

**DEFINING
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DRIVING
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DRIVING GROWTH**

ANNUAL REPORT 2013

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RATIONALE

A winning game plan by Sunway REIT involves mapping out focused and well thought-out strategies to build sustainable growth.

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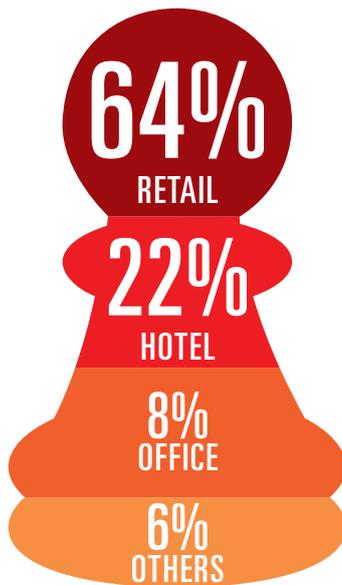
THE POWER OF ACQUISITION

The queen is the most powerful piece on the board. The queen can move vertically, horizontally, and diagonally allowing it to control more squares than any other piece in the game. This means the queen can take down any piece around it.

Sunway REIT has demonstrated that it continues to grow by way of active acquisition. In 2011, we acquired Sunway Putra Place and in 2012, Sunway Medical Centre. This is an area where Sunway REIT will continue to focus and expand further, supported by a sizeable and visible pipeline from the Sponsor.

SNAP SHOT VIEW

PORTFOLIO BY PROPERTY VALUE



PROPERTY VALUE

RM **5.18** billion

NO. OF ASSETS

12

GROSS FLOOR AREA

11,596,687 sq. ft.

PORTFOLIO BY REVENUE



GROSS REVENUE

RM **416** million

DPU

8.3 sen

DISTRIBUTION YIELD

5.4%

PORTFOLIO BY NPI



NET PROPERTY INCOME

RM **309** million

MARKET CAPITALISATION

RM **4.496** billion

TOTAL RETURN

18.6%

VISION • MISSION • VALUES • GROWTH STRATEGIES

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.

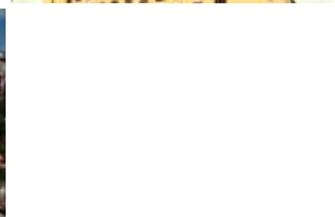
VALUES

- 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 Sunway Resort City 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 ONE OF THE LARGEST REIT IN MALAYSIA IN TERMS OF ASSET SIZE AT RM5.18 BILLION AS AT 30 JUNE 2013.



With a market capitalisation of RM4.49 billion (c. USD 1.42 billion) as at 30 June 2013, Sunway REIT is one of the largest retail-focused REIT listed on the 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 RM4.58 billion as at 30 June 2013 (c. USD 1.45 billion) 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 now grown to 12 assets comprising of 4 retail assets, 4 hotels, 3 offices and a medical centre 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 8889
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 Berty Luke Fernandez

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

Tan Sri Ahmad Bin Mohd Don (Chairman)
Willy Shee Ping Yah @ Shee Ping Yan
Elvin A/L Berty 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
Shankar Arasaratnam
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)
Chin Soo Ching (MAICSA 7042265)

TRUSTEE

RHB Trustees Berhad (Company No.573019-U)
(formerly known as OSK Trustees Berhad)
6th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No: (603) 9207 7777
Website: www.rhbgroup.com
Email: rhbtrustees@rhbgroup.com

PROPERTY MANAGER

DTZ Nawawi Tie Leung Property
Consultants Sdn Bhd
Suite 32.03, Level 32, Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur
(Contract expired on 30 June 2013)

Azmi Real Estate Management Sdn Bhd
(Company No. 1012362-U)
A9-1-1, Jalan Ampang Utama 2/2,
One Ampang Business Avenue,
68000 Ampang, Selangor Darul Ehsan
(Appointed with effect from 1 July 2013)

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Public Bank Berhad

AUDITORS AND REPORTING ACCOUNTANTS

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



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 2013 ("FY2013"). This annual report marked Sunway REIT's 3rd year of listing. We are pleased that Sunway REIT has grown in size and delivered the financial performance promised to unitholders. Sunway REIT's active acquisition trail since listing has enabled it to maintain its market dominance as one of the largest REIT in Malaysia.

M-REITs Gaining Prominence

The Malaysian Real Estate Investment Trusts ("M-REITs") prospered further as it continued to attract entry of new and large players into the space. During the financial year under review, the listing of IGB REIT joining the bandwagon of yet another pure retail REIT in Malaysia with asset size of RM4.6 billion. The M-REITs recorded another milestone with the establishment and listing of the first Islamic Stapled REIT on 9 May 2013. KLCCP Stapled Group is the amalgamation of KLCCP and KLCC REIT with property assets in excess of RM13.0 billion and market capitalisation of RM12.3 billion as at 30 June 2013. With the inclusion of these two significant players, market capitalisation of M-REITs soared to RM38.4 billion as at 30 June 2013, from RM17.8 billion as at 30 June 2012. The doubling in market capitalisation was primarily attributable to the entry of the two behemoth REIT players as well as growth in unit price of existing M-REITs.

It is heartening to be in the same league and ride along the growth of the M-REITs. Dominant M-REITs players continue to gain traction amongst institutional investors, both domestically and abroad. This was clearly evidenced by the overwhelming response in Sunway REIT's inaugural equity fund raising exercise in February 2013. The exercise enjoyed strong demand from both international and domestic institutional investors which resulted in the subscription rate of 2.8x. Over the years, retail participations were gradually improving albeit at a slow pace. During the listing of Sunway REIT in 2010, retail investors were a mere 5.5% (4,525 unitholders). In FY2013, retail investors base has grown to 8.3% (5,369 unitholders).

A notable trend amidst the thriving growth in the M-REITs space is compression in distribution yields with unit prices rallied ahead. The top five M-REITs by asset size are trading at average distribution yields of 5.0% compared to average M-REITs of 6.5%. The appeal for the larger M-REITs are gradually diminishing as the spread between the distribution yield to risk free rate, eg Malaysian Government Securities are less than 150 bps. Therefore, it is crucial for Sunway

REIT to strive for sustainable growth in DPU to support further compression in distribution yields.

Double Digit Total Return

The emergence of new players in the M-REITs space equates to increasing competition in attracting investors. Sunway REIT was undeterred by rising competition and remained focus in the execution of its strategies in delivering superior results to unitholders.

Sunway REIT's track record of one acquisition per calendar year coupled with active asset enhancement initiatives for existing assets in driving growth have garnered strong conviction amongst investors in the growth prospects of Sunway REIT. This pool of investors forms an integral part of our future growth.

I am pleased to report that Sunway REIT has recorded another year of stunning return to unitholders. Sunway REIT registered a total return of 18.6% based on the closing price of RM1.54. Total return comprised capital appreciation in unit price of 13.2% and income distribution yield of 5.4%. The average three-year total return of 25.3%, surpassed our target of 10-15% per annum.

Sunway REIT's commitment to be a leading player in the M-REITs space remained intact. As at 30 June 2013, Sunway REIT ranked 2nd in terms of asset size, after KLCCP Stapled REIT.

The table below illustrates Sunway REIT's key market statistics as at 30 June 2013.

Sunway REIT	Value	Market Share	Rank
Property Value	RM5.2 billion	12.1%	2/17
Market Capitalisation	RM4.5 billion	11.7%	4/17
Average Daily Trading Volume (1-year)	1.4 million units	10.4%	3/17
Average Daily Trading Value (1-year)	RM2.1 million	8.4%	5/17
Free Float	RM1.9 billion	24.1%	1/17

Bloomberg (Data as at 30 June 2013)

The strong track record demonstrated by Sunway REIT in the past 3 years has garnered support from reputable institutional investors, both domestic and international. Foreign unitholdings stood at 20.5% of total units in issue as at 30 June 2013.

MESSAGE FROM THE CHAIRMAN (CONT'D)

Benefitting from Sponsor's New Developments

As part of the masterplan development, the Sponsor, Sunway Berhad is actively undertaking development of new investment properties within Sunway Resort City ("SRC"). Key ongoing developments include The Pinnacle office tower, Sunway Pyramid Phase 3 and Sunway University new academic block.

The Pinnacle is a MSC status Grade A office tower with net lettable area of 580,000 sq. ft. over 25 storeys. The building is also connected to Menara Sunway and Sunway Resort Hotel and Spa through underground connectivity. It is slated for completion by end 2013. The modern infrastructure is targeted to attract multinationals and large corporations.

Meanwhile, Sunway Pyramid Phase 3 which is a mixed-use development comprising 435 rooms 4-star tourist class hotel and a 62,000 square feet retail podium. Sunway University is also undergoing an expansion plan with the development of a new academic building. These new developments which are slated to be completed in 2015 will positively enhance the vibrancy of SRC.

Riding on these new developments, increasing office population, tourists, hotel guests and students will spillover to higher footfall to Sunway REIT's assets especially the shopping mall and hotels.



Artist Impression- The Pinnacle Grade A Office Tower

Infrastructure Improvements in SRC

In a Public Private Partnership ("PPP") with Syarikat Prasarana Nasional Berhad, Sunway Berhad has inked the collaboration to construct and develop the first Bus Rapid Transit ("BRT") line in Malaysia. The BRT-Sunway Line is an elevated and dedicated line stretching approximately 5.4km with seven stops from Setia Jaya

KTM station to the new USJ 6 LRT station. There will be a total of seven halts with three stops located within SRC. The project has commenced construction and targeted completion is 2015.

Malaysia's first of its kind transportation system is in line with SRC's value proposition of "Absolute Accessibility, Seamless Connectivity" to the community within SRC. In addition, this new infrastructure development will be catalytic to attract visitors from outside the natural catchment of SRC. The improved accessibility and convenience will attract higher visitations to the attraction in SRC hence benefitting Sunway REIT's assets.

As part of Sunway Group's Corporate Responsibility ("CR") initiatives, the group has allocated RM130 million for upgrading of roads and infrastructure improvement surrounding SRC, Subang Jaya and USJ. Works on New Pantai Expressway ("NPE") road widening has commenced and expect to be completed by end 2014. Conversion of traffic light system from 3 phase to 2 phase at NPE-LDP interchange has greatly smoothed traffic flow and eased traffic congestion getting into SRC.



Artist Impression - Elevated BRT - Sunway Line

Smoke Free Township

Sunway Group has recently embarked on a five year strategic plan to transform SRC into the first 100% smoke-free township in Malaysia by 2018. The initiative was launched in conjunction with World No Tobacco Day 2013. This effectively means an estimated 200,000 residents including 30,000 students population in and surrounding SRC are free from harmful effects of cigarette smoke.

Beginning this year to 2018, Sunway Group will progressively unveil a comprehensive smoking cessation plan to educate its employees of the benefits of smoke-free environment. The commitment to combat smoking will be incorporated into the Group's human resources policy. The Group's anti-smoking advocacy work started back in 2008, when the first charter paper on a smoke-free zone was initially crafted, where three of Sunway REIT's assets in SRC, namely Sunway Pyramid Shopping Mall, Menara Sunway and Sunway Medical Centre were gazetted as smoke-free establishments.

In tandem with the smoke free zone for SRC, Sunway REIT is embarking on business sustainability initiatives in collaboration with relevant stakeholders. At this juncture, plans are underway to craft the framework before implementation of such initiatives at the assets level.

MESSAGE FROM THE CHAIRMAN (CONT'D)

Market Outlook

The global economic prospects are pointing towards gradual improvement in 2013. The pace of recovery would be contingent on the strength of the U.S. economy, resolution of crisis in the Eurozone and sustainability of domestic demand in Asia.

On the local front, Bank Negara Malaysia ("BNM") expects the Malaysian economy to register moderate growth of 5-6% in 2013. The sustainability of the economy will be anchored by resiliency in domestic demand, private and public investment with downside to external demand being contained.

After a period of benign inflation in the last two years, BNM expects headline inflation to inch marginally to average between 2-3% in 2013. Key trajectory of inflation will be food prices, fuel prices and electricity tariff which may surprise the inflationary pressures on the upside. BNM indicated that monetary policy direction going forward will be supportive of growth whilst cautiously assessing the global economic and financial developments and their implications on the overall outlook for inflation and growth of the Malaysian economy.

The strength of the economy coupled with contained inflationary pressures augur well for operational prospects of Sunway REIT's assets. Sustained economic growth is supportive of consumer spending for retail, tourism and business activities.

Recognition for Excellence

We continuously strive for excellence in the field we pursue and aim to be a leader amongst the peers in all areas of excellence. We are truly humbled with the awards and recognition during the financial year from various awarding bodies in recognition of our efforts in observing high standards for corporate governance, financial reporting and industry excellence and best practices.

The accolades bestowed upon Sunway REIT include Asia Pacific Real Estate Association ("APREA") Best Practices Award 2012 (Emerging Market Category) alongside the following merit awards:

1. Emerging Markets – Market Disclosure Category
2. Emerging Markets – Accounting and Financial Reporting Category
3. Emerging Markets – Portfolio Performance Reporting Category
4. Emerging Markets – Corporate Governance Category
5. Emerging Markets – Most Improved in the Adoption of Best Practices
6. Country Award – Best Submission from Malaysia

These awards are acknowledgment for Sunway REIT for its commitment in adopting high level of transparency reporting and corporate governance practices.

Sunway REIT was awarded the National Annual Corporate Report Awards ("NACRA") 2012 under the category of Industry Excellence Awards for REITs and Closed-End Funds. NACRA is a collaborative effort of Bursa Malaysia Berhad, Malaysian Institute of Accountants ("MIA") and The Malaysian Institute of Certified Public Accountants ("MICPA"). NACRA has been the epitome of corporate reporting excellence and accountability.

Sunway REIT was recognised internationally by the International Alternative Investment Review ("IAIR") magazine as the winner of the IAIR Real Estate Awards 2013 Hong Kong 3rd Annual Edition in Excellence in Real Estate for Malaysia.

Sunway REIT was bestowed the Malaysian Institute of Management's Global Excellence in Management Awards (GEMA 2013) for Excellence in Corporate Governance (Private Sector) and recognised as a member of The Edge Billion Ringgit Club 2013 for third consecutive year. Sunway REIT was also nominated for the Best Company, Best CEO and Best IR by the Malaysian Investor Relation Association (MIRA) for 2013.

In the June 2013 release of APREA's corporate governance index for REITs in Asia, Sunway REIT emerged in the top quartile for Malaysia Corporate Governance Index 2011.

We wish to express our sincere gratitude to the regulatory bodies, the prestigious awarding bodies and all stakeholders for their acknowledgement of our commitment to excellence and continuous endeavour to excel and to our employees and business associates for their commitment to deliver the best. We are committed to continue the journey to adopt higher standards and to benchmark against regional practices in our quest to drive values and deliver sustainable returns to unitholders.

In Appreciation

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

I also wish to record my appreciation to the unitholders, employees, trustee, property manager, 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, AO
Chairman
Sunway REIT Management Sdn Bhd
6 August 2013

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	3,650,888,858 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
Investment Policy	<ul style="list-style-type: none"> • To invest in retail, hospitality, office and other real estate assets, subject to the Securities Commission's Guidelines on Real Estate Investment Trust • At least 95% of Sunway REIT's total asset value must be invested in real estate and/or single purpose companies at all times with the 5% remainder invested in cash, deposits and money market instruments
Growth Strategies	<ul style="list-style-type: none"> • Acquisition growth strategy • Active asset management strategy • Capital and risk management strategy
Distribution Policy	<ul style="list-style-type: none"> • 100% distributable income since FP 2011 to FY 2013 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
Performance Benchmark	<ul style="list-style-type: none"> • FTSE Bursa Malaysia Kuala Lumpur Composite Index (KLCI) • Thomson Reuters/Global Property Research/APREA Composite REIT Index
Manager Fee	<ul style="list-style-type: none"> • Base Fee : 0.3% per annum of total asset value • Performance Fee : 3% of net property income, before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement • Acquisition Fee : 1% of acquisition price • Divestment Fee : 0.5% of sale price
Trustee Fee	0.03% per annum of the net asset value of Sunway REIT
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

2 Aug 12

Establishment of a 15-year RM1.0 billion Medium Term Note Programme

31 Dec 12

Acquisition of Sunway Medical Centre was completed at a purchase consideration of RM310 million

**15 Feb 13**

Listing of 214,765,000 new placement units which raised approximately RM320 million to fund the acquisition of Sunway Medical Centre and to defray related expenses

1 May 13

Commencement of refurbishment of Sunway Putra Mall which forms part of a 3-in-1 mixed-use development estimated at RM307 million



