Allianz Life Insurance Malaysia Berhad (P)	17,829,400	0.66
26	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for American International Assurance Berhad	16,983,800	0.63
27	Sunway Education Group Sdn Bhd	14,850,000	0.55
28	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	14,217,200	0.53
29	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (HDBS)	12,712,900	0.47
30	Uni. Asia General Insurance Berhad	12,000,000	0.45

ANALYSIS OF UNITHOLDINGS (CONT'D)

As At 30 June 2012

SUBSTANTIAL UNITHOLDERS (5% AND ABOVE)

Name of Unitholders		Direct Interest No. of Units	%	Deemed Interest No. of Units	%
1	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	62,760,600	2.33	996,197,785 (i)	36.94
2	Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	1,058,958,385 (ii)	39.27
3	Sarena Cheah Yean Tih	-	-	1,058,961,385 (iii)	39.27
4	Evan Cheah Yean Shin	-	-	1,058,958,385 (iv)	39.27
5	Active Equity Sdn Bhd	-	-	996,197,785 (v)	36.94
6	Sungei Way Corporation Sdn Bhd	-	-	996,197,785 (vi)	36.94
7	Sunway Berhad	9,563,600	0.35	986,634,185 (vii)	36.59
8	Sunway REIT Holdings Sdn Bhd (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn Bhd)	986,634,185	36.59	-	-
9	Employees Provident Fund Board	264,269,100	9.80	-	-
10	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	176,249,200	6.54	-	-
11	Capital Income Builder	174,950,000	6.49	-	-

Notes:

- (i) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway REIT Holdings Sdn Bhd (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn Bhd)
- (ii) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway Berhad, Sunway REIT Holdings Sdn Bhd (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn Bhd) and spouse
- (iii) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway REIT Holdings Sdn Bhd (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn Bhd), spouse and parent
- (iv) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway REIT Holdings Sdn Bhd (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn Bhd) and parent
- (v) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway REIT Holdings Sdn Bhd (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn Bhd)
- (vi) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway Berhad and Sunway REIT Holdings Sdn Bhd (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn Bhd)
- (vii) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway REIT Holdings Sdn Bhd (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn Bhd)

DIRECTORS' INTERESTS

Name of Directors		Direct Interest No. of Units	%	Deemed Interest No. of Units	%
1	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	62,760,600	2.33	996,197,785*	36.94
2	Dato' Ngeow Voon Yean	-	-	70,000**	#
3	Sarena Cheah Yean Tih	-	-	1,058,961,385***	39.27
4	Elvin A/L Berty Luke Fernandez	25,000	#	-	-

Notes:

- * Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway REIT Holdings Sdn Bhd (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn Bhd)
- ** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through child
- *** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway REIT Holdings Sdn Bhd (formerly known as Sunway Gamma Knife Centre (Malaysia) Sdn Bhd), spouse and parent
- # Negligible

AEI	Asset enhancement initiatives
ARR	Average rental rate
CP	Commercial paper
Deed	The deed dated 20 May 2010 and the supplemental deed dated 10 June 2010 entered into between the Trustee and the Manager constituting Sunway REIT
DPU	Dividend per unit
EPU	Earnings per unit
FP	Financial period ended or ending
FY	Financial year ended or ending
GFA	Gross floor area
IPO	Initial public offering
KLCI	Kuala Lumpur Composite Index
MER	Management expense ratio - ratio of expenses incurred in operating Sunway REIT to its NAV
Manager	Sunway REIT Management Sdn Bhd
NAV	Net asset value
NBV	Net book value
NLA	Net lettable area
REIT	Real estate investment trust
ROFR	Right of first refusal dated 26 May 2010 granted by Sunway City Berhad to the Trustee and novated from Sunway City Berhad to Sunway Berhad with effect from 18 August 2011 pursuant to a deed of novation dated 14 July 2011
Sq.ft.	Square feet
TAV	Total asset value
WALE	Weighted average lease expiry

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SUNWAY REIT MANAGEMENT SDN BHD (Company No. 806330-X)
Manager of Sunway REIT

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