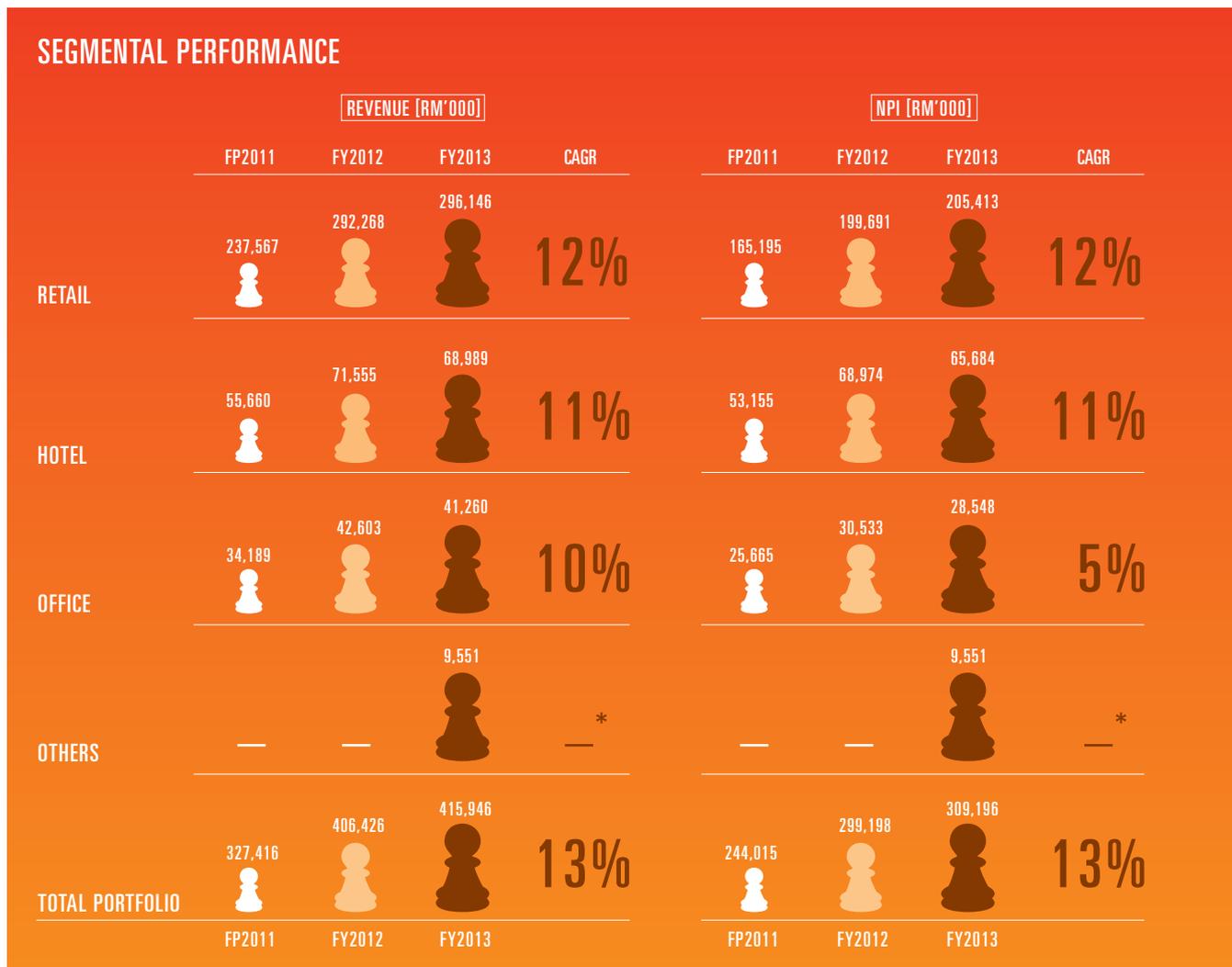
FINANCIAL HIGHLIGHTS

	Ringgit Malaysia			USD		
Statement of Comprehensive Income - Key Data & Financial Ratios	FY2013 RM'000	FY2012 RM'000	FP2011¹ RM'000	FY2013 USD'000	FY2012 USD'000	FP2011¹ USD'000
Gross revenue	415,946	406,426	327,416	131,193	131,095	105,160
Net property income	309,196	299,198	244,015	97,523	96,508	78,373
Income available for distribution (realised)	231,062	202,114	176,813	72,879	65,193	56,789
Earnings per unit (realised)(sen/cent)	7.9	7.1	6.2	2.5	2.3	2.0
Distribution per unit (DPU)(sen/cent)	8.3 ²	7.5	6.6	2.6 ²	2.4	2.1
Annualised DPU (sen/cent)	8.3	7.5	6.7	2.6	2.4	2.2
Annualised distribution yield (%)	5.4	5.5	6.0	5.4	5.5	6.0
Management expense ratio (%)	0.82	0.98	0.83	0.82	0.98	0.83
Statement of Financial Position - Key Data & Financial Ratios	As at 30 June 2013 RM'000	As at 30 June 2012 RM'000	As at 30 June 2011 RM'000	As at 30 June 2013 USD'000	As at 30 June 2012 USD'000	As at 30 June 2011 USD'000
Investment properties	5,184,000	4,630,000	4,379,000	1,639,469	1,456,433	1,449,280
Other non-current assets	8,823	8,892	122	2,790	2,797	40
Current assets	76,709	44,484	73,773	24,260	13,993	24,416
Total asset value	5,269,532	4,683,376	4,452,895	1,666,519	1,473,223	1,473,737
Current liabilities	(403,257)	(1,303,040)	(127,791)	(127,532)	(409,890)	(42,294)
Non-current liabilities	(1,359,806)	(372,005)	(1,554,054)	(430,046)	(117,019)	(514,332)
Total liabilities	(1,763,063)	(1,675,045)	(1,681,845)	(557,578)	(526,909)	(556,626)
Net Asset Value (NAV)	3,506,469	3,008,331	2,771,050	1,108,941	946,314	917,111
Total Unitholders' Funds	3,506,469	3,008,331	2,771,050	1,108,941	946,314	917,111
NAV per unit (before distribution) (RM/USD)	1.2011	1.1157	1.0313	0.3799	0.3510	0.3413
NAV per unit (after distribution) (RM/USD)	1.1809	1.0968	1.0151	0.3735	0.3450	0.3360
Lowest NAV during the period (RM/USD)	1.0964	1.0131	0.9737	0.3467	0.3187	0.3223
Highest NAV during the period (RM/USD)	1.1811	1.0968	1.0151	0.3735	0.3450	0.3360
Unit Price as at 30 June (RM/USD)	1.54	1.36	1.11	0.49	0.43	0.37
Market Capitalisation	4,495,912	3,667,188	2,982,457	1,421,857	1,153,567	987,078
Premium to NAV (%)	30.4	24.0	9.3	30.4	24.0	9.3
Gearing Ratio (%)	31.0	33.5	35.3	31.0	33.5	35.3
Average cost of debt (%)	3.77	4.45	4.54	3.77	4.45	4.54
Debt Service Cover Ratio (times)	5.0	3.8	3.7	5.0	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 Comprising income distributed for the period from 1 July 2012 to 31 March 2013 of 6.28 sen (1.98 cents) and proposed final income distribution of 2.02 sen (0.62 cents)

FINANCIAL HIGHLIGHTS



* Not meaningful

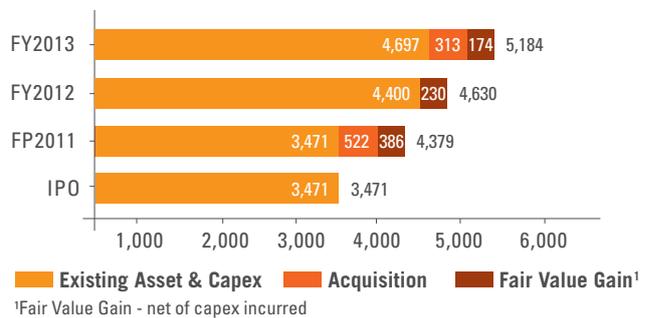
DISTRIBUTION PER UNIT (sen)

CAGR 12%

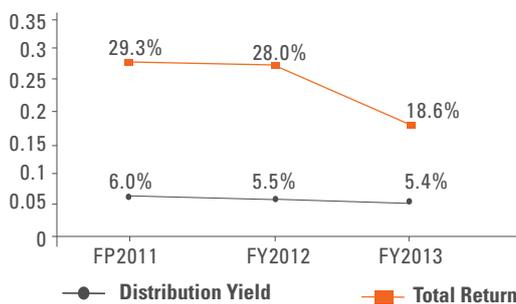


PROPERTY VALUE (RM'million)

CAGR 14%



DISTRIBUTION YIELD & TOTAL RETURN

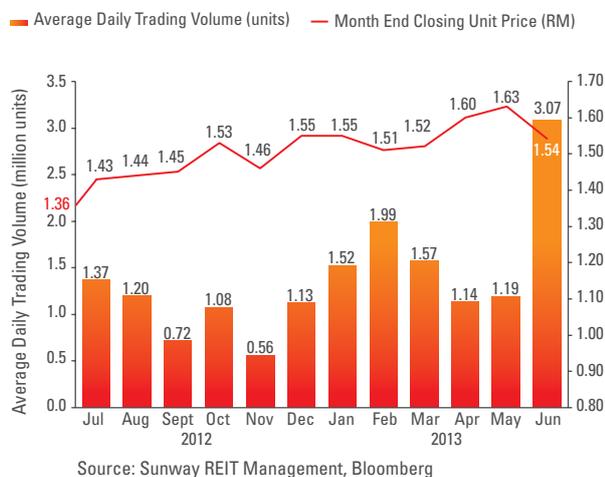


NAV PER UNIT (RM)

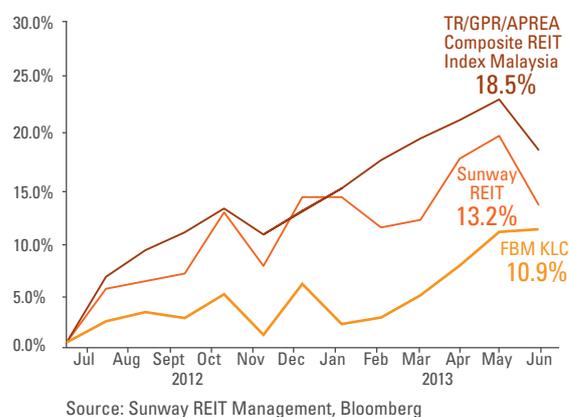


TRADING PERFORMANCE

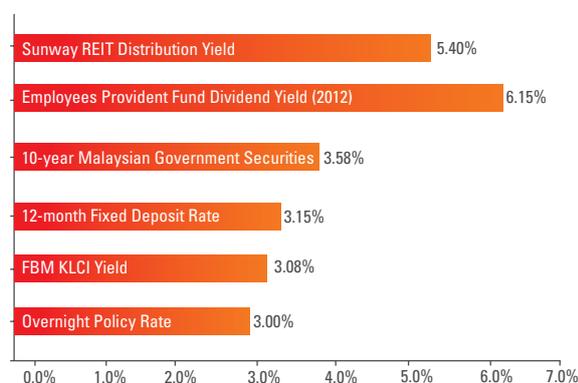
SUNWAY REIT'S MONTHLY TRADING PERFORMANCE



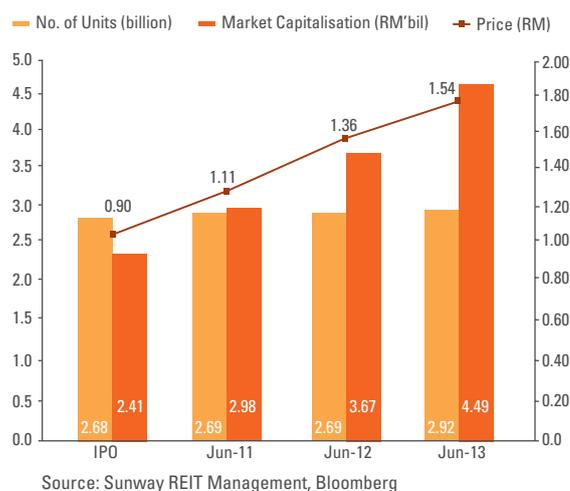
CUMULATIVE PERFORMANCE OF SUNWAY REIT'S UNIT PRICE VERSUS FTSE BURSA MALAYSIA KLCI INDEX AND TR/GPR/APREA COMPOSITE REIT INDEX MALAYSIA



COMPARATIVE YIELDS (AS AT 30 JUNE 2013)



MARKET CAPITALISATION, UNIT PRICE AND UNITS IN CIRCULATION FOR THREE YEARS



TRADING PERFORMANCE OF SUNWAY REIT

Trading Summary	FY2013	FY2012	FP2011
Closing Unit Price (RM)	1.54	1.36	1.11
52-Weeks Highest Traded Price (RM)	1.70	1.36	1.14
52-Weeks Lowest Traded Price (RM)	1.33	1.06	0.88
Capital Appreciation (%)	13.2	22.5	23.3
Annual Total Return (%)	18.6	28.0	29.3
Number of Unit in Circulation ('000 unit)	2,919,423	2,696,462	2,686,898
Market Capitalisation (RM' 000)	4,495,912	3,667,188	2,982,457
Free Float (%)	65.6	63.1	63.3
Free Float (RM'000)	1,915,141	1,701,468	1,700,806

Source: Sunway REIT Management, Bloomberg

VALUE ADDED STATEMENT

	FY2013	FY2012	FP2011 ¹
	RM'000	RM'000	RM'000
Value Added			
Total turnover	415,946	406,426	327,416
Purchases of goods and services	(106,750)	(107,228)	(83,401)
Interest & other income/(expense)	172,177	226,213	384,624
Total Value Added	481,373	525,411	628,639
Reconciliation:			
Total comprehensive income for the year/period	392,507	420,768	553,663
Add: Finance costs	63,604	81,196	55,190
Manager's fee	24,271	22,601	19,003
Trustee's fee	991	846	783
Total Value Added	481,373	525,411	628,639
Value Distributed			
Trust Expenses			
Manager fee	24,271	22,601	19,003
Trustee fee	991	846	783
Providers of capital			
Finance costs	63,604	81,196	55,190
Income distribution ²	230,893	201,972	176,578
Reinvestment and growth			
Undistributed Income ³	161,614	218,796	377,085
Total Value Distributed	481,373	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 (FP 2011).

² Income distribution in respect of each financial year. 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 REAL ESTATE ENTITIES 2012 **10 OCTOBER 2012** **BY ASIA PACIFIC REAL ESTATE ASSOCIATION LIMITED**

Sunway REIT was the winner in the Emerging Markets Category.

The award was in recognition of Sunway REIT's commitment to enhancing the transparency and comparability of public real estate markets in the Asia Pacific region.

Sunway REIT was also accorded the following Merit Awards

- | | |
|---------------------------------------|---|
| <u>BEST COUNTRY SUBMISSION</u> | <u>EMERGING MARKETS</u> |
| • Malaysia | • Corporate Governance |
| | • Portfolio Performance Reporting |
| | • Market Disclosure |
| | • Accounting & Financial Reporting |
| | • Most Improved in Adoption of Best Practices |



NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA) 2012 **2 NOVEMBER 2012** **BY BURSA MALAYSIA BHD, MALAYSIAN INSTITUTE OF** **ACCOUNTANTS AND THE MALAYSIAN INSTITUTE OF CERTIFIED** **PUBLIC ACCOUNTANTS**

Sunway REIT won the Industry Excellence Award in the Real Estate Investment Trusts & Closed-End Funds Category

The NACRA Awards aim to promote excellence in corporate reporting as well as greater transparency and accountability by organisations in their financial reporting.



IAIR REAL ESTATES AWARDS 2013 – HONG KONG **22 FEBRUARY 2013** **BY INTERNATIONAL ALTERNATIVE INVESTMENT REVIEW AND** **INTERNATIONAL FAMILY OFFICE MAGAZINE**

Sunway REIT emerged winner of the IAIR Real Estate Awards 3rd Annual Edition for the category "Excellence in Real Estate – Malaysia"

The Award was presented to Sunway REIT in recognition of its attribution as the leader in Malaysia in terms of asset value, in providing maximum total returns to unitholders, and for delivering 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.

AWARDS & RECOGNITIONS (CONT'D)

ASIAN REIT CORPORATE GOVERNANCE INDEX 2011

ASIAN REIT CORPORATE GOVERNANCE INDEX 2011

10 JUNE 2013

BY ASIA PACIFIC REAL ESTATE ASSOCIATION (APREA)

Sunway REIT was listed on the top quartile ranking in the Malaysian index

The corporate governance index for REITs in Asia is part of a major ongoing study of corporate governance in listed real estate vehicles in Asia by APREA. APREA believes that good corporate governance will instil confidence amongst investors, hence, ensuring support for new equity issues and enabling the sector to continue to grow.

2009	2010	2011
Quill Capita Trust	Axis REIT	Sunway REIT
Amanahraya REIT	CapitaMalls Malaysia Trust	Quill Capita Trust
Axis REIT	Amanahraya REIT	Axis REIT
Al-Aqar Healthcare REIT	Quill Capita Trust	CapitaMalls Malaysia Trust



MALAYSIA INVESTOR RELATIONS AWARDS 2013

3 JULY 2013

BY THE MALAYSIA INVESTOR RELATIONS ASSOCIATION (MIRA)

Sunway REIT was presented the Certificate of Excellence for the nominations in the following categories:

Best Company for Investor Relations
Best CEO for Investor Relations
Best IR Professional

MIRA was established to further the development of IR professionalism in Malaysia where the award is recognition of best practices in IR in the country.



GLOBAL EXCELLENCE IN MANAGEMENT AWARD 2013

4 JULY 2013

BY THE MALAYSIAN INSTITUTE OF MANAGEMENT

Sunway REIT was accorded the Excellence in Corporate Governance – Private Sector

GEMA 2013 Award was an initiative by the Malaysian Institute of Management to encourage and award sustainable achievement across business, government and citizen initiatives which inspired change in development and growth businesses, communities and nation.

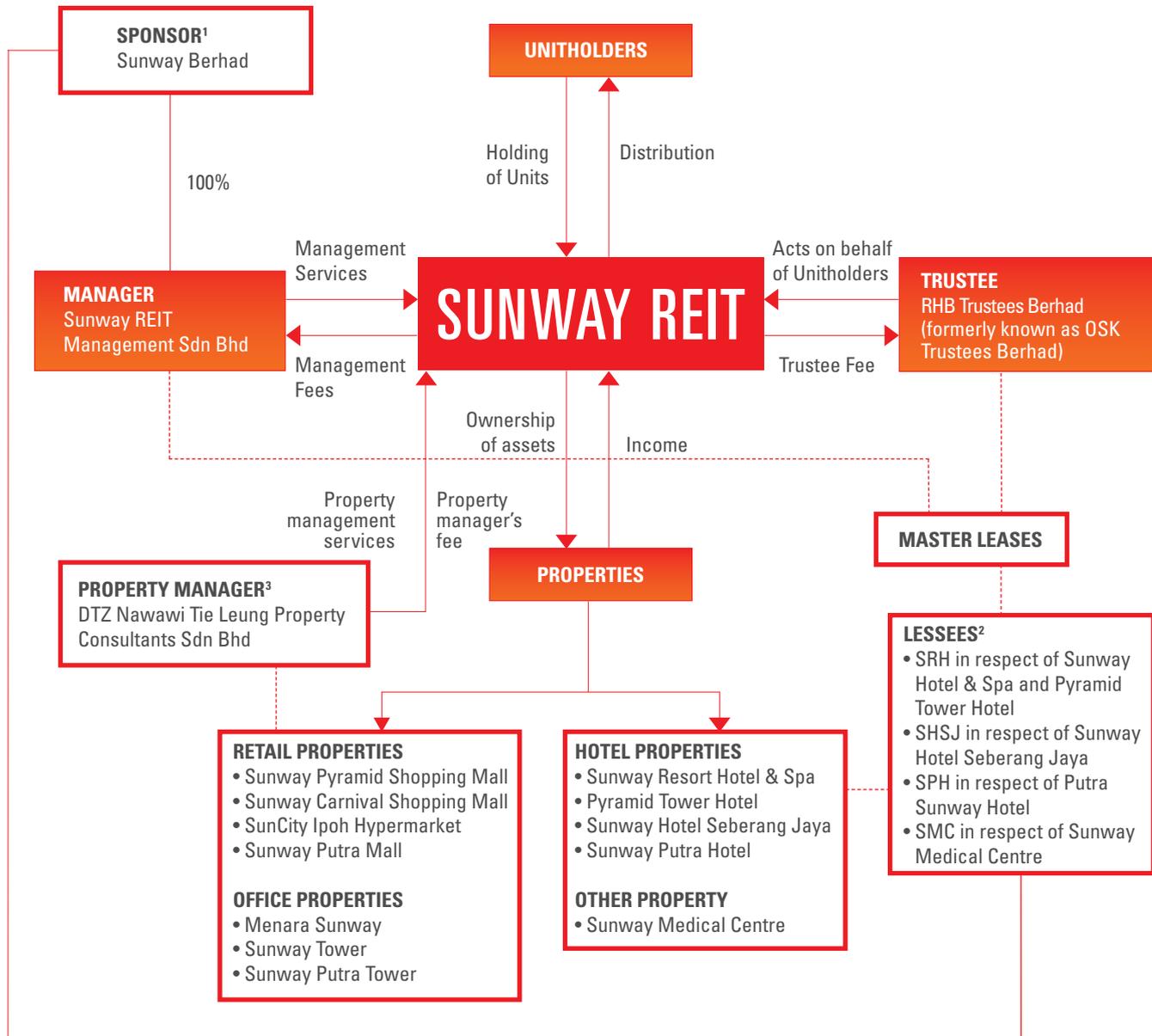
STRENGTH OF THE ESTABLISHMENT

- Trust Structure 20
- Organisation Structure 21
- Board of Directors 22
- Management Team 26
- Corporate Governance Statement 28

TEAMWORK IS GROUNDWORK

WHEN PLAYING JENGA STABILITY PHYSICAL AND MENTAL SKILLS ARE PUT TO THE TEST. ALL PLAYERS HAVE TO BE VERY CAREFUL IN ARRANGING THEIR BLOCKS TO BUILD A TOWER WHILE ENSURING IT DOES NOT FALL OVER. SUNWAY REIT IS SUCCESSFUL AS A RESULT OF SYNERGISTIC TEAMWORK FROM ALL EMPLOYEES WHO CONTRIBUTES GREATLY TO SUCCESSFUL RESULTS

TRUST STRUCTURE



— Equity interest

→ Payments and services pursuant to contractual relationships under the Deed, the Master Leases and the Property Management Agreement

- - - Contractual relationships under the Master Leases

¹ Sunway Berhad has a 34.4% investment in Sunway REIT as at 30 June 2013.

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

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

Sunway Putra Hotel Sdn Bhd (SPH) is the lessee for Sunway Putra Hotel.

Sunway Medical Centre Sdn Bhd (SMC) is the lessee for Sunway Medical Centre.

The hotel lessees are wholly owned subsidiaries of Sunway Berhad whilst SMC is a 99.53% owned subsidiary.

³ Azmi Real Estate Management Sdn Bhd has been appointed as the Property Manager with effect from 1 July 2013.

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

INTERNAL AUDIT TEAM**CHIEF EXECUTIVE OFFICER**

Dato' Jeffrey Ng Tiong Lip

CHIEF FINANCIAL OFFICER

Wai Sow Fun **FINANCE TEAM**

COMPLIANCE OFFICER

Samantha Khoo May Lin

INVESTOR RELATIONS MANAGER

Crystal Teh Lay Ling

INVESTMENT/BUSINESS DEVELOPMENT MANAGER

Shankar Arasaratnam

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 68, is the Founder and Executive Chairman of Sunway Group. A business graduate of Victoria University in Melbourne, and Fellow of the CPA Australia, he began his career as an accountant at a motor assembly plant in Malaysia.

Tan Sri Jeffrey Cheah started the Sunway Group with a vision and took a desolate abandoned tin mine as an opportunity to create something of value to the community and also as a template in the rehabilitation of an abandoned derelict site.

In 1990, he started to build a theme park at the mine using water in the mining pool as a feature and built around it, over a 30 year span, a complete green eco property development comprising universities and schools, hospital, residential properties, hotels, service apartments, a shopping mall and now to complete the picture, 5-star offices.

Along with it, he designed a network of roads, access highways and landscaping walkways culminating in an elevated Bus Rapid Transit System connecting Bandar Sunway to a LRT and a train station.

For his efforts in nation building and bringing Malaysians up-market urban lifestyles and in introducing world class universities to Malaysia, 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. The Jeffrey Cheah Foundation is one of the biggest private social enterprise in Malaysia and to-date, RM102 million worth of scholarship have been awarded to more than 13,000 students.

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.	1999	Founding Trustee of Malaysian Liver Foundation.
2006	His Royal Highness Sultan of Selangor installed him as the Foundation Chancellor of Sunway University.	1997	President of Malaysian Hakka Association (until 2004). Council Member of Financial Reporting Foundation.
2002	Deputy President of National Kidney Foundation of Malaysia. First non-Malay Honorary Member of Kuala Lumpur Malay Chamber of Commerce.	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 and he also serves as Member of the Audit, Remuneration and Nomination Committees.

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

BOARD OF DIRECTORS (CONT'D)



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

Dato' Jeffrey Ng, aged 56, 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 29 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 a Fellow member of the Institute of Chartered Accountants, Australia. He is also a Fellow member of the Malaysian Institute of Directors. In 2003, he was accorded the 'Entrepreneur of the Year' by MABC. In 2009, he was conferred the patron of REHDA. He was also appointed as a panel member of the Appeal Board under the Federal Territory (Planning) Act 1982, for a period of 3 years from 23 December 2011 to 22 December 2014.

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

His directorships in other public companies are SunReit Capital Berhad and SunReit Unrated Bond Berhad. He is also a Director of Urban Hallmark Properties Sdn Bhd.



DATO' NGEOW VOON YEAN
Non-Independent Non-Executive Director
Malaysian

Dato' Ngeow, aged 61, 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 32 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 retails, 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 other public company is Sunway International Vacation Club Berhad.

BOARD OF DIRECTORS (CONT'D)



SARENA CHEAH YEAP TI H
 Non-Independent Non-Executive Director
 Malaysian

Ms Sarena Cheah, aged 39, 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. 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. Thereafter, she assumed the position as the Executive Director of Strategy & Corporate Development of Sunway Berhad in August 2011. Effective 1 May 2013, she was appointed as Managing Director of Strategy & Corporate Development as well as Joint Managing Director of Property Development Division, Malaysia/Singapore.

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

Her directorships in other public companies are Sunway Berhad, SunReit Capital Berhad, SunReit Unrated Bond Berhad and Sunway Lagoon Club Berhad.



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

Tan Sri Ahmad, aged 65, graduated with an Honours Degree in Economics and Business from University of 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, 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 and a Member of the Nomination Committee.

His directorships in other public companies are Zurich Insurance Malaysia Berhad, KAF Investment Bank Berhad, United Malacca Berhad, Hap Seng Plantations Holdings Berhad, J.P. Morgan Chase Bank Berhad and MAA Group Berhad.

BOARD OF DIRECTORS (CONT'D)



**WILLY SHEE PING YAH @
SHEE PING YAN**
Independent Non-Executive Director
Singaporean

Mr Willy Shee, aged 64, 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 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, Remuneration and Nomination Committees.

He has no directorships in public companies in Malaysia.

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.
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 2013 is disclosed in the Corporate Governance Statement.



ELVIN A/L BERTY LUKE FERNANDEZ
Independent Non-Executive Director
Malaysian

Mr Elvin, aged 64, graduated from the Institution of Surveyors Malaysia (ISM), now known as the Royal Institution of Surveyors Malaysia (RISM).

He is currently the Managing Director of the Khong & Jaafar Group of Companies, a Past President of the 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 the 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 the International Valuation Standards Council (2007/2008), a Fellow of the Royal Institution of Chartered Surveyors (United Kingdom), Honorary Member of the Institution of Valuers India, Institute of Philippine Real Estate Appraisers, National Association of Valuers in Romania, China Appraisal Society, Practising Valuers Association India, Indonesian Society of Appraisers and the International Association of Consultants, Valuators and Analysts (Business Valuer). 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.

He was appointed as a Director of Malaysian Property Incorporated on 21 February 2013 and as an Adjunct Professor of University Malaya – Faculty of Built Environment, on 7 March 2013.

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 the 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 Chairman of the Nomination Committee and Member of the Audit and Remuneration Committees.

He has no directorship in public companies.

MANAGEMENT TEAM

ROLES OF THE KEY PERSONNEL OF THE MANAGER



From left to right : Samantha Khoo, Wai Sow Fun, Shankar Arasaratnam, Chan Hoi Choy, Goh Hai Thun, Dato' Jeffrey Ng Tiong Lip, Crystal Teh Lay Ling

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.

CHIEF FINANCIAL OFFICER

In charge of the finance team, which is responsible for the financial management functions including monitoring of cashflow and capital management strategy 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 in accordance with the capital management strategy.

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.

INVESTOR RELATIONS MANAGER

Responsible for developing and implementation of effective communications strategies with all stakeholders to achieve high

levels of transparency in disclosures. The role encompasses continuous engagement with the investment community and maintaining the various communication channels. The Investor Relations Manager ensures key strategies of the Manager are effectively communicated to project consistent brand equity to the market.

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.

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.

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).

Samantha Khoo May Lin Compliance Officer

Samantha Khoo May Lin was appointed on 23 October 2012. She started her career at Presgrave & Matthews, a prominent law firm in Penang, specializing in property and real estate, banking and finance and general corporate advisory. She then further expanded her experience in the property, real estate and corporate practice areas in Raslan Loong and thereafter joined ZICOlaw (then Zaid Ibrahim & Co) where she specialised in equity capital markets and mergers and acquisitions. She was part of the advisory team involved in the listing of Sunway REIT in 2010, amongst other notable transactions. Prior to joining the Sunway Group, she was the legal counsel of a pharmaceutical company with predominantly European operations. Ms Samantha Khoo holds a Bachelor of Laws and a Bachelor of Commerce from Monash University, Melbourne, Australia.

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.

Shankar Arasaratnam Investment/Business Development Manager

Shankar Arasaratnam was appointed on 8 March 2013. Prior to joining the Company, he was attached to Ravindra Dass Property Services Sdn Bhd as the General Manager. He has more than 12 years experiences in the real estate field which includes valuation, real estate, research, agency and consultancy. Mr Shankar Arasaratnam holds a Bachelor of Engineering (Hons) in Electrical and Electronics from the Nottingham Trent University, Nottingham, United Kingdom.

Chan Hoi Choy Head of Retail Properties

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 30 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 Times 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 Malaysia Shopping Malls Association (PPK) for the past 20 years. He is the current President of Malaysia Shopping Malls Association (PPK). Mr Chan is also the current President of Council of Asian Shopping Center (CASC) & Vice President of FIABCI-Malaysia. Mr Chan holds a Bachelor of Science (Hons) in Managerial and Administrative Studies from the University of Aston, Birmingham, United Kingdom.

Goh Hai Thun @ Ng Hai Thun Head of Commercial Properties

Goh Hai Thun @ Ng 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.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Manager (“the Board”) recognizes the intrinsic value of good corporate governance and is committed to ensure that high standards of corporate governance is upheld and practised with the ultimate objective of protecting and enhancing unitholders’ value and the financial performance of Sunway REIT.

Since the listing of Sunway REIT in 2010, the Board has consistently and continuously improved on its corporate governance policies and practices in accordance with the Malaysian Code of Corporate Governance 2007. In its constant drive to improve on governance practices, the Manager had taken steps to ensure that it complied as much as possible to the Corporate Governance Blueprint 2011 released by the Securities Commission Malaysia (“SC”) and the Asia Pacific Real Estate Association (“APREA”) Best Practices Handbook (1st Edition) in the Annual Report last year.

The Malaysian Code on Corporate Governance 2012 (“Corporate Governance Code”), a key deliverable of the Corporate Governance Blueprint 2011, has taken effect from 2012. The Manager has implemented the principles and recommendations of the Corporate Governance Code and the APREA Best Practices Handbook (2nd Edition) and to the extent that the Manager is unable to comply, the Manager is progressively putting measures in place to ensure compliance in the years ahead.

1. THE MANAGER’S ROLE

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.

The Manager has been issued a Capital Markets Services License (CMSL) by the SC on 28 June 2013 as required under the new licensing regime for REIT Managers which took effect from 28 December 2012. Its 2 licensed representatives, namely Dato’ Jeffrey Ng Tiong Lip and Dato’ Ngeow Voon Yean have respectively been issued with a Capital Markets Services Representatives License (CMSRL).

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 with a focus on generating rental income and, where appropriate, increasing Sunway REIT’s assets over time to enhance the return on investments and ultimately the distributions to the unitholders. On the corporate governance front, the Manager continues to update and enhance its investment, strategic direction and risk management policies of Sunway REIT.

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

onsite 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 to 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.

2. THE BOARD OF THE MANAGER

The Board has the overall responsibility for managing and governing the Manager in carrying out its role as the asset manager acting in the best interests of the unitholders and stakeholders of Sunway REIT. The Board sets the strategic directions and oversees the competent and efficient management of Sunway REIT in the spirit of the Corporate Governance Code. The following sections set out the Manager’s corporate governance policies and practices with reference to the Corporate Governance Code.

3. PRINCIPLES OF THE CORPORATE GOVERNANCE CODE

3.1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

3.1.1 Main Function

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

- Setting the objectives, goals and strategic plans for the Manager with a view to maximising unitholders’ value for Sunway REIT.
- Reviewing, adopting and monitoring the progress of the strategies, budgets, plans and policies of the Manager and Sunway REIT.
- Overseeing and scrutinizing the conduct and overall management of the Manager and management of the assets of Sunway REIT
- Ensuring that the Manager’s strategies, budget, plans and policies promote sustainability.
- Identifying principal risks of the Manager and Sunway REIT and ensuring the implementation of appropriate systems to mitigate and manage these risks through the

CORPORATE GOVERNANCE STATEMENT (CONT'D)

- Risk Management Working Group.
- 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.
- Sets the disclosure and transparency standards for the Manager and Sunway REIT to enable effective communication with the unitholders and stakeholders of Sunway REIT and to ensure that obligations to unitholders are understood and met.
- Ensuring that all candidates appointed to senior management positions are of sufficient caliber
- Ensure that policies and processes are in place for orderly succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing the positions in senior management. The Board has set up a Nomination Committee for this purpose.

These functions and roles of the Board are further elaborated in the Board Charter on page 106. The Board Charter establishes the clear roles and responsibilities of the Board in discharging its fiduciary leadership functions.

3.1.2 Committees And Working Groups

In carrying out its functions, the Board is supported by the Audit Committee, Remuneration Committee, Nomination Committee, Investment Appraisal Working Group and Risk Management Working Group, all of which operate within defined terms of reference. These committees and working groups provides the appropriate checks and balances.

- **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, has 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 page 115 of the Annual Report. The minutes of the Audit Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.
- **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.

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

- to evaluate the performance of the CEO of the Manager and to endorse their annual increment and bonuses; and
- to renew the contract of employment for the CEO.

The Executive Director and Senior Manager of Group Human Resources attended the said meetings on the invitation of the Committee.

- **Nomination Committee**
In compliance with the Corporate Governance Code, the Board had approved and set up a Nomination Committee which comprises 3 Non-Executive Directors namely Elvin A/L Berty Luke Fernandez as Chairman, Tan Sri Ahmad Bin Mohd Don and Willy Shee Ping Yah @ Shee Ping Yan. The other member of the Committee is Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling.

The functions of the Nomination Committee are set out in the Board Charter on page 109.

- **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, Dato' Ngeow Voon Yean, Sarena Cheah Yean Tih, Shankar Arasaratnam and Wai Sow Fun.
- **Risk Management Working Group ("RMWG")**
The RMWG comprises Dato' Jeffrey Ng Tiong Lip, Dato' Ngeow Voon Yean, Sarena Cheah Yean Tih and Wai Sow Fun.

The RMWG is tasked with the responsibility 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.

3.1.3 Company Secretary

The Company Secretary and/or his assistants attend all Board meetings and, together with the Directors are responsible for the proper conduct of the meetings according to applicable rules and regulations. The Company Secretary regularly updated the Board on new statutes, regulations and directives issued by regulatory authorities.

3.1.4 Compliance Officer

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

3.1.5 Setting High Ethical Standards

The Board has formalized ethical standards of the REIT Manager by having in place the following comprehensive framework:

- **A Board Charter** has been formulated to guide the Board in the effective discharge of its roles and responsibilities as well as to define the functions delegated to management and Board Committees. The Board Charter will be periodically reviewed. Please refer to page 106 for the details of the Board Charter.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

- **A Code of Corporate Conduct and Business Ethics** provides an ethical framework to guide actions and behaviors of all Directors and its employees while carrying out the respective roles and duties. Please refer to page 113 for a summary of the said code.
- **A Whistleblowing Policy** has been adopted to encourage all employees of the Manager to report suspected inappropriate behaviour or misconduct. The policy covered fraud, corrupt practices and abuses.

3.2 STRENGTHENING COMPOSITION

3.2.1 Transparency In Selection

This year the Board has set up a Nomination Committee to identify and make recommendations for any appointment and re-election of Board members and oversees the succession and leadership development plan of the Manager. It also assesses the effectiveness of the Board as a whole as well as the performance of each director. Tasked to review and assess the effectiveness of the individual directors and the effectiveness of the Board, this is a positive step towards the Board's commitment towards transparency in management.

The new Nomination Committee complements the existing Remuneration Committee which recommends to the Board, the proposed remuneration for CEO and Chief Financial Officer ("CFO"), with the aim of ensuring that the Company attracts and retains the best possible talents needed to run the Company successfully.

3.2.2 Composition Of Board

The Board consists of 7 members, with 3 or 1/3 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 backgrounds.

This combination of different professions and skills working together enables the Board to effectively lead and control the Manager and Sunway REIT. Details of the principles of selection are set out in the Nomination Committee terms of reference on page 109.

The performances of the Directors have been assessed by the Nomination Committee who have recommended to the Board for their re-election to be tabled at the Manager AGM. The composition of the board will annually be reviewed by the Nomination Committee and the Nomination Committee will also look into strengthening the independence of the Board, by attracting and retaining Directors.

3.2.3 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 the shareholders of the Manager.

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

	Executive Director RM	Non-Executive Directors RM	Total RM
Directors' Fee	-	205,000	205,000
Other Emoluments	-	12,000	12,000
Meeting Allowance	-	21,000	21,000
Salaries and other Remuneration	734,166	-	734,166
Bonus	272,768	-	272,768
Benefits-in-kind	5,486	-	5,486
Total:	1,012,420	238,000	1,250,420

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

Range of Remuneration	Executive Director	Non-Executive Directors	Total
Below RM100,000	-	3	3
RM950,001 to RM1,500,000	1	-	1
Total:	1	3	4

CORPORATE GOVERNANCE STATEMENT (CONT'D)

3.3 REINFORCING INDEPENDENCE

The composition of the Board will be reviewed regularly to ensure that it has an appropriate mix of expertise and experience through conducting surveys on board effectiveness among the Directors. In addition, the Manager is looking at implementing a gender diversity policy to ensure an effective combination of ideas and expertise are brought to the Board and permeate through all levels of management.

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 22 to 25 of the Annual Report.

3.4 FOSTERING COMMITMENT

3.4.1 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. To facilitate participation at the

Board meetings, Directors may attend in person, via telephone or video-conference. Board meetings are also supplemented by resolutions circulated to the Directors for decision between the scheduled meetings.

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, risk management and internal control reports, minutes of meetings of Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.

Directors are also notified of the impending restriction in dealing with the units of Sunway REIT prior to the announcement of the financial results. Directors are also expected to observe the insider trading policy of Sunway REIT at all times even when dealing with units within the permitted trading period.

The Board is entitled to information pertaining to the Manager. 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.

3.4.2 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 Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

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, economic trends and strategic planning.

The Board met 6 times during the financial year ended 30 June 2013 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, A0	4/6	67
Dato' Jeffrey Ng Tiong Lip	6/6	100
Dato' Ngeow Voon Yean	6/6	100
Sarena Cheah Yean Tih	4/6	67
Tan Sri Ahmad Bin Mohd Don	6/6	100
Willy Shee Ping Yah @ Shee Ping Yan	5/6	83
Elvin A/L Berty Luke Fernandez	6/6	100

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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	<ul style="list-style-type: none"> Sunway Managers' Conference 2012 – "Leading with Passion" (<i>Sunway Group</i>) 	18 October 2012
Tan Sri Ahmad Bin Mohd Don	<ul style="list-style-type: none"> Economic & Capital Market Review (<i>CIMB Bank Berhad</i>) Risk-Based Capital for Takaful Framework (<i>MAA Takaful</i>) Audit Committee Conference 2013 - "Powering for Effectiveness" (<i>Malaysia Institute of Accountants</i>) 	9 July 2012 19 September 2012 12 March 2013
Dato' Jeffrey Ng Tiong Lip	<ul style="list-style-type: none"> Sunway Managers' Conference 2012 – "Leading with Passion" (<i>Sunway Group</i>) Navigating Corporate Property Investments in London & Australia (<i>CB Richard Ellis, Herbert Smith Freehills, and Greenwoods & Freehills</i>) Greater KL and Smart Cities Summit - "Gearing up for Sustainable Growth through Smart Initiatives" (<i>Asian Strategy & Leadership Institute</i>) Should Real Estate Investment Trusts (REITs) be part of your Investment Portfolio (<i>APREA Institute</i>) APREA Property Leaders Forum 2013 (<i>The Fullerton Hotel, Singapore</i>) Transfer Pricing Seminar (<i>Rehda Institute</i>) How to use Asset Management Modelling to reposition real estate (<i>APREA Institute</i>) Risk Management Forum Embracing Risks for Long-Term Corporate Success - Boosting your Risk Governance (<i>PNB Investment Institute Sdn. Berhad</i>) International Corporate Governance Seminar 2013 (<i>Securities Commission Malaysia</i>) Invest Malaysia 2013 (<i>Bursa Malaysia Berhad</i>) Real Estate Investment World Asia 2013 (<i>Sands Expo & Convention Centre, Singapore</i>) 	18 October 2012 6 February 2013 25 February 2013 14 March 2013 23 to 25 April 2013 16 May 2013 21 May 2013 4 June 2013 6 June 2013 13 to 14 June 2013 25 to 27 June 2013
Dato' Ngeow Voon Year	<ul style="list-style-type: none"> Sunway Managers' Conference 2012 – "Leading with Passion" (<i>Sunway Group</i>) 	18 October 2012
Sarena Cheah Yean Tih	<ul style="list-style-type: none"> Sunway Managers' Conference 2012 – "Leading with Passion" (<i>Sunway Group</i>) Khazanah Global Lectures 2012 - The Evolution of Global Supply Chains: Challenges for Asia (<i>Khazanah Nasional Berhad</i>) The Business of Innovation 2013 (<i>The London Speaker Bureau</i>) 	18 October 2012 29 November 2012 9 April 2013
Willy Shee Ping Yah @ Shee Ping Yan	<ul style="list-style-type: none"> Law Pertaining to Tenancy (<i>CBRE</i>) WPO Firely Forum - "Current Economic Situations & Perspectives in Asian Region" (<i>Japan</i>) Audit Committee Conference 2013 - "Powering for Effectiveness" (<i>Malaysia Institute of Accountants</i>) 	30 July 2012 30 November 2012 to 1 December 2012 12 March 2013
Elvin A/L Berty Luke Fernandez	<ul style="list-style-type: none"> The 17th Asean Valuers Association Congress (<i>Asean Valuers Association</i>) 26th Pan Pacific Congress of Real Estate Appraisers, Valuers and Counsellors (PPCR) 2012 (<i>Melbourne Convention and Exhibition Centre</i>) Seminar on Business & Financial Valuation Overview (<i>Persatuan Penilai, Pengurus Harta, Ejen Harta dan Perunding Harta Swasta Malaysia</i>) Accounting for Assets and Liabilities (<i>Commerce Clearing House (M) Sdn Bhd</i>) Regulatory Updates, Governance and Current Issues for Directors of PLCs and Body Corporate 2012 (<i>Malaysian Institute of Corporate Governance</i>) Seminar in Real Estate 2012 - "Expanding the Role of Malaysia in Real Estate Investment" (<i>University of Malaya</i>) 6th Malaysian Property Summit 2013 [<i>Persatuan Penilai, Pengurus Harta, Ejen Harta & Perunding Harta Swasta Malaysia (PEPS)</i>] 3rd Annual Shopping Malls (<i>CentralWorld, Thailand</i>) 3rd Annual Mixed-Use Development (<i>CentralWorld, Thailand</i>) Should Real Estate Investment Trusts be part of your Investment Portfolio (<i>APREA Institute</i>) Cross Border Asia Pacific Real Estate Investment - opportunities & challenges (<i>APREA Institute</i>) The Edge Investment Forum on Real Estate 2013 (<i>The Royale Bintang Damansara, Mutiara Damansara</i>) 18th ASEAN Valuers Pre-Congress (<i>Singapore Institute of Surveyors and Valuers</i>) Real Estate Investment World Asia 2013 (<i>Sands Expo & Convention Centre, Singapore</i>) 18th AVA Post Congress Short Course on Specialised Valuations Reits Business Valuation Strata Management (<i>Singapore Institute of Surveyors and Valuers</i>) 	3 to 5 July 2012 1 to 4 October 2012 8 November 2012 21 to 22 November 2012 27 November 2012 8 December 2012 22 January 2013 3 to 4 April 2013 3 to 4 April 2013 14 March 2013 23 April 2013 11 May 2013 25 to 26 June 2013 25 to 27 June 2013 27 to 28 June 2013

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)

3.5 RECOGNISE AND MANAGE RISKS

3.5.1 Dealings With Conflicts Of Interest

The Manager has established the following procedures to deal with potential conflicts 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 real estate investment trust 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/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.

3.5.2 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.

3.5.3 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 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 Securities.

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 related party real estate 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 SC, if required.

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

3.5.4 Non-real estate related party transactions

Although Paragraph 8.36 of Listing Requirements provides that Chapter 10 of Listing Requirements does not apply to Sunway REIT (except for Paragraphs 8.36A and 8.37), 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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

where it relates to announcements to Bursa Securities in respect of non-real estate related party transactions.

The Manager, in ensuring its commitment to high standards of corporate governance have 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 Securities 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 Securities.

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 the Exchange as soon as possible after terms of the transaction have 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.

3.5.5 Internal Audit Function

The Internal Audit Function is outsourced and undertaken by the Manager's holding company's Internal Audit Department. The Head of the Internal Audit Department has unrestricted access to the Audit Committee and reports directly to the Audit Committee.

3.6 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND UNITHOLDERS

3.6.1 Unitholders And Investor Dialogues

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 real estate investment trust market.

In addition to ensuring that a published Annual Report is 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. Sunway REIT takes the extra mile to inform investors the date of release of the quarterly results in advance.

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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

3.6.2 Unitholders' Meeting

The Unitholders' Meeting of Sunway REIT provides the principal forum for dialogue and interaction between the Board and the unitholders. The participation of unitholders, both individuals and institutional at unitholders' meetings on clarifications of pertinent and relevant information is encouraged. Pursuant to the amendments to the SC REIT Guidelines effective 28 December 2012, an annual general meeting will be held once every calendar year from FY 2013.

Pursuant to Section 9.05(a) of the SC REIT Guidelines, the Manager had in FY 2013 convened its first extraordinary general meeting (EGM) to seek the unitholders' approval for amongst others, for the acquisition of Sunway Medical Centre, which is a related party transaction. The Board had adopted poll voting at its first EGM. At the commencement of the EGM, the Chairman had informed all unitholders of their right to demand a poll vote. The poll results are independently verified by external scrutineers.

3.6.3 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 conveyed to the following person:-

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

3.7 UPHOLDING INTEGRITY IN FINANCIAL REPORTING

3.7.1 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.

3.7.2 Relationship With External Auditors

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with the external auditors. The Audit Committee meets the External Auditors at least twice a year to discuss their audit plan, audit findings and Sunway REIT's financial statements. At least 2 meetings are held without the presence of the Executive Directors and the Management. The Audit Committee annually assesses the suitability, effectiveness and independence of the External Auditors.

In addition, the External Auditors are invited to attend Sunway REIT's Unitholders' Meeting and are available to answer any questions from unitholders on the conduct of the statutory audit and the contents of the Annual Audited Financial Statements as well as any corporate exercise undertaken by Sunway REIT where the External Auditors are involved.

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

4. 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, 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.

5. NEW INITIATIVES

As the Corporate Governance Code advocates the adoption of standards that go beyond the minimum prescribed by regulation, the Manager and Sunway REIT have also benchmarked where applicable, with the APREA Best Practices Handbook (2nd Edition). New initiatives by the Manager in this FY 2013 include the setting up of the Nomination Committee, conducting poll voting at its first EGM and its efforts in looking into the implementation of a gender diversity policy. In its continual drive to fulfill all recommendations of the Corporate Governance Code and the APREA Best Practices Handbook (2nd Edition), the Manager is continually enhancing the value of its corporate governance practices to demonstrate the highest quality and integrity of the Manager whilst maximising value and ultimately returns to its unitholders.

This Corporate Governance Statement was approved by the Board on 6 August 2013

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

STRATEGISING FOR GROWTH

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AIM TO WIN

The game of darts requires good aim and knowing how to throw one's dart. Different colours on the board indicate a certain amount of points including double and triple points. The better your aim, the higher your score.

Sunway REIT's success stems from having the foresight to aim for the very best. We are constantly seeking out investments and enhancing assets that will ensure growth and deliver sustainable returns to unitholders.

MESSAGE FROM THE CEO



DEAR VALUED STAKEHOLDERS, IT GIVES ME PLEASURE TO SHARE THE KEY ACHIEVEMENTS OF SUNWAY REIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 ("FY2013") AND OUR ONGOING BUSINESS STRATEGIES AND PLANS FOR THE COMING YEAR.

Another Year of Solid Performance

Sunway REIT has achieved remarkable milestones in FY2013. Our team had a fulfilling year executing planned strategies and crafting new ones to ensure sustainable growth. During the year, Sunway REIT has made an acquisition, raised equity via private placement, completed several asset enhancement initiatives, planned for a major refurbishment programme for Sunway Putra Place and completed a substantial portion of on-going capital management initiatives.

Sunway REIT delivered yet another year of impressive financial performance with a 10.7% y-o-y surge in DPU to 8.3 sen per unit. Since IPO, Sunway REIT registered a 3-year DPU CAGR of 12.3%. NPI grew at 3.3% y-o-y as a result of the new contribution from Sunway Medical Centre and supported by the strong performance of our two retail properties, namely Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall. Sunway Pyramid Shopping Mall continued to thrive in the vibrant and growing Sunway Resort City ("SRC") delivering a rental reversion of 18.1% for FY2013. Sunway Carnival Shopping Mall, with its growing popularity in the mainland of Penang, saw average occupancy rate climbed to 97.4% and rental reversion of 21.0% for FY2013. The rental reversion achieved for Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall set a new high in the history of rental reversion since the listing of Sunway REIT three years ago.

The financial results were however slightly dampened by the hospitality and office segments. The hospitality sector saw decline in occupancy and softer MICE activities due to the long-drawn political uncertainty prior to 13th General Election (GE13), exacerbated by the on-going refurbishment of Sunway Hotel Seberang Jaya. Meanwhile, the office sector saw decline in occupancy at Sunway Tower and Sunway Putra Tower on the back of a very challenging and over-supply market condition.

In line with our strategy to mitigate the impact, substantial interest savings which was derived from the capital management initiatives provided the added boost in delivering the double-digit growth in DPU.

With strong investors' interest in M-REITs as an alternative investment asset class, Sunway REIT charted three consecutive years of impressive total returns. As at the end of the financial

year, Sunway REIT's unit price ended at RM1.54, translating into unit price capital appreciation of 13.2%. Notably, the strong unit performance has led to slight compression in distribution yields, from 5.5% in FY2012 to 5.4% in FY2013. Total return for FY2013 was 18.6%, thus giving Sunway REIT a track record of delivering average annual return of 25.3% per annum for the last 3 years since IPO.

The portfolio was valued at RM5.184 billion as at 30 June 2013, resulting in a fair value gain of RM240.6 million before taking into consideration capital expenditure ("capex") incurred of RM67.1 million. Net asset value per unit stood at RM1.1809, an increase of 7.7% from the preceding year.

**"SUNWAY REIT DELIVERED A TRACK
RECORD OF AVERAGE ANNUAL RETURN
OF 25.3% PER ANNUM SINCE IPO"**

**"SUNWAY REIT DELIVERED DPU OF 8.3
SEN BEATING CONSENSUS BY 4%"**

Another Acquisition – Sunway Medical Centre

This financial year marked our first transacted pipeline acquisition from the Sponsor, Sunway Berhad. Sunway REIT completed the acquisition of Sunway Medical Centre ("SMC") in December 2012 setting a track record of one acquisition per calendar year since IPO. At a consideration of RM310 million, the acquisition increased Sunway REIT's property value by 6.7% to RM4.96 billion as at 31 December 2012, reinforcing Sunway REIT's dominant position as the second largest M-REIT after KLCC Stapled REIT.

The property is leased back to Sunway Medical Centre Sdn Bhd, a subsidiary of Sunway Berhad, under a 10+10 year master lease on triple net lease basis. The annual rental is RM19 million with a 3.5% annual uplift for the initial 10-year term. The rental structure of this investment provides income certainty to Sunway REIT regardless of the economic situation or operating condition of the property. In addition, the acquisition also provides further diversification in segmental exposure.

MESSAGE FROM THE CEO (CONT'D)

Sunway REIT is on track to achieve the target property value exceeding RM7 billion in 2-4 years' time supported by a strong and visible pipeline from sponsor which is in excess of RM2 billion. Notwithstanding this portfolio of sizeable pipeline assets, we will continue to leverage on our investment strategy and balance sheet to very selectively search for quality assets from third parties. We will continue to adopt a complementary strategy by balancing pipeline assets with third party assets and build our position as one of the largest REIT in Malaysia with retail focus.

"RENTAL STRUCTURE OF SMC WILL STRENGTHEN SUNWAY REIT'S INCOME RESILIENCY"

Inaugural Equity Fund Raising – RM320 Million Private Placement

Sunway REIT embarked on an equity fund raising exercise and successfully raised approximately RM320 million in February 2013 to fund the acquisition of SMC and to defray related expenses. The placement saw strong interest from existing as well as new domestic and foreign institutional investors, resulting in a demand of approximately RM900 million or 2.8 times and pricing at the top end of the price range at RM1.49 per unit. Sunway Berhad's unitholding declined from 36.9% to 34.4% as it did not participate in the placement, thus increasing the liquidity of Sunway REIT's units. In the allocation process, we ensured non-dilution effect for existing unitholders whilst expanding the unitholders base. The placement also saw 11.6% subscribed by new investors and an increase in foreign unitholding from 21.1% to 22.3%. Pursuant to the placement, Sunway REIT's market capitalisation increased by 8.0% to RM4.5 billion based on unit price of RM1.54 as at 4 February 2013.

We are extremely encouraged by the strong support from these investors who understood our business strategy and growth plan to achieve sustainable property and distributable income growth over the next several years.

Massive Asset Enhancement Initiatives

Sunway REIT has laid out substantial capex plans over the next 3 years in excess of RM500 million mainly attributable to the major refurbishment project for Sunway Putra Place. We have accelerated the refurbishment plans for Sunway Putra Hotel

and Sunway Putra Tower alongside with the Sunway Putra Mall refurbishment. The accelerated refurbishments will ensure a wholesome "brand new" 3-in-1 mixed-use Sunway Putra Place that will be unveiled in calendar year 2015. We are also pleased to share that all litigations pertaining to the acquisition of Sunway Putra Place have been concluded in favour of Sunway REIT up to the Federal Court level. With this, it closes the chapter of all litigations arising from the acquisition.

NPI of Sunway Putra Place post refurbishment is expected to double compared to FY2013. Sunway REIT's DPU is expected to experience some growth in FY2015 when the project completes in the second half of FY2015 followed by a quantum leap in FY2016.

Sunway Putra Mall has ceased operations in end April 2013 to facilitate the refurbishment works whilst the hotel and office remain in operations. With a loss of contribution from Sunway Putra Mall and possible decline in income from the hotel and office due to the work disruption, we are committed to work closely with our asset managers to drive organic growth from the other assets within the Sunway REIT portfolio to cushion the adverse impact and strive to maintain or minimise impact to DPU for FY2014. The key organic growth drivers that will mitigate the loss of income from Sunway Putra Place are:

- The major rental renewal exercise at Sunway Pyramid Shopping Mall commencing September 2013 whereby approximately 54.0% or 900,000 sq.ft. will be due for renewal. The asset manager is confident that the renewal exercise will be able to lock in rental reversion in line with historical track record due to our Sponsor's new investments as well as infrastructure expansion and enhancement in SRC which will create significant business synergies to Sunway Pyramid Shopping Mall.
- AEs that were completed in the current financial year comprise the chillers retrofit at Sunway Pyramid Shopping Mall, refurbishment of the 202 rooms Sunway Hotel Seberang Jaya and the expansion of 14,193 sq. ft. NLA at Menara Sunway. The investment cost of these 3 AEs amounted to approximately RM38.4 million with expected blended ROI of 15%.
- Further expansion of Sunway Pyramid Shopping Mall, known as Oasis Boulevard Phase 5 ("OB 5") which will be completed in FY2014. This involves creation of additional NLA of about

ACQUISITION TRACK RECORD



MESSAGE FROM THE CEO (CONT'D)

20,362 sq.ft. and reconfiguration of existing 23,432 sq.ft. At an estimated investment cost of RM40.1million we expect an ROI of 12.5%. The asset manager has identified new tenants, including an international retailer, for the additional space in line with our strategy of constantly improving and refreshing the tenancy mix and mass appeal as a regional shopping and entertainment destination.

With a current portfolio of 12 assets, there will be other AEI opportunities that can be identified at their respective asset life cycle to enhance organic growth.

Capital Management – Proactive Strategies

Since last financial year, the outcome of the proactive capital management initiatives undertaken had translated in substantial interest savings giving a significant boost to DPU. 68 bps was shaved from the average cost of debt bringing it to 3.77% for FY 2013 and this translated into savings of about RM10.8 million or approximately 0.4 sen per unit.

We have also taken cognisance of the high proportion of floating rate borrowings of 20% as at June 2012 and the higher risks associated with this strategy should interest rates move up. In mitigating the interest rate risk, we established a 15-year unrated medium term note programme (“MTN Programme”) of up to RM1.0 billion in nominal value. Accordingly, RM1.0 billion worth of short term borrowings was converted into 5-year fixed rate unrated medium term notes thus transforming the loan profile into a more manageable financial risk structure with 81% at fixed rate and at the same time lengthening the average maturity period from 0.6 year to 3.1 years.

At the current gearing level of 31%, Sunway REIT has debt headroom of RM 0.8 billion to RM 1.0 billion to fund its capex plans and future acquisitions. The facility available to fund Sunway REIT’s future requirements is the RM1.6 billion commercial paper programme as only RM 315 million has been utilised as at financial year end. This will inevitably increase the proportion of floating rate borrowings going forward. We will convert the floating rate borrowings into fixed rate via interest rate swaps or other medium term note programmes when opportunities arise through close monitoring of interest rate swap movements.

Building Growth Momentum To Achieve Quantum Leap Performance

We expect a challenging but busy year ahead of us. Clearly our key challenge is how to manage the major refurbishment of Sunway Putra Place and yet deliver sustained DPU or minimise potential impact to DPU. In reality, maintaining DPU next year would be a positive outcome in view of income loss arising from the closure of Sunway Putra Mall for 22 months from May 2013. On the other hand, despite growing competition in all the market segments which we operate in, we expect our assets to perform well because of their strategic locations, strong brand and experienced management team.

Despite the opening of two new retail malls within Sunway Pyramid Shopping Mall’s catchment during the year, our trophy asset continued to excel. New development projects by our Sponsor, Sunway Berhad in the SRC namely the Pinnacle (Grade A office) and Sunway Pyramid 3 (mixed-use 4 star hotel/retail) when

completed in 2013 and 2015 respectively, will create business synergy and increased customer footfall to the shopping mall. Ongoing AEI at Sunway Pyramid Shopping Mall OB 5 will further strengthen our tenancy mix and reinforce its position as the preferred regional shopping mall. In addition, infrastructure enhancement within SRC will further improve accessibility to SRC and our assets.

It is our strategy for the coming year to strive to maintain or even increase the proportion of fixed rate borrowings (currently stands at 81 %). We will endeavour to lock in the fixed rates for 5 years or longer in view of the rising interest rate outlook.

To ensure that business strategies, policies and plans can be smoothly executed, we adopt a robust risk management process which is integrated within the business operations. The asset managers together with the Risk Management Working Group continuously review and monitor the risk management process including identifying, evaluating, mitigating and monitoring risks that affect Sunway REIT.

In line with SRC transforming towards a “smoke-free” township status by 2018, we will introduce new and sustainable policies and measures to support and embrace holistic changes necessary to make a difference in managing our operations at the assets level. Hopefully by engaging our stakeholders and setting a new trend with our new corporate responsibility efforts will encourage other property owners to follow such practices for the benefit of the community, economy and environment as a whole.

Over and above our commitment to deliver sustainable growth and returns to our unitholders, our REIT management team is also committed to uphold high standards of corporate governance and industry best practices and a high degree of transparency in reporting. We will continue to actively engage and interact with all our stakeholders including unitholders and authorities to ensure timely, accurate and full explanatory information are provided at all times. In this annual report, we are introducing foreign currency reporting in USD denomination for financial highlights to cater for our growing international investors base.

“ALL GROWTH STRATEGIES ARE ON TRACK TO DELIVER QUANTUM LEAP PERFORMANCE FROM CALENDAR YEAR 2015 ONWARDS UPON COMPLETION OF OUR 3-IN-1 MIXED-USE SUNWAY PUTRA PLACE”.

It is our hope that unitholders will stay through with us in this exciting journey of sustainable growth.



Dato’ Jeffrey Ng Tiong Lip
CEO

Sunway REIT Management Sdn Bhd
6 August 2013

FINANCIAL REVIEW

	FY2013	FY2012	Growth
	RM'000	RM'000	%
Gross revenue	415,946	406,426	2.3%
Net property income	309,196	299,198	3.3%
Profit for the year (realised)	218,785	190,583	14.8%
Income available for distribution (realised)	231,062	202,114	14.3%
EPU (sen)(realised)	7.9	7.1	11.2%
DPU (sen)	8.3	7.5	10.7%

Sunway REIT registered gross revenue of RM415.9 million in FY2013 compared to RM406.4 million in FY2012, representing an increase of 2.3%. Net property income (NPI) grew 3.3% to RM309.2 million in FY2013 from RM299.2 million in FY2012. The growth in revenue and NPI were mainly attributable to the new contribution from Sunway Medical Centre and supported by strong performance by two retail properties, namely Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall. The results were however, slightly dampened by the lower performance of the hospitality and office segments and the closure of Sunway Putra Mall as at end April 2013 for major refurbishment.

SUNWAY REIT DELIVERED 10.7% GROWTH IN DPU FOR FY2013 OR A CAGR GROWTH OF 12.3% SINCE IPO. THE STRONG DPU GROWTH IN THE CURRENT FINANCIAL YEAR WAS MAINLY CONTRIBUTED BY INTEREST SAVINGS FROM ACTIVE CAPITAL MANAGEMENT INITIATIVES.

	Gross Revenue			Net Property Income		
	FY2013	FY2012	Growth	FY2013	FY2012	Growth
	RM'000	RM'000	%	RM'000	RM'000	%
Sunway Pyramid Shopping Mall	239,055	228,509	4.6%	170,623	162,299	5.1%
Sunway Carnival Shopping Mall	32,896	28,197	16.7%	20,385	16,050	27.0%
Suncity Ipoh Hypermarket	4,546	4,552	-0.1%	4,211	4,222	-0.3%
Sunway Putra Mall	19,649	31,010	-36.6%	10,194	17,120	-40.5%
Total for Retail Segment	296,146	292,268	1.3%	205,413	199,691	2.9%
Sunway Resort Hotel & Spa	31,689	35,119	-9.8%	30,219	34,043	-11.2%
Pyramid Tower Hotel	21,802	22,758	-4.2%	21,417	22,374	-4.3%
Sunway Hotel Seberang Jaya	3,409	4,611	-26.1%	3,199	4,406	-27.4%
Sunway Putra Hotel ¹	12,089	9,067	33.3%	10,849	8,151	33.1%
Total for Hotel Segment	68,989	71,555	-3.6%	65,684	68,974	-4.8%
Menara Sunway	16,975	16,213	4.7%	12,117	11,881	2.0%
Sunway Tower	15,765	16,828	-6.3%	11,602	12,775	-9.2%
Sunway Putra Tower	8,520	9,562	-10.9%	4,829	5,877	-17.8%
Total for Office Segment	41,260	42,603	-3.2%	28,548	30,533	-6.5%
Sunway Medical Centre ²	9,551	-	-*	9,551	-	-*
Total for Other Segment	9,551	-	-*	9,551	-	-*
TOTAL PORTFOLIO	415,946	406,426	2.3%	309,196	299,198	3.3%

* Not meaningful

¹ The results for FY2012 was for a period of 9 months from 28 September 2011 (date of control and possession) to 30 June 2012

² Acquisition completed on 31 December 2012

FINANCIAL REVIEW (CONT'D)

Sunway Pyramid Shopping Mall which remained as the key contributor accounting for 55.2% of total NPI, recorded a growth of 4.6% and 5.1% in revenue and NPI respectively. Average occupancy for FY2013 was slightly lower at 98.3% compared to 98.6% for FY2012 due to on-going works to reconfigure an existing 23,432 sq.ft. under the Oasis Boulevard Phase 5 project which commenced in April 2013. (Please refer to 46 for further details of the AEI). Sunway Pyramid Shopping Mall secured rental reversion of 18.1% (3 year step-up) for 410,355 sq.ft. in FY2013. Sunway Carnival Shopping Mall performed strongly in FY2013 with revenue and NPI growth of 16.7% and 27.0% respectively as a result of achieving average occupancy of 97.4% in FY2013 compared to 91.2% in FY2012. Sunway Carnival Shopping Mall also recorded very strong rental reversion of 21.0% (3 year step-up) due to its growing popularity in the mainland of Penang. Sunway Putra Mall saw its average occupancy declined from 79.8% in FY2012 to 60.0% prior to closure in end April 2013 as tenants moved out ahead of the closure for the major refurbishment. (Please refer to 45 for further details of the AEI).

The hotel segment registered a decline of 3.6% and 4.8% in revenue and NPI respectively. Sunway Resort Hotel & Spa and Pyramid Tower Hotel, the two main contributors located in Sunway Resort City (SRC), experienced a decline in average occupancy in FY2013

due to reduced corporate activities several months prior to the 13th General Election (GE 13). Sunway Resort Hotel & Spa's average occupancy was 71.3% in FY2013 compared to 76.0% in FY2012. Similarly, Pyramid Tower Hotel's average occupancy declined from 83.1% in FY2012 to 78.7% in FY2013. Both hotels' revenue improved in May and June 2013 post GE 13 but was offset by higher operating expenses for replenishment of hotel operating equipment and major overhaul of plant and machineries.

Sunway Hotel Seberang Jaya's performance was adversely affected by the major refurbishment which commenced in December 2011 and completed in May 2013. Total variable rent for FY2013 was RM3.1 million against the guaranteed rent of RM3.4 million. Consequently, the lessee of Sunway Hotel Seberang Jaya paid guaranteed rent in accordance with the hotel master lease agreement. Subsequent to the refurbishment completion, Sunway Hotel Seberang Jaya saw its average occupancy improved to 71.3% for the month of June 2013 from 49.9% for eleven months up to May 2013. Similarly average daily rate increased by 13% in FY2013 compared to FY2012.

Sunway Putra Hotel closed the financial year with average occupancy of 60.2% compared to 59.0% achieved in FY2012 which

PERFORMANCE BENCHMARK

	FY2013	FY2012	
i. Management expense ratio	0.82%	0.98%	Management expense ratio of 0.82% (FY2012 : 0.98%) is comparable to the top five M-REITs (in terms of market capitalisation) which ranges from 0.68% - 1.21%. The higher management expense ratio in the preceding year was mainly due to legal fees incurred for Sunway Putra Place.
ii. Total return	18.6%	28.0%	Total return for the financial year was 18.6% (FY2012 : 28.0%) whereby capital gain was 13.2% (FY2012 : 22.5%) plus distribution yield of 5.4% (FY2012 : 5.5%).
iii. Average annual return	25.3%	28.7%	The average annual return for 3 years since listing is 25.3% (FY2012 : average for 2 years since listing was 28.7%)
iv. Distribution yield	5.4%	5.5%	Distribution yield has compressed slightly from 5.5% to 5.4% with the steady increase in price from RM1.36 as at 30 June 2012 to RM1.54 as at 30 June 2013. At a yield of 5.4%, investment in Sunway REIT remains attractive due to its positive attributes of large market capitalisation, asset size, liquidity, free float and growth prospects.
v. NAV per Unit (RM)	1.1809	1.0968	NAV per unit was RM1.1809 (FY 2012 : RM1.0968), an increase of 7.7% arising from revaluation of the properties and acquisition.

- The ratio of expenses incurred in operating Sunway REIT of RM 28.2 million (FY 2012 : RM29million) to the NAV of Sunway REIT of RM3,447.5million (after income distribution) (FY2012 : RM2,957.4 million)
- Total return represents the change in unit price during the year plus distribution yield for the year
- 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 8.3 sen (FY2012 : DPU of 7.5 sen) divided by its closing price as at 30 June 2013 of RM1.54 (30 June 2012 : RM1.36)
- Net asset value of Sunway REIT as determined by deducting the value of all Sunway REIT's liabilities from the total asset value, divided by total issued units

FINANCIAL REVIEW (CONT'D)

suffered dismal performance during initial months since take over arising from the dispute with the previous owner in relation to possession and control of the hotel. Meanwhile the performance for this financial year was adversely affected in May and June 2013 by the major refurbishment works at the adjoining Sunway Putra Mall. Occupancy and average daily rate for the two months declined by 16% and 6% respectively compared to the preceding year same period. Total variable rent for FY2013 fell below the guaranteed rent of RM12.1 million by approximately RM2.3 million. Guaranteed rent of RM12.1 million was paid in accordance with the hotel master lease agreement.

The office sector which is currently facing an oversupply situation, saw a drop of 3.2% and 6.5% in revenue and NPI respectively mainly due to lower occupancy at Sunway Tower and Sunway Putra Tower. Sunway Tower's average occupancy declined to 83.0% in FY2013 compared to 93.5% in FY2012. Sunway Putra Tower's average occupancy retreated from 85.2% in FY2012 to 78.0% in FY2013. However, Menara Sunway being the headoffice of the Sunway Group was not affected by the challenging environment. Its average occupancy remained high at 98.9% in FY2013 compared to 98.5% in FY2012. During the financial year, Menara Sunway completed an AEI which increased its NLA by 14,193 sq.ft. which was fully taken up due to demand for space by the Sunway Group.

Profit for FY2013 was RM392.3 million comprising realised profit of RM218.8 million and unrealised profit of RM173.5 million. Realised

profit for FY2013 of RM218.8 million represent an increase of 14.8% against FY2012 of RM190.6 million substantially attributable to the interest savings derived from active capital management initiatives. Average cost of debt for FY2013 was 3.77% compared to 4.45% for FY2012 resulting in lower interest expense of approximately RM10.8 million based on average loan outstanding of RM1.6 billion. In addition, there was a one-off charge for amortisation of loan transaction cost of RM6.0 million in FY 2012 pursuant to the refinancing exercise. The unrealised profit for FY2013 was RM173.5 million compared to RM229.9 million in FY2012. The fair value gain for FY2013 was lower after accounting for higher capex incurred of RM67.1 million compared to capex of only RM20.8 million in FY2012. The capital expenditure incurred will generate income upon completion and accordingly, the Manager expects them to result in higher valuation for the properties in the future years. Fair value gain before accounting for capex was RM240.6 million and RM251.0 million for FY2013 and FY2012 respectively.

Total income available for distribution was RM231.1 million or 14.3% higher than FY2012 of RM202.1 million. DPU for FY2013 was 8.3 sen which is 10.7% higher than 7.5 sen for FY2012, on the back of enlarged number of units in circulation. Number of units in circulation increased by 8.3% from 2.696 billion units as at 30 June 2012 to 2.919 billion units as at 30 June 2013 mainly due to the placement exercise in February 2013 to fund the acquisition of Sunway Medical Centre.

FAIR VALUE OF INVESTMENT PROPERTIES

RM 174 million
FAIR VALUE GAIN

	Fair Value @ 30.6.2013 RM'million	Fair Value @ 30.6.2012/ Acquisition Cost RM'million	Change in Value RM'million	Property Yield FY2013 %
Retail				
Sunway Pyramid Shopping Mall	2,700	2,540	160	6.32%
Sunway Carnival Shopping Mall	290	257	33	7.03%
SunCity Ipoh Hypermarket	55	55	-	7.66%
Sunway Putra Mall	254	248	6	4.01%
	3,299	3,100	199	6.23%
Hotel				
Sunway Resort Hotel & Spa	518	508	10	5.83%
Pyramid Tower Hotel	295	295	-	7.26%
Sunway Hotel Seberang Jaya	75	57	18	4.27%
Sunway Putra Hotel	240	240	-	4.52%
	1,128	1,100	28	5.82%

FINANCIAL REVIEW (CONT'D)

FAIR VALUE OF INVESTMENT PROPERTIES (cont'd)

	Fair Value @ 30.6.2013 RM'million	Fair Value @ 30.6.2012/ Acquisition Cost RM'million	Change in Value RM'million	Property Yield FY2013 %
Office				
Menara Sunway	160	150	10	7.57%
Sunway Tower	190	190	-	6.11%
Sunway Putra Tower	92	90	2	5.25%
	442	430	12	6.46%
Acquisition during the year				
Others				
Sunway Medical Centre	315	313	2	6.03% ¹
	315	313	2	6.03% ¹
TOTAL PORTFOLIO	5,184	4,943	241	6.15%
Less : Capital expenditure			(67)	
Fair Value Gain			174	

¹ Annualised Property Yield

UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF NEW UNITS

On 6 February 2013, Sunway REIT issued 214,765,000 new units which were placed to investors at RM1.49 per unit raising gross proceeds of approximately RM320 million to finance the acquisition of Sunway Medical Centre and to defray related expenses. Actual amount utilised amounted to RM317.4 million with the remaining RM2.6 million utilised as working capital.

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation	Deviation RM'000	%
Repayment of bank borrowings*	31,000	31,000	Within 1 month from the completion of the Proposed Placement	-	-
Settlement of balance purchase consideration [^]	279,000	279,000		-	-
Expenses directly in relation to the acquisition	3,381	3,381		-	-
Expenses directly in relation to the placement	4,426	3,360		1,066	24.1%
Other estimated expenses	2,193	636		1,557	71.0%
	320,000	317,377		2,623	0.8%

* Repayment of borrowings which was drawn from Sunway REIT's existing debt financing facilities to pay for the deposit

[^] Repayment of borrowings which was drawn from Sunway REIT's existing debt financing facilities to fund the balance purchase consideration

OPERATIONS REVIEW

ACQUISITION GROWTH

PURCHASE PRICE
RM 310 million

INITIAL YIELD
6.13%

INITIAL RENTAL
RM 19 million p.a.

ANNUAL RENTAL UPLIFT
3.5% p.a.



On 31 December 2012, the Trustee completed the acquisition of Sunway Medical Centre (“SMC”) from Sunway Medical Centre Berhad (converted to private company on 27 June 2013) (“SMCSB”), a subsidiary of Sunway Berhad, for a total purchase consideration of RM310 million. SMC is one of Malaysia’s leading private hospitals strategically located within Sunway Resort City, Bandar Sunway, Selangor. Sunway Resort City is a renowned self-contained township with residential, commercial, hospitality, healthcare, education and entertainment components. It is also the home to Sunway REIT’s core assets such as Sunway Pyramid Shopping Mall, Sunway Resort Hotel & Spa, Pyramid Tower Hotel and Menara Sunway.

SMC is a seven-storey purpose built hospital building which includes a multi-storey car park block and a multi-purpose

convention centre. Facilities at SMC include 342 licenced beds, 12 operating theatres and 94 consultation suites. SMC is leased to SMCSB under a master lease agreement¹. SMCSB is a reputable and experienced hospital operator and has been in operation since 1999.

The acquisition of SMC was initially completed via debt funding which was subsequently fully repaid with proceeds raised from issuance of new units pursuant to a placement exercise².

Upon completion of the acquisition, Sunway REIT’s asset size increased 6.7% from RM4.65 billion to RM4.96 billion as at 31 December 2012. The weighted average lease expiry increased from 2.1 years to 2.6 years as at 31 December 2012 as a result of the long-term master lease.

¹Please refer to page 99 for details of the master lease agreement.

²Please refer to page 49 for details of the placement exercise.

OPERATIONS REVIEW

ORGANIC GROWTH & KEY OPERATION DATA

ASSET ENHANCEMENT INITIATIVES

AEIs COMPLETED IN FY2013

RM38.4 million

COMPLETED AEIs

During the financial year ended 30 June 2013, Sunway REIT completed AEIs worth RM38.4 million which comprised chillers retrofit at Sunway Pyramid Shopping Mall, refurbishment of Sunway Hotel Seberang Jaya and the expansion of Menara Sunway.

The chillers retrofit at Sunway Pyramid Shopping Mall involved the replacement of 8 units of chillers with higher energy efficient equipments to reduce energy consumption. The project which cost approximately RM16.9 million after accounting for incentive from Sustainable Energy Development Authority Malaysia (SEDA) was completed in 3Q 2013. Since completion, Sunway Pyramid Shopping Mall recorded average monthly energy savings of about RM0.3 million or annualised savings of RM4 million.

Sunway Hotel Seberang Jaya completed a comprehensive refurbishment exercise in 4Q 2013 to re-define it with a contemporary and vibrant concept to meet the needs and expectations of more discerning business travellers. The refurbishment which cost approximately RM17.4 million successfully enabled the hotel to yield up its business. The average daily rate of the hotel increased 13% upon completion of the refurbishment.

Menara Sunway completed an expansion project in 2Q 2013 which increased its NLA by 14,193 sq.ft. at an estimated cost of RM4.1 million. The additional space has been fully taken up immediately upon completion.

The blended ROI for the above projects is estimated at 15%.



Refurbished lobby at Sunway Hotel Seberang Jaya

AEIs PLANNED FOR FY2014 TO FY2015

RM532.1 million
(equivalent to a big ticket acquisition)

ONGOING AND NEW MASSIVE AEIs

Sunway REIT's AEI plans for the next 2-3 years amount to approximately RM532.1 million substantially on the Sunway Putra Place 3-in-1 mixed-use development. Besides improvement to the architectural aspect of the 3 properties within Sunway Putra Place, the refurbishment includes an extensive replacement of the mechanical and electrical services such as chillers, lifts, building automation system etc. The Manager plans to reposition the entire property post comprehensive refurbishment and to fully capitalise on the synergy between the properties. The Manager is confident of at least doubling its NPI contribution post refurbishment from RM25.9 million achieved in FY2013.

Sunway Putra Mall Refurbishment

The refurbishment commenced on 1 May 2013 and will take approximately 22 months with target completion in early 2015. The project with an estimated cost of RM307 million involves the creation of additional GFA of approximately 118,000 sq.ft. with estimated lettable space of approximately 82,000 sq.ft. and extensive replacements of mechanical and electrical plants.

The project aims to create a new identity for the mall and revive it as an exciting shopping and entertainment destination. Retail layout plan, connectivity, traffic circulation and carpark facility will be improved and the shopping mall will be repositioned 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.

Sunway Putra Tower Refurbishment

The refurbishment of the office tower covers the upgrading and modernization of lobby, lift lobbies and washrooms and replacement of mechanical and electrical plants. The project will be completed by calendar year 2015 and is estimated to cost RM29 million.

OPERATIONS REVIEW (CONT'D)



Artist Impression - Oasis Boulevard Phase 5 (OB5)

Sunway Pyramid Shopping Mall – Oasis Boulevard Phase 5 (OB5)

The OB5 project will result in creation of additional lettable space of approximately 20,362 sq.ft. In addition, an existing space of 23,432 sq. ft. will be reconfigured to cater to the requirements of the tenants. The project will cost approximately RM40.1 million and is expected to be completed by end of 2013. This project will further enhance the tenant mix of the shopping mall.

Sunway Putra Hotel Refurbishment

The refurbishment is estimated to cost RM130 million and will be undertaken by phases over the next 2 years with target completion in calendar year 2015. The project aims to refresh and improve the facilities including the replacement of mechanical and electrical plants of the hotel to better meet the expectations of more discerning corporate clients.



Artist Impression - Sunway Putra Hotel Lobby Atrium



Artist Impression - Sunway Putra Hotel Coffee House

AEI Programme	Estimated timeline and capital expenditure				Total actual/estimated project cost RM'mil	Total incurred as at 30 June 2013 RM'mil
	FP2011	FY2012	FY2013	FY2014 to FY2015		
Completed						
Sunway Resort Hotel & Spa - Fuzion & Pool side	■				13.8	13.8
Sunway Pyramid Shopping Mall - Canopy Walk		■			4.2	4.2
Sunway Pyramid Shopping Mall - Chillers retrofit		■	■		16.9	16.9
Sunway Hotel Seberang Jaya - Refurbishment		■	■		17.4	17.4
Menara Sunway - Extension		■	■		4.1	4.1
Ongoing						
Sunway Resort Hotel & Spa - Linkages		■	■	■	61.5	22.2
Sunway Pyramid Shopping Mall - OB5			■	■	40.1	0.6
Sunway Putra Mall - Refurbishment			■	■	307.2	12.9
Sunway Putra Hotel - Refurbishment				■	130.0	-
Sunway Putra Tower - Refurbishment				■	29.0	-
Total	13.8	19.2	59.1	532.1	624.2	92.1

OPERATIONS REVIEW (CONT'D)

KEY OPERATION DATA

RENTAL RENEWALS

Rental Rate Increase

18.7%

717,169 sq.ft. of space representing 19.0% of the total NLA of the retail and office portfolio had been renewed with a rental increase of 18.7%. The rental reversion achieved for Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall set a new high since the listing of Sunway REIT three years ago with 18.1% and 21.0% respectively. Sunway Pyramid Shopping Malls renewal rate was 94.0% of total NLA due for renewal with 6% attrition which is part and parcel of tenancy renewal attrition process in order to improve tenancy mix. A tenant at Sunway Carnival Shopping Mall which occupied 39,676 sq. ft. did not renew due to a change in its' business strategy. The Manager is planning to reconfigure the space to further improve tenancy mix and retail offerings to achieve higher rental rates. Sunway Tower and Sunway Putra Tower did not achieve 100% renewal due to downsizing and non-renewal by tenants. The Manager is actively seeking for replacement of tenants for the vacancies.

Properties	New and renewed tenancies		Due for renewal in FY2013		Renewal rate	Total rental increase in 3 years ¹
	Number of tenancies	NLA sq. ft.	NLA sq. ft.	% of property NLA		
Sunway Pyramid Shopping Mall	204	410,355	436,364	25.5%	94.0%	18.1%
Sunway Carnival Shopping Mall	60	115,557	161,020	32.6%	71.8%	21.0%
Menara Sunway	12	18,357	18,357	6.3%	100.0%	6.9%
Sunway Tower	3	15,893	19,017	7.1%	83.6%	2.6%
Sunway Putra Tower	5	157,007	170,819	53.9%	91.9%	26.4%
Total Portfolio²	284	717,169	805,577	19.0%	89.0%	18.7%

¹ Increase for 3 years including step up rent

² Exclude hotel and hospital properties which are under 10-year master leases.

LEASE EXPIRY PROFILE

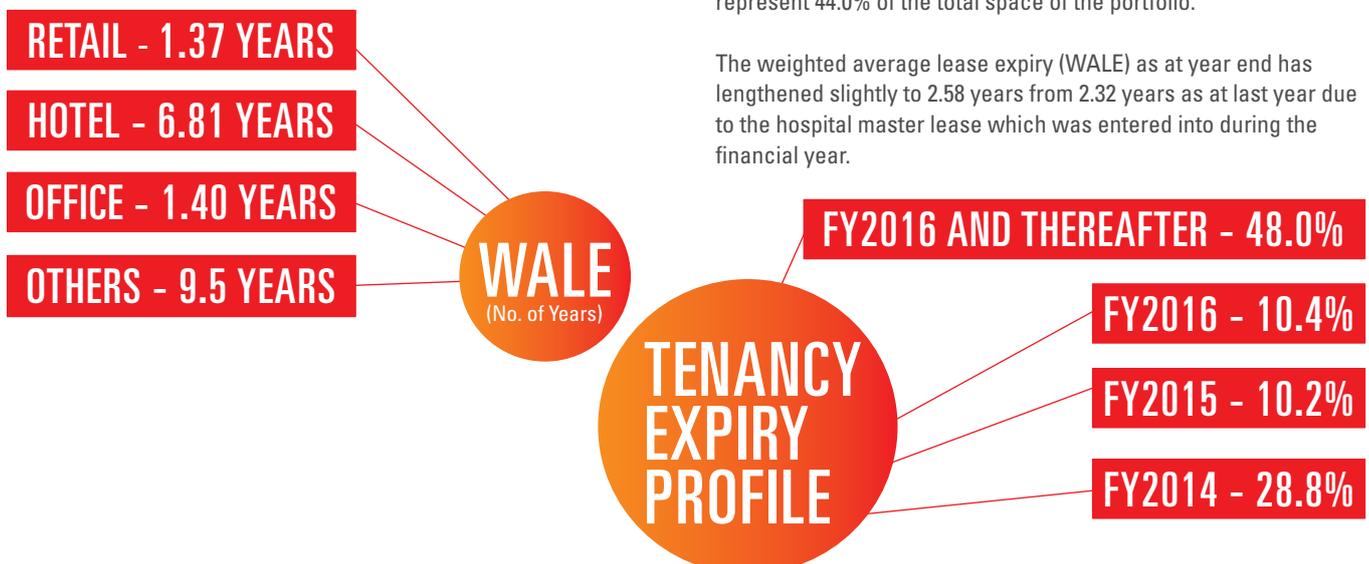
Weighted Average Lease Expiry

2.58 years

The portfolio enjoys a well-spread lease expiry profile with 28.8%, 10.2%, 10.4% and 48.0% of NLA expiring in FY2014, 2015, 2016 and after 2016 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 FY2014 are monthly tenancies occupying 0.4% of the total space.

The hotel master leases are for a term of 10 years expiring in July 2020 and September 2021. The hospital master lease is similarly for a term of 10 years expiring in December 2022. These master leases are with the option to renew for another 10 years and they represent 44.0% of the total space of the portfolio.

The weighted average lease expiry (WALE) as at year end has lengthened slightly to 2.58 years from 2.32 years as at last year due to the hospital master lease which was entered into during the financial year.



OPERATIONS REVIEW (CONT'D)

TOP 10 TENANTS

Sunway REIT has a diverse tenant mix comprising over 1,022 tenancies, three hotel master leases and a hospital master lease. The 10 largest tenants account for approximately 17.0% of total revenue.

Top 10 tenants
17.0%
of total revenue

Top 10 tenants by total revenue

Tenant	Trade	Tenancy expiry date ¹	% of total revenue ²
Ranhill Worley Parsons Sdn Bhd	Consultancy (Oil & Gas)	30 November 2015	4.6
Parkson Corporation Sdn Bhd	Department Store	18 July to 31 Aug 2013	2.3
GCH Retail (Malaysia) Sdn Bhd (Giant)	Hypermarket	28 April 2014	1.8
Aeon Co (M) Berhad	Department Store	29 September 2013	1.8
Suruhanjaya Koperasi Malaysia	Government Agency	30 June 2014	1.6
TGV Cinemas Sdn Bhd	Cinema	22 July 2015	1.3
Sunway Resort Hotel Sdn Bhd	Convention Centre	31 December 2013	1.0
Sunway Integrated Properties Sdn Bhd	Property	30 November 2015	0.9
Golden Screen Cinemas Sdn Bhd	Cinema	30 September 2016	0.9
Sunway Management Sdn Bhd	Management Services	31 December 2015	0.8
			17.0

¹ 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

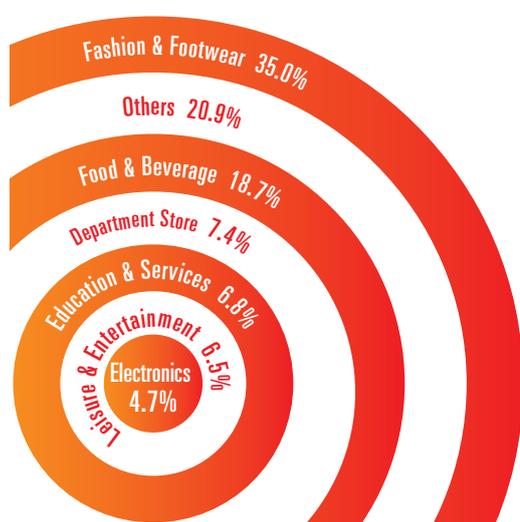
² Based on total gross income for the month of June 2013, excluding hotel and hospital master lease rental income and carpark tenancies

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 others comprising various trades such as gifts, pharmaceutical, optical etc and food & beverage. For the office properties, the top three sectors are consultancy, government agency and construction & property.

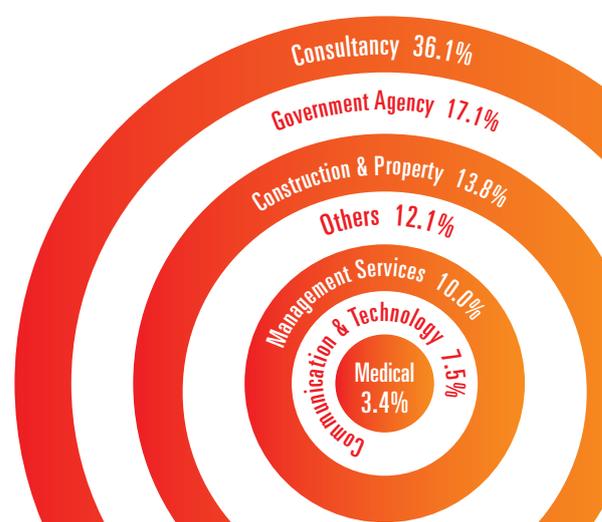
TRADE SECTOR ANALYSIS

Retail Properties



TRADE SECTOR ANALYSIS

Office Properties



CAPITAL MANAGEMENT

FY2013

Total Borrowings	Gearing	Debt Service Cover Ratio	Average maturity period	Average cost of debt	Cost of debt as at 30 June
RM 1.633 billion	31.0 %	5.0 times	3.1 years	3.77 %	3.86 %

FY2012

Total Borrowings	Gearing	Debt Service Cover Ratio	Average maturity period	Average cost of debt	Cost of debt as at 30 June
RM 1.568 billion	33.5 %	3.8 times	0.6 year	4.45 %	3.73 %

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 optimise cost of capital

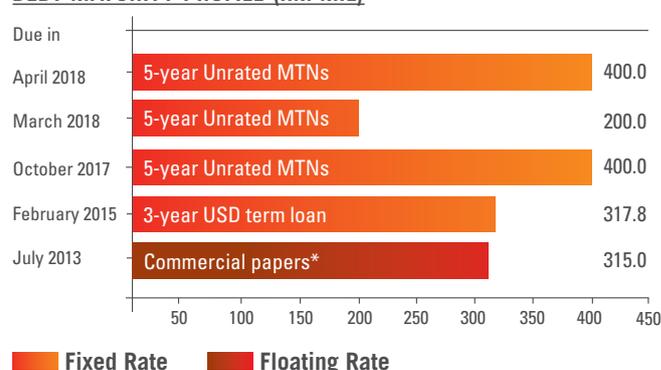
Debt Capital

During the financial year, the Manager continued with the capital management initiatives which were initiated during the latter part of FY2012. During the financial year, the Manager established a 15-year unrated medium term note programme ("MTN Programme") of up to RM1.0 billion in nominal value. With the establishment of the MTN Programme, the Manager actively converted commercial papers of RM1.0 billion in nominal value which was on floating rate basis into 5-year unrated medium term note ("MTN") on fixed rate basis.

With the issuance of MTN of RM1.0 billion in nominal value, the fixed rate portion has increased to 81% from 20% in FY2012. The debt maturity period has also lengthened to 3.1 years compared to 0.6 year as at 30 June 2012. Despite issuing the 5-year fixed rate MTNs, the cost of debt has only increased marginally from 3.73% as at 30 June 2012 to 3.86 % as at 30 June 2013.

The capital management initiatives have successfully reduced the average cost of debt from 4.45% in FY2012 to 3.77% in FY2013 resulting in interest savings of approximately RM10.8 million during the financial year.

The gearing of Sunway REIT as at 30 June 2013 is 31%, leaving a debt headroom of approximately RM0.8 billion to RM1.0 billion to fund its capex plans and future acquisitions before reaching comfortable level of 40%-42%. Sunway REIT has unencumbered assets worth RM315 million as at 30 June 2013 or 6.1% of total assets which can be used to secure future borrowings.

DEBT MATURITY PROFILE (RM'MIL)

* 7-year CP Programme of up to RM1.6 billion in nominal value and it is fully underwritten by a financial institution for the entire duration of the CP Programme. The CPs are rolled over on monthly basis.

FIXED vs. FLOATING RATE BORROWINGS**Equity from Placement**

The Manager completed a placement exercise in February 2013 which raised approximately RM320 million to fund the acquisition of Sunway Medical Centre and to defray related expenses. 214,765,000 new units were issued at an issue price of RM1.49 per unit, representing a 2.9%* discount to the 5-day volume weighted average price of Sunway REIT units as of 4 February of RM1.535. The new units were listed on the Main Market of Bursa Securities on 15 February 2013.

The placement was 2.8 times subscribed and saw strong interest from new and existing investors both domestic and international. Domestic and international investors formed 66% and 34% respectively of the final subscription.

*Or 0.9% discount to the adjusted 5-day volume weighted average price (VWAP). The adjusted VWAP is derived from VWAP of RM1.535 less the income distribution for 2Q 2013 and advance distribution (for the period from 1 January 2013 to 13 February 2013) of 3.16 sen.

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. All acquisition proposals are evaluated by the Investment Appraisal Working Group prior to recommendation to the Board. Due diligence will also be performed prior to acquisition.

• 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, organizing 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-sector 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 and a 15-year medium term note programme ("MTN Programme") of RM1 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 ("RAM") and is fully underwritten by a financial institution. The P1(s) rating had been reaffirmed by RAM in their annual review dated 9 June 2013. The MTN Programme is unrated. The CP Programme is on floating rate basis whilst the MTN Programme is on fixed rate basis. The programmes with different maturity profile will enable a more manageable refinancing when due. The average maturity period of Sunway REIT's borrowings is 3.1 years as at 30 June 2013. In addition, the amount of unutilised facility available to fund capital expenditure and acquisition under the CP Programme is RM1.285 billion as at 30 June 2013.

• 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

and will take necessary actions against such tenants. As at 30 June 2013, debtors turnover is approximately 10.7 days and do not pose any significant risk to Sunway REIT. In addition, debt service cover ratio as at 30 June 2013 is 5.0 times.

• Interest rate risk

Risk that adverse movements in floating interest rates will affect financial performance. As at 30 June 2013, approximately 81% of the total outstanding borrowings of Sunway REIT is on a fixed rate basis whilst the balance 19% is on floating rate basis. The Manager closely monitors the interest rate environment and plans to convert more floating rate borrowings to fixed rate via interest rate swaps when the situation warrants or other medium term note programmes.

• 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 maximize 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 capitalize 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.

• Tenant Concentration Risk

Risk that revenue of two office properties (namely Sunway Tower and Sunway Putra Tower) is dependent on anchor tenants. Termination or non-renewal of tenancies by the anchor tenants may negatively impact the performance of the properties. The Manager ensures that the asset manager develops strong relationship and provides high level of service to the tenants. However the revenue, NPI and DPU contribution of the anchor tenants to the entire portfolio is only 4.2%, 5.6 % and 0.6 sen respectively as at 30 June 2013.

• Currency Risk

Risk that Sunway REIT is exposed to foreign currency exposure and exchange rate fluctuations. Sunway REIT's properties are all located in Malaysia and hence there is no exposure to foreign currency risks arising from business operations. Sunway REIT has a 3-year fixed rate USD 100 million term loan which has been fully hedged via a cross currency swap. Other than this loan, all other borrowings are from the domestic debt capital market.

• Compliance Risk

Risk that Sunway REIT fails to comply with applicable laws and regulations. Sunway REIT has a compliance officer who is responsible for ensuring that all relevant laws and regulations are duly complied with. In addition, compliance reviews are embodied within Sunway REIT's operational procedures.

• Human Capital Risk

Risk that the Manager fails to attract and retain competent staff force to manage its portfolio and to execute its strategies for sustainable growth. The Manager has a strong and prevailing employee engagement philosophy and strategy which reinforces the importance of having an engaged workforce. The Manager has an established salary structure that is reviewed annually in line with the general market. The Manager also practices annual talent review which is a talent retention and development programme besides providing various trainings for employees' career progression.

INVESTOR & PUBLIC RELATIONS

AT SUNWAY REIT, WE PLACE STRONG EMPHASIS ON EFFECTIVE COMMUNICATIONS WITH STAKEHOLDERS. SUNWAY REIT IS A STRONG ADVOCATE OF HIGH STANDARDS OF CORPORATE GOVERNANCE AND PRACTICES TRANSPARENT AND TIMELY DISCLOSURES TO ALL STAKEHOLDERS. THIS PRACTICE IS EMBEDDED IN THE INVESTOR RELATIONS MANAGEMENT PROCESS.

INVESTOR RELATIONS MANAGEMENT PROCESS

The Investor Relations (“IR”) Management Process is crafted to achieve effective communications with all stakeholders, namely unitholders, media and investment community (analysts and institutional investors). Multiple communication channels are created systematically to reach out to different target group of stakeholders.

IR COMMUNICATION CHANNELS

Analyst and Fund Managers Briefings	<ul style="list-style-type: none"> • Periodic engagement with the investment community to keep them abreast of latest developments • For material developments, briefing will be conducted on the same day as announcement day is made to Bursa Malaysia
Media Briefings	<ul style="list-style-type: none"> • Periodic engagement with media to keep various stakeholders abreast of latest developments • For material developments, briefings will be conducted on the same day as announcement day is made to Bursa Malaysia
Investors Meetings	<ul style="list-style-type: none"> • Active engagement with analysts and institutional investors through one-on-one and group meetings • To bring investors for property tours
Investors / Industry Conferences	<ul style="list-style-type: none"> • Active participation in local and overseas conferences to ensure frequent engagement with the investment community as well as to reach out to potential investors. • CEO’s participation as speaker in various conferences as thought leader in the industry
Corporate Website	<ul style="list-style-type: none"> • All communications documents (presentation deck, media releases, financial results, annual reports) are made available in the website. • Dedicated enquiry platform (irsunreit@sunway.com.my) to encourage two-way communication
Research Coverage	<ul style="list-style-type: none"> • To increase Research Coverage by analysts to expand the reach to both retail and institutional investors

Through systematic IR communication channels, timely and transparent information are communicated across various group of stakeholders without being selective. In addition, this acts as a platform for us to build our long term relationship with discerning stakeholders.

NEW INITIATIVES

During this financial year, the IR team has embarked on several initiatives to further improve communications effectiveness with stakeholders. The website is progressively revamped to include additional features for the consumption of the general public. Amongst the new inclusions are interactive charting function, IR calendar where past and future activities of Sunway REIT are made available and sharing of research reports by analysts.

As M-REITs continue to prosper, Sunway REIT has actively participated in various conferences as the industry thought leader in sharing knowledge to industry practitioners and the public. It is our aspiration to play an active role in promoting the growth of the industry to the investment community and public.

To further alleviate the standard of best practices in IR, Sunway REIT has joined the Malaysian Investor Relations Association (“MIRA”) as a corporate member. We endeavour to embed the best practices into our IR activities that are comparable to international standards. In the recent Annual MIRA Malaysia Investor Relations Awards 2013, we are humbled by the nomination in three categories, namely, Best Company for IR under the Mid-Capitalization category, Best CEO for IR and Best IR Professional.

For quarterly results financial reporting, we have implemented quarterly briefings for analysts and investors (both local and international) as well as annual media briefings for members of the press.

In view of the strong interest in M-REITs, we have also expanded our reach to new institutional investors in Hong Kong apart from Singapore.

INVESTOR & PUBLIC RELATIONS (CONT'D)

INSTITUTIONAL INVESTORS CONFERENCES

Sunway REIT has participated in 9 investors conferences both in Malaysia and abroad in this financial year. These investors conferences facilitate us to continuously engage existing investors and potential investors to keep them abreast of latest developments, business strategies and future directions of Sunway REIT.

Date	Investors Conference	Location
5 July 2012	HwangDBS Pulse of Asia Conference 2012	Singapore
10 January 2013	HwangDBS Pulse of Asia Conference 2013	Singapore
11 January 2013	Credit Suisse ASEAN Day	Singapore
26 March 2013	JP Morgan Asia Pacific Real Estate Conference 2013	Singapore
23 April 2013	APREA-Macquarie Investor Day	Singapore
15 May 2013	HSBC ASEAN Conference 2013	Singapore
11 June 2013	Nomura Investors Conference	Singapore
13-14 June 2013	Invest Malaysia 2013	Kuala Lumpur
27 June 2013	Citigroup Asia Pacific Property Conference 2013	Hong Kong

MANAGEMENT MEETINGS AND PROPERTIES TOUR SUMMARY

Management meetings were conducted mostly on one-on-one or small group meetings. Properties tours were organized for investors and potential investors for better appreciation of the quality of our assets as we believe "seeing is believing". Based on the statistics below, 84% of total meetings and 100% of properties tours were foreign investors, implying strong foreign interest in Sunway REIT.

Institutional Investors	Local	Foreign	Total
Management Meetings	9	17	26
One-on-One (Conference)	2	90	92
Properties Tours	-	9	9

PRIVATE PLACEMENT ROADSHOW

Pursuant to the acquisition of Sunway Medical Centre, Sunway REIT has undertaken an equity fund raising through private placement to raise RM320 million to fund the acquisition of SMC and to defray related expenses. In line with the equity fund raising exercise, the management had engaged existing unitholders as well as potential investors through roadshows held in Malaysia, Singapore and Hong Kong.

Institutional Investors	Local	Foreign	Total
Malaysia	17	2	19
Singapore	-	11	11
Hong Kong	-	11	11

INVESTOR & PUBLIC RELATIONS (CONT'D)

ANALYSTS & INVESTORS BRIEFING

Analyst and Investors Briefing were organised periodically for large group of audience for the release of quarterly financial results and announcement of material developments. This formed part of our effort to achieve a higher level of engagement with stakeholders.

Date	Agenda	Mode of communication
7 August 2012	4th Quarter FY June 2012 Financial Earnings Briefing	Teleconferencing
9 October 2012	Analysts and Fund Managers Briefing on proposed acquisition of Sunway Medical Centre and placement of new units	Group Presentation
23 October 2012	1st Quarter FY June 2013 Financial Earnings Briefing	Teleconferencing
23 January 2013	2nd Quarter FY June 2013 Financial Earnings Briefing	Teleconferencing
30 April 2013	3rd Quarter FY June 2013 Financial Earnings Briefing	Teleconferencing

MEDIA BRIEFINGS

Media briefings were organised annually for the members of the press for the release of annual financial earnings and announcements of material developments.

Date	Agenda	Mode of communication
7 August 2012	FY June 2012 Financial Earnings Briefing	Group Presentation
9 October 2012	Media Briefing on proposed acquisition of Sunway Medical Centre and placement of new units	Group Presentation

REITS AND PROPERTY SECTOR CONFERENCES

For FY2013, Sunway REIT has actively participated as speaker in REITs and property sectors conferences. It is our aspirations to play a pivotal role in providing awareness and sharing of knowledge to fellow industry practitioners, investing community and the public.

Date	Conference / Workshop	Topic
25 February 2013	The Greater KL & Smart City Summit 2013	City Investment Plan The Ongoing Transformation to Strengthen Opportunities, PPP, FDI & Private Investors
14 March 2013	APREA Workshop (Kuala Lumpur)	Capital Management of REIT
26 June 2013	Real Estate Investment World Asia 2013	Asian REITs Showcase: Acquisition Growth and Asset Enhancement

INVESTOR & PUBLIC RELATIONS (CONT'D)

RESEARCH COVERAGE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

For the financial year ended June 2013, research coverage for Sunway REIT has increased from 12 to 14 active coverages. Following the merger between OSK Investment Bank Berhad and RHB Investment Bank Berhad, we have amalgamated the research coverage into one, maintaining the latter.

During the financial year, there were 2 new research coverage initiated. They were Alliance Research Sdn Bhd and Nomura Securities Malaysia Sdn Bhd.

Research House	Date of Initiation	Status	Recommendation ¹	Target Price ¹
JP Morgan Securities (Malaysia) Sdn Bhd	16 Aug 2010	Active	Neutral	1.60
Credit Suisse Securities (Malaysia) Sdn Bhd	12 Sept 2010	Active	Neutral	1.40
Maybank Investment Bank Berhad	21 Sept 2010	Active	Hold	1.42
RHB Research Institute Sdn Bhd	23 Sept 2010	Active	Neutral	1.52
TA Securities Holdings Berhad	15 Nov 2011	Active	Hold	1.52
MIDF Amanah Investment Bank Berhad	10 Feb 2012	Active	Buy	1.55
HSBC Global Research	8 Mar 2012	Active	Overweight	1.65
CIMB Investment Bank Berhad	25 Apr 2012	Active	Neutral	1.45
Hong Leong Investment Bank Berhad	15 May 2012	Active	Neutral	1.33
Kenanga Investment Bank Berhad	15 May 2012	Active	Market Perform	1.46
HwangDBS Vickers Research Sdn Bhd	26 Jun 2012	Active	Buy	1.65
Kaf-Seagroatt & Campbell Securities Sdn Bhd	10 May 2012	New	Buy	1.70
Nomura Securities Malaysia Sdn Bhd	26 Feb 2013	New	Buy	1.50
Alliance Research Sdn Bhd	4 Mar 2013	New	Neutral	1.40

¹ Based on the latest published recommendation / report

MALAYSIAN REIT MANAGERS ASSOCIATION

Sunway REIT is a member of the Malaysian REIT Managers Association ("MRMA") since 2012. Sunway REIT has participated actively in the association alongside with all the members in pursuing efforts to promote the M-REITs industry to investors, both domestic and foreign. In addition, MRMA actively engages the regulators through two-ways dialogues to discuss issues pertaining to M-REITs industry.

During the quarterly members meetings, prominent speakers were invited to share technical knowledge and industry related topics for the benefits of the members.

INVESTOR & PUBLIC RELATIONS (CONT'D)

J.P.Morgan
 Sunway REIT
 Acquisition of medical assets from sponsor for MS310AM remains our top REIT pick
 Overweight
 Price Target: RM1.80

RHB
 REITS
 Underweight
 Yields Are Losing Its Shine
 No divergence in REITs sector to Underweight. The attraction of yields for the REITs will be eroded as bond yields are expected to stabilize at a new higher level. The REITs have already been hit with FY13s falling by 14% from the recent high in May 2013. This is despite, however, share price to fully price in the risk. We adjust our confidence for all the REITs under our coverage by moving our discount rate assumption by 50-basis.

ALLIANCE RESEARCH
 Sunway REIT
 Initiating Coverage
 Neutral
 FY14 growth deterred by Sunway Putra Mall's closure
 Six initiate coverage on Sunway REIT with a NEUTRAL recommendation and TP of RM1.50, based on 5% discount to its DDM-derived fair value of RM1.74, to take into the consideration limited FPU growth in FY09/14 (-0.4% y-o-y) due to the full closure of Sunway Putra Mall for a 20/22-month refurbishment, starting from May 2013. Although FPU growth is expected to be strong post refurbishment, we believe unit price would only be revised to 2014 as the mall only reopens in early 2015. As such, we see limited upside to 2013 with a net distribution yield of 5.4%.

CREDIT SUISSE
 Sunway REIT
 Reinstating Coverage with NEUTRAL
 Multiple DPV growth in FY14
 Sunway REIT's FY13 operating income of RM122 million up 39% from RM88 million. The increase was majorly driven by more healthy unit and early meter growth of Sunway Medical Centre.
 However, Sunway Mall has been closed for refurbishment which are expected to last 20-22 months. The absence of the mall will be a constraint in the coming years. However, medical centre's volume has increased to be similar to more than 2012.
 Given the long term business from Sunway Medical Centre and Sunway Mall, we maintain our Buy recommendation with a TP of RM1.75.

HongLeong Investment Bank
 Sunway REIT (HOLD ↔, EPS ↑)
 Results in-line
 • Q213 unit FWT rose 16.5% ytd to 8,855 units, with YTD contracted FWT made up 100% of HLB and consensus estimates.
 • Q213 unit FWT rose 16.5% ytd to 8,855 units, with YTD contracted FWT made up 100% of HLB and consensus estimates.
 • Q213 unit FWT rose 16.5% ytd to 8,855 units, with YTD contracted FWT made up 100% of HLB and consensus estimates.

Malaysia REITs
 Intact fundamentals largely priced into rich valuations; insignificant upside ahead

Sunway REIT
 A good start
 Sunway REIT's FY13 results reveal an overall strong performance, with its quarterly unit volume growth of 16.5% in Q2 2013. The unit volume growth in Q2 2013 is in line with our estimate of 16.5%.

Result Snapshot Sunway REIT
 Buy RM1.60 kLCI: 1,717.65
 Price Target: 12-Month RM1.75 (May RM 1.80)

Maybank IB Research
 Sunway REIT
 Buy
 Ready To Grow
 Malaysia REIT: Upcoming results are likely to come in within our unit and consensus estimates. We expect a positive +8-10% YOYQ2 growth in 2Q13 FWT unit growth. No change to our 12-month forecast and MYR1.60.

KENANGA RESEARCH
 Sunway REIT
 UNDER REVIEW
 9M13 within
 Price: RM1.60
 Target Price: RM1.63

HSBC Global Research
 Sunway REIT (SREIT MK)
 Neutral
 Strong retail performance offset by hotel weakness
 • Q2FY13 results largely in line with our estimates
 • Acquisition of SMC will contribute marginally to FY13 results
 • Raising TP to MYR1.40 (from MYR1.45) but remains Neutral

CIMB
 Sunway REIT
 Healthy addition
 Sunway REIT's acquisition of its sponsor's medical assets is marginally positive for earnings and DPV. While the annual rental maximum of 3.0% is less than the 2-0%, it gets for its rental income, it is locked-in under the hospital charter lease agreement.

Equity Beat
 midf RESEARCH
 Sunway Real Estate Investment Trust
 Downgrade to NEUTRAL
 Earnings lifted by full contribution of Sunway Medical Centre
 Unchanged Target Price (TP): RM1.52
 Results within expectation

TA SECURITIES
 Sunway Real Estate Investment Trust
 TP: RM 1.80
 Last Month RM 1.60
 HOLD
 Sunway REIT's FY13 realized unit price of RM1.63 is close to our estimate, accounting for 75% and 77% of our unit and consensus's full-year estimates.
 • Sunway REIT's unit price of RM1.63 is close to our estimate, accounting for 75% and 77% of our unit and consensus's full-year estimates.

INVESTOR & PUBLIC RELATIONS (CONT'D)



Sunway REIT portfolio swells

PROPERTY TRUST UPDATE: Assets under management expected RM7 billion in three to five years

SHAREHOLDERS: Sunway REIT Management Sdn Bhd (Sunway REIT) has added yet another quality asset into its portfolio.

By acquiring Sunway Medical Centre, Sunway REIT is adding yet another quality asset into its portfolio.

SHAREHOLDERS: Sunway REIT Management Sdn Bhd (Sunway REIT) has added yet another quality asset into its portfolio.

SHAREHOLDERS: Sunway REIT Management Sdn Bhd (Sunway REIT) has added yet another quality asset into its portfolio.

Real estate investment trust receives corporate governance award

SUNWAY REIT Management Sdn Bhd recently received the Excellence in Corporate Governance – Private Sector Award from the Malaysian Institute of Management.

The Global Excellence in Management Award (Gema) ceremony, held at the Kuala Lumpur Convention Centre, saw the presentation of awards to 25 niche global class leaders whom had made exceptional management impact in leadership, business, community and nation building.

Gema 2013 Awards is an initiative by the Malaysian Institute of Management and Asia Pacific Real Estate Association. Sunway REIT had previously been named winner of the overall award for best practices in the emerging market category on top of five merit awards for various corporate governance best-practices.

"Winning this award gave Sunway REIT's management team a boost to continue to maintain a high level of corporate governance practices in our accounting and financial reporting, transparent market disclosure and portfolio performance disclosure," said Sunway REIT chief executive officer Datuk Jeffrey Ng.

"Management must have strong commitment towards high standards of corporate governance and financial disclosure to ensure continued success and growth of the assets.

"Best practices which go beyond minimum standards will always be appreciated by investors," he said.

The culture of quality corporate governance permeates through Sunway REIT's management aiming to achieve the high standard of best practices in



Sunway REIT unjur pendapatan kukuh

Petaling Jaya: Sunway REIT Management Sdn Bhd, pengurus Sunway Real Estate Investment Trust (Sunway REIT) menjangka dapat mengekalkan pendapatan yang kukuh bagi tahun kewangan berakhir 31 Jun 2013 meskipun berdepan persekitaran mencabar.

Pengurus dana hartanah itu berkata, dengan penjimatan faedah hasil pelaksanaan program pengurusan modal membantu pihaknya mengatasi masalah kebanyakan sumberan pendapatan daripada Sunway Putra Mall yang terpaksa ditutup buat sementara waktu untuk kerja menaik taraf pusat membeli-belah itu.

Kos hutang berkurang

Ketua Eksekutifnya, Datuk Jeffrey Ng, berkata meneruskan program pengurusan modalnya itu, pihaknya berupaya mengurangkan kos hutang kepada 3.73 peratus setakat 30 Jun 2012 daripada 4.65 peratus yang dicatatkan pada 30 Jun 2011.

Belian berkata, perbezaan kos faedah itu diterjemahkan sebagai penjimatan faedah yang mana ia disumbangkan secara terus kepada penjajihan pendapatan boleh diagihkan kepada pemegang unit Sunway REIT.

Company wins real estate excellence award

SUNWAY REIT Management Sdn Bhd, which manages the Sunway Real Estate Investment Trust (Sunway REIT), recently emerged winner in the Excellence in Real Estate – Malaysia category at the International Association of Investment Review (IAIR) magazine's 2nd annual real estate awards.

Sunway REIT bagged the award for its asset value and because it provided investors total returns to asset holders.

Sunway REIT was also recognized for achieving sustainable distribution and growth as total returns over the long term via active asset management, yield-creator acquisitions and optimal capital and risk management.

This award shows that Sunway REIT is gaining recognition internationally.

Sunway REIT chief executive officer Datuk Jeffrey Ng said, "This award shows that Sunway REIT is gaining recognition internationally."

"It is our aspiration to continue to broaden our investor base to include more reputable international users over the long-term horizon."

"This is the second international award we have picked up for the financial year ending June 30, 2013."

"In October last year, Sunway REIT was awarded the Asia-Pacific Real Estate Association's Best Practices for Listed Real Estate Trusts Award under the Emerging Market Category."

The IAIR annual awards provide a qualitative and quantitative review of the best firms in global finance and global economy, by region and by areas of services.

Sunway REIT lowers cost of debt

by Aig Isa

KUALA LUMPUR: Sunway Real Estate Investment Trust (Sunway REIT) has reduced its average cost of debt to 3.73% as at Dec 31, 2012, from 4.65% as at June 30, 2011, making it the lowest among all REITs in Malaysia.

Sunway REIT Management Sdn Bhd, the manager of the REIT, said in a statement the lower cost of debt is the result of the capital management committee's (CMT) undertakes during its financial year ended June 30, 2012 (FY12).

It said the efforts are expected to generate interest savings of approximately RM100 million (FY12), allowing its unit holders to receive

天子购物中心暫無營收 雙威產託仍有信心派息

（吉隆坡4日訊）雖然其屬天子購物中心目前尚無營業，但雙威產託仍有信心派息。

（吉隆坡4日訊）雖然其屬天子購物中心目前尚無營業，但雙威產託仍有信心派息。

（吉隆坡4日訊）雖然其屬天子購物中心目前尚無營業，但雙威產託仍有信心派息。

Sunway REIT's private placement of 214,765,000 new units raises RM320 mln

KUALA LUMPUR: Sunway Real Estate Investment Trust (Sunway REIT) 214,765,000 new units have raised RM320 million which will be utilized to repay the short-term facility which was drawn down to finance the acquisition of the land and building of the Sunway Medical Centre (SMC) and defray related expenses.

Sunway REIT Management Sdn Bhd, the Manager of Sunway REIT, said the Private Placement was 2.5 times subscribed and saw strong interest from new and existing investors both domestically and internationally.

It said in a statement issued yesterday the Private Placement would assist to increase the absolute size of the fund and facilitate improved liquidity.

"We are delighted with the overwhelming response for our first Private Placement exercise with a total demand in excess of RM500 million or 2.8 times subscription."

"We are thankful for the support of our existing unit holders, both domestic and foreign, as these investors continued to believe in the growth prospects of Sunway REIT. It is also pleasing to see strong interest from a new pool of investors, thus broadening our investor base," said Sunway REIT Manag-

PRIVATE PLACEMENT: Photo shows Sunway Private Plc. Sunway REIT's 214,765,000 new units have raised RM320 million which will be utilized to repay the short-term facility which was drawn down to finance the acquisition of the land and building of the SMC and defray related expenses.

ment/ chief executive officer Datuk Jeffrey Ng.

The Private Placement would see the creation of 214,765,000 new units at RM1.49 per unit, representing 7.37 per cent of the enlarged fund size of 2,915,200,000 units.

Upon completion of the issuance of the new units, Sunway REIT's market capitalisation will increase from RM4.38 billion to RM4.46 billion based on the market closing price of RM1.54 on February 4, 2013. The issuance price for the new units of RM1.49 per unit was at the top of the launch range of RM1.48 to RM1.49 per unit.

The issuance price represents a 2.9 per cent discount to the five days volume weighted average price (VWAP) as of February 4, 2013 or a 0.9 per cent discount to the VWAP, adjusted for the already announced distribution of 3.18-sen per unit. Sunway REIT's gearing is expected to ease to 31.5 per cent from 37.7 per cent as at Dec 31, 2012 following the repayment of the short-term facility.

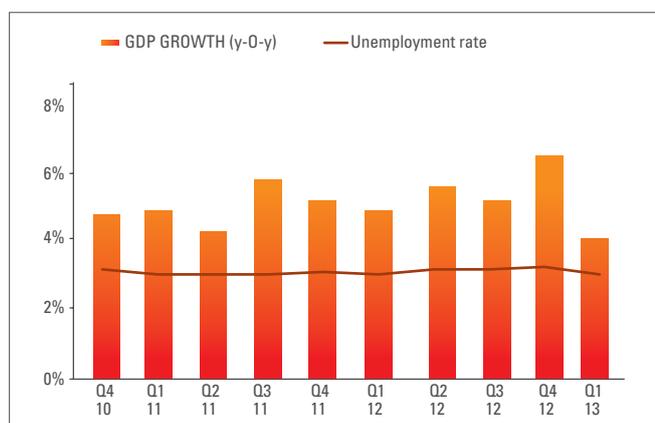
This will provide further headroom for future acquisitions. — Bernama

MARKET REPORT SUMMARY

GENERAL MARKET OVERVIEW

The Malaysian economy grew 5.6% in 2012 following a strong expansion in the last quarter (Q4 2012: 6.4%). The latest GDP figure released by Bank Negara Malaysia (BNM) for Q1 2013 is 4.1% which shows that growth has moderated on weaker exports in line with slower growth across Asia. Nevertheless, BNM has maintained its 2013 forecast at 5% - 6%. Economic activity will likely be anchored by the continued resilience of domestic demand and supported by a gradual improvement in the external sector. Headline inflation was up 1.6% for the period January to May 2013 compared with the same period last year due to higher costs in the food, non-alcoholic beverages and also non-food categories. Inflation in 2013 is expected to range between 2% and 3%. BNM at its recent Monetary Policy Committee Meeting, has maintained the Overnight Policy Rate at 3%.

Figure 1.1: GDP Growth and Unemployment Rate, Q4 2010 – Q1 2013



Source: Ministry of Finance, DTZ Consulting & Research, May 2013

Private investment is expected to remain robust, driven by capacity expansion by domestic-oriented firms and the continued implementation of projects with longer gestation periods. Likewise consumer spending is expected to continue to support the economy notwithstanding Bank Negara Malaysia's measures to curb domestic household debt, a steady labour market and upgrading of civil servant salary scales. The construction sector is expected to be robust due to spill-over effects from higher private investment and continued Government spending.

RETAIL MARKET

The retail sub-sector saw a slight moderation as the average occupancy rate of shopping complex declined marginally to 79.1% in 2012 (2011: 79.5%). The pull-down in occupancy rate was due to an imbalance between the increase in completions and the take-up rates of new spaces. Rentals of retail space in shopping complex were generally stable with a few exceptions. In 2012, Kuala Lumpur was ranked as the world's fourth best shopping city by CNN survey on the "10 Top Best Shopping Cities in the World" and the second best shopping destination in Asia Pacific according to the latest Globe Shopper Index by the in-house research unit for The Economist. The positive consumer sentiment continues to augur well for the local retail market, it being supported by buoyant employment, rising levels of disposable income, strong

inbound tourism and a growing population base. National retail sales recorded a strong Q1 2013 growth at 7.5%, higher than the initial forecast of 5.9%. Retail Group Malaysia has revised upwards the full year target to 6.4% for 2013, to be supported by major festive seasons, year-end school holidays and sales. Going forward, the impending high supply of retail space is expected to heighten competition between existing and new shopping centres and lead to further market share dilution among retail players. To remain relevant in a challenging retail environment, shopping centres will be required to undertake proactive measures such as asset enhancement initiatives (AEIs), as well as promote activities and event to attract high levels of shopper traffic to encourage spending. Prime retail centres are however not really threatened by new competition due to their stronger positioning in the location they operate as well as by their tested and experienced retail management teams.

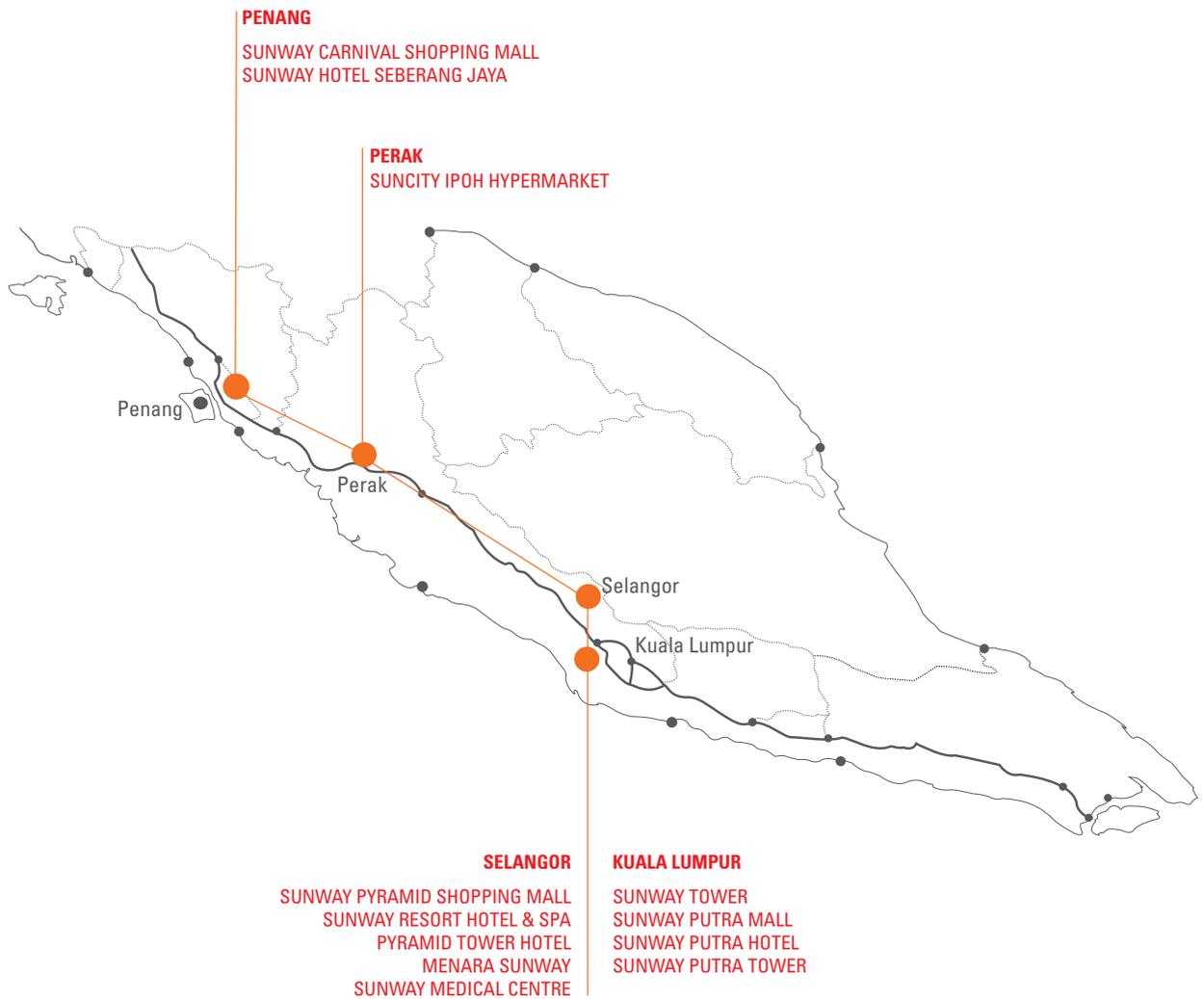
HOSPITALITY MARKET

The hospitality/leisure sub-sector further improved as the volume of tourist arrivals recorded an increment of 1.3% in 2012 as opposed to 0.6% in 2011. Tourist arrivals increased from 24.71 million to 25.03 million, comprising mainly from Singapore (52.0%). The national average occupancy of three to five star hotels performed better with 54.5% in 2012 (2011: 51.4%). Visit Malaysia Year 2014, launched on 19 January 2013, is timely, to further promote the country as a tourism destination and to achieve its target of 28.8 million arrivals. The theme of VMY 2014, "Celebrating 1Malaysia... Truly Asia", highlights the country's multi-ethnic society and diverse cultures. The hotel and retail sectors would see better growth with the increase in foreign tourist arrivals and spending. This is supported by the 15.9% increase in tourist arrival from 5.56 million (Q1 2012) to 6.45 million (Q1 2013). The recently concluded GE13 augurs well for the country amid renewed confidence by local and foreign investors. Meanwhile MICE (meetings, incentives, conventions and exhibitions) business appears to be on track to achieve its 2020 target of 8% business tourists. The Malaysian Convention and Exhibition Bureau has secured a total of 135 international MICE events to be held within the next five years.

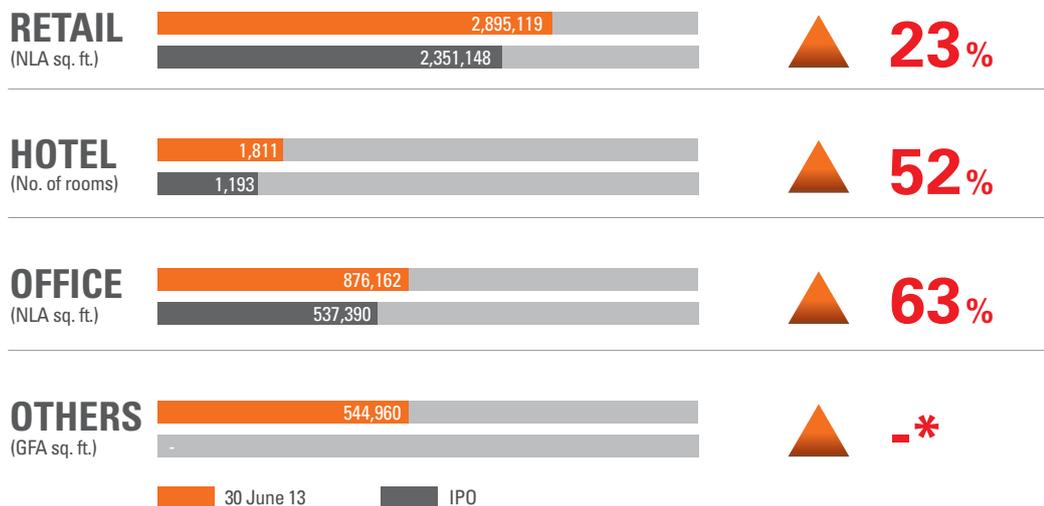
OFFICE MARKET

The office market continued to weaken somewhat in 2012 but with some signs of slowdown as the new supply continued to come onstream. The national occupancy for purpose-built office slipped marginally to 82.3% in 2012 (2011: 83.2%). Kuala Lumpur remained as the main market in terms of incoming and planned supply, accounting for 49.5% (10.13 million sq ft) and 48.5% (3.80 million sq ft) respectively. Rentals in the office segment were weaker. Going forward, this sector will see continuing challenges ahead as anticipated oversupply will heighten pressure on the overall office market despite the projected economic growth. Good grade dual-compliant office buildings with MSC status and green certification are expected to remain more resilient in the short term. Good grade office space may do better especially in decentralized locations with good accessibility and close proximity to LRT (Light Rail Transport) stations, the proposed BRT (Bus Rapid Transit Route) and the proposed MRT stations.

PORTFOLIO AT A GLANCE



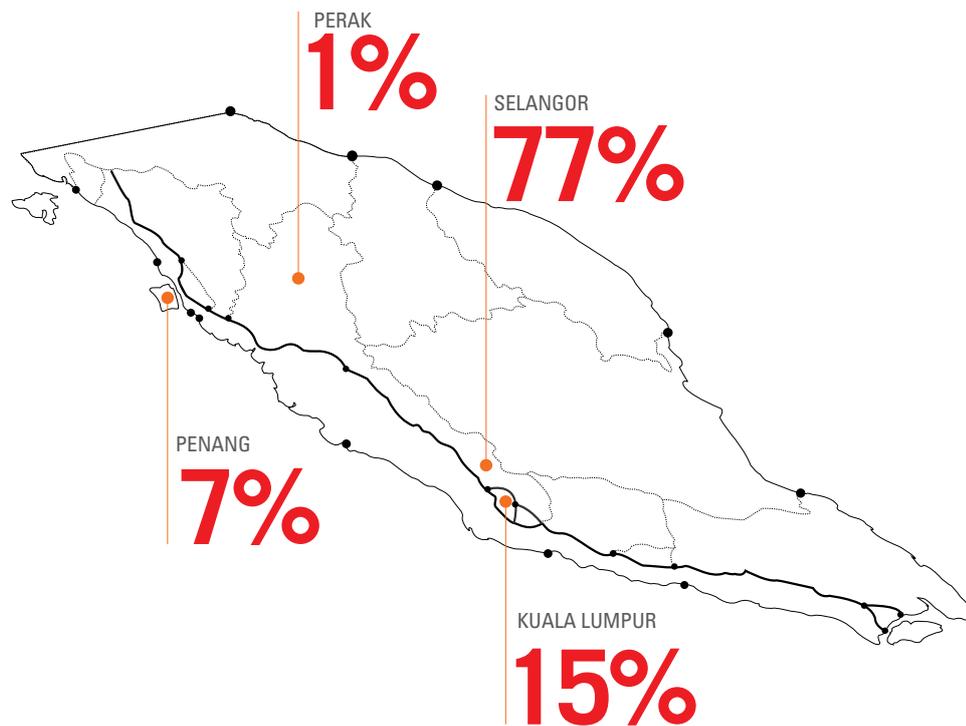
ASSET GROWTH SINCE IPO



* Not meaningful

PORTFOLIO AT A GLANCE (CONT'D)

Geographical contribution by property value as at 30 June 2013



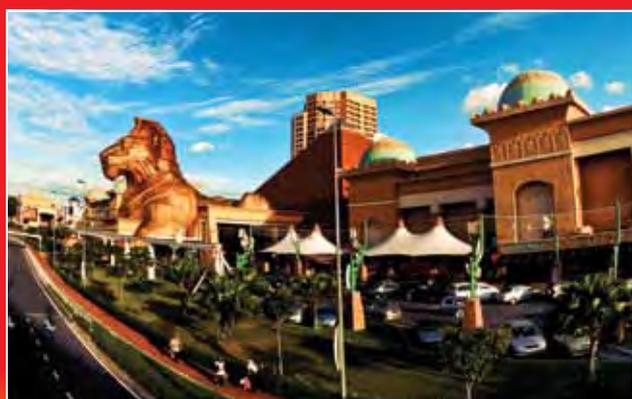
	RETAIL	HOTEL	OFFICE	OTHERS
ASSET BREAKDOWN BY PROPERTY VALUE AS AT 30 JUNE 2013	64%	22%	8%	6%
ASSET BREAKDOWN BY GFA AS AT 30 JUNE 2013	59%	21%	14%	6%

RETAIL



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 <ul style="list-style-type: none"> - PN 17414 Lot No. 62059 21 February 2102 (commenced 22 February 2003, approx. 89 years remaining) - PN 9500 Lot No. 51175 1 April 2097 (commenced 2 April 1998, approx. 84 years remaining) - PN 9495 Lot No. 32 1 April 2097 (commenced 2 April 1998, approx. 84 years remaining) - HS(D)259957 Lot No. PT1312 1 April 2097 (commenced 2 April 1998, approx. 84 years remaining) - HS(D)233143 Lot No. PT891 14 August 2105 (commenced 15 August 2006, approx. 92 years remaining) <p>All in Bandar Sunway, Daerah Petaling, Negeri Selangor.</p>
Tenure 99 year lease
Encumbrances <ul style="list-style-type: none"> i) Charged to Public Investment Bank Berhad ii) Private Caveat by Public Bank Berhad iii) Charged to HSBC Amanah Malaysia Berhad
Appraised value (RM million) 2,700
Date of latest valuation* June 2013



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 <ul style="list-style-type: none"> - PN 1816 Lot No. 5497 21 October 2092 (commenced 22 October 1993, approx. 79 years remaining) - PN 1817 Lot No. 5498 21 October 2092 (commenced 22 October 1993, approx. 79 years remaining) - PN 1818 Lot No. 5499 21 October 2092 (commenced 22 October 1993, approx. 79 years remaining) <p>All in Mukim1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang.</p>
Tenure 99 year lease
Encumbrances <ul style="list-style-type: none"> i) Charged to Hwang DBS Investment Bank Berhad
Appraised value (RM million) 290
Date of latest valuation* June 2013

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

PORTFOLIO SUMMARY (CONT'D)

RETAIL



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.
87 years remaining)

Mukim Hulu Kinta,
Daerah Kinta, Negeri Perak.

Tenure

99 year lease

Encumbrances

- i) Charged to Public Investment Bank Berhad
- ii) Charged to HSBC Amanah Malaysia Berhad
- iii) Private Caveat by Public Bank Berhad

Appraised value (RM million)

55

Date of latest valuation*

June 2013



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 Parent Lot No. 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan.

Tenure

Freehold

Encumbrances

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

Appraised value (RM million)

254

Date of latest valuation*

June 2013

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

PORTFOLIO DETAILS



SUNWAY PYRAMID SHOPPING MALL

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

*A shopper's
dream
destination*

Sunway Pyramid Shopping Mall, the trophy asset of Sunway REIT has won many awards since its opening in 1997. Recently ISO9001:2008 certified, this premier four-storey regional shopping mall located at Bandar Sunway has won 35 international and national awards to date.

As the country's first thematic mall, Sunway Pyramid Shopping Mall 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 largest 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 expansion and refurbishment on 29 September 2007, Sunway Pyramid Shopping Mall became one of Malaysia's largest malls measured by NLA.

COMPLETED INITIATIVES

During the financial year, the mall has introduced a mobile application, the Sunway Pyramid Mobile App. This is an interactive application that provides shoppers with the directory of the mall, enables shoppers to locate shops via a navigation trail, locate their cars in the carpark and to check for promotions and events.

To enhance security for the safety of customers, the mall has installed wireless 'I-Alert' system or panic buttons at the carpark.

ONGOING INITIATIVE

Sunway Pyramid Shopping Mall is currently undertaking the Oasis Boulevard Phase 5 Project. Please refer to page 46 for details.

Contact Details for Management Office

Centre Management Office,
Level CP6, Blue Atrium, Sunway Pyramid Shopping 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

PORTFOLIO DETAILS (CONT'D)



Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2013 (%)	Annual shopper traffic	Revenue (RM million)	NPI (RM million)
820,070	2,403,475 (retail & convention centre) 1,873,470 (carpark)	• 1,569,588 (retail) • 143,467 (convention centre)	More than 3,900	728	96.8	More than 33 million	239.1	170.6



A	5%	Departmental Store
B	5%	Electronics
C	6%	Leisure & Entertainment
D	6%	Education & Services
E	19%	Food & Beverage
F	21%	Others
G	38%	Fashion & Footwear

Weighted Average Lease Expiry

1.36 years

HISTORICAL OCCUPANCY RATE

Average occupancy rate

98.3%

JUNE 2013

98.6%

JUNE 2012

98.5%

JUNE 2011

99.3%

JUNE 2010

97.9%

JUNE 2009

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

54.0%

FY2014

15.1%

FY2015

27.7%

FY2016

TOP 10 TENANTS

12.6% of June 2013 Gross Rental Income

2.4% Aeon Co.(M) Berhad

1.8% Parkson Corporation Sdn Bhd

1.7% TGV Cinemas Sdn Bhd

1.3% Sunway Resort Hotel Sdn Bhd (Convention Centre)

1.0% Pyramid Bowl Sdn Bhd

1.0% Celebrity Fitness Express

1.0% Peregrine Technology Sdn Bhd (Digital Centre)

0.9% Elitetrax Marketing Sdn Bhd (Harvey Norman)

0.8% Padini Dot Com Sdn Bhd (Padini Concept Store)

0.7% Nichii Sdn Bhd

PORTFOLIO DETAILS (CONT'D)

SUNWAY PYRAMID SHOPPING MALL - MARKETING ACTIVITIES

Mega Sale Marvellous Contest 2012

The Grand Prize of the Mega Sale Marvellous Contest 2012 – A Mazda 2 worth RM76,000 was handed over to Jason Chan, who had purchased a laptop during the 1Malaysia Mega Sale Carnival in Sunway Pyramid, which was from 15 June to 2 September 2012. Besides Jason, 5 other winners also received other fabulous prizes, including a Wah Chan jewellery worth RM51,000, an Osim UDivine Massage Chair worth RM 13,888 and a stay at the Sunway Pyramid Tower Hotel worth RM670. During the entire period, shoppers were also rewarded with plenty of great redemptions including tickets to London Summer Musical and thumbdrives.

Malaysia Year End Sale (MYES) 2012

The MYES kicked off from 10 November 2012 until 1 January 2013, where shoppers were met with a myriad of choices in fashion trends, latest gadgets and wonderful gifts – all could be found within Sunway Pyramid's 360° magnificent structure. Throughout the MYES period, Sunway Pyramid offered a chance to win a 2D/1N stay at the Banjaran Hotsprings Retreat worth RM3,248, which was exclusive to Citibank Credit Cardmembers. They only needed to spend RM100 in a single receipt and 3 winners were selected weekly. Shoppers were also rewarded with two exclusive tickets to watch Beauty & the Beast in Sunway Lagoon, worth RM180 (from 10 Nov – 25 Dec 2012) when they spend RM800 and above in 2 receipts (RM700 for MasterCard Cardholders).



Launch of MYES 2012

Diwali 2012

Shoppers were mesmerised with the elegant Divine Diwali Peacock, located at Sunway Pyramid's Water Feature Area, Ground Floor as Diwali was welcomed with warmth. From 3 – 13 November 2012, shoppers who spent RM600 and above in 3 receipts* (RM350 for Citibank Credit Cardmembers) received an exclusive aromatherapy oil burner. The Leo Cubs, also had the "Let Your Flowers Do The Charming" workshop, and learnt how to beautify their homes with flowers in the flower-decorating workshop.

S.O.S Pine Of Hope Christmas 2012

Upholding the spirit of festivity, the mall spread the loving message of performing kind acts and good deeds throughout the Christmas period, by encouraging shoppers to contribute and donate to City Revival Children's Homes and StART Society through the S.O.S Pine of Hope. Celebrating the season with loads of enthrallment and fascination, shoppers were immersed in the artistic atmosphere inspired by the genius mosaic mastermind - Antoni Gaudi, whose

art originated from Barcelona in the 18th century. The 10metre-high Christmas Tree at the Concourse decorated with sparkles and glitters added to the merriment, as the 2 reindeers all covered with shimmering and bright colours. The sprawling lizard sculpture decorated with the eloquent art acted as a reference to the legend of mythical dragons, as Christmas is filled with magical and spiritual elements that embody the festivity.

Winds Of Fortune 2013

A Chinese junk, stretching 40 feet wide and 40 feet high, has docked at Fortune Harbour at LG1 Pyramid Concourse in Sunway Pyramid from 11 January to 12 February 2013 during the Chinese New Year celebration. Themed the Winds of Fortune, many shore activities buzzing by this harbour which include Leo and Leona Walkabout, Chinese Calligraphy Workshop, Sand Art Workshop, Lion Dance, Runway in Full Bloom and Spring Flower Market by Fleurs, Shanghai Tang Dance and Acrobatic Lion Dance. Generous shoppers took part in the Food for Thoughts by donating some food items for Jumble Station, a community project for the underprivileged. In A Treasured Redemption, shoppers could redeem a treasure jewellery box after spending RM800 and above in 2 receipts (RM600 for Citibank Credit Cardmembers) and angpow packets when they spent RM250 and above in a single receipt (RM200 for Citibank Credit Cardmembers).

Tap.Shop.Save with Sunway Pyramid Mobile App

Shopping is made more fun and plain-sailing with Sunway Pyramid Mobile App - Malaysia's first interactive, easy-to-use mobile app which is integrated with unique functions - the most comprehensive in its category - including the Navi trail and car park locator, providing shoppers with a truly unique shopping adventure. Rewarding the shoppers who have downloaded the mobile app, the Tap.Shop.Save campaign was held from 5 – 21 April, where they can enjoy discounts and privileges offered in the "Extraordinary Deal of the Day". All shoppers had to do was download the mobile app, and flash the e-coupon on the items they wish to buy according to the daily offers. The monthly shopping planner would then appear on the "Happenings" category, and among the offers include enjoying special prices at Crabtree & Evelyn, 50% off for 2 pieces of XIXILI, 20% on ALDO products and many others. Other participating outlets were Miss Selfridge, The Body Shop, Dorothy Perkins, DIVA, Warehouse, TOPSHOP, DKNY JEANS, G2000, Rip Curl, Springfield, TOPMAN and FOREVER 21. In the future, more e-coupon discounts and exclusive invites will be offered to reward shoppers when they shop at Sunway Pyramid.



Sunway Pyramid Mobile App-Carpark Locator

PORTFOLIO DETAILS (CONT'D)

MARKETING ACTIVITIES/AWARD & RECOGNITION - SUNWAY PYRAMID SHOPPING MALL

Go Green With Leo 2013

Bearing the importance of preserving the Earth and its resources, Sunway Pyramid initiated the 'Go Green With Leo & Friends' campaign for children 12 years old and below to educate and encourage them to be aware of environmental issues. The 'Go Green With Leo & Friends' Workshop ran for 5 sessions, from 22 – 24 March and 30 – 31 March 2013, located at LG1 Main Concourse area, segmented into 'The Stomp-About, 'Green Toons' and 'Eyes-See-Green'. The participations were opened to Sunway Pyramid's Leo Cubs, shoppers and underprivileged children from selected orphanages, including the Precious Children's Home and SHELTER Home For Children. At the end of the workshop, the Green Rangers performed their pledge to save the Earth, and then 'graduated' by receiving the 'Grin with Green' badges and goodie bags full of tokens from Sunway Pyramid.

ELFun Holiday 2013

Sunway Pyramid paid tribute to the unfortunate incident involving the Bornean Pygmy Elephants through the EleFUN Holiday: A Pygmy Elephant Project from 16 – 31 March 2013. Throughout the period, there were plenty of fun-filled and educational activities at LG1 Main Concourse, including the Leo & Leona Walkabout, Go Green With Leo & Friends Workshops, Colour A Pygmy, Pot-a-Plant, Forest Talk and Save Energy Workshops. Pygmy Elephant sculptures were on display, as painted by independent local artists and talents and shoppers could donate to help Borneo Conservation Trust in the Pygmy Elephants' conservation efforts and research. Besides that, shoppers took a stand against climate change by switching off non-essential lights for Earth Hour on 23 March at Sunway Pyramid Main Entrance and helping to share the green tips to save the environment. The eco-friendly HEARTS Bag were up for redemption when shoppers spent RM400 in 2 receipts (RM300 for HSBC cardholders).

Passport to Fashion

True to its tagline of Your Unique Shopping Adventure, Sunway Pyramid opened up a whole new world of shopping possibilities for its fashion and beauty shoppers as the shopping mall hailed May as fashion month. Themed as Passport to Fashion, Sunway Pyramid's Ground Floor Water Feature Area was decked with icons from London, Paris, Japan, Hawaii and New York. The icons include the Statue of Liberty, Eiffel Tower, Hawaiian surfboards and a Japanese Garden. There were also Style Transit photo booths where shoppers can pose, snap and post their pictures on their social network in an instant. The definite highlight of the Fashion celebration was the annual Grand Prize of RM20,000 cash shopping spree in the We Pay Your Fashion Bills & Shopping Spree contest, which was won by Rusnita Buji. With celebrity Jojo Struys as fashion consultant, she went all over the mall for a great shopping experience.



Passport to Fashion-Prize Presentation

Safety Rangers Workshop

The Safety Rangers Workshop is the mall's unique initiative to increase child safety awareness for shoppers, which started last year and met with an overwhelming response from both parents and children. It is tailored to provide some safety aspects and tips that young children can practise while they are in the mall. The fun mission in which the children had to go through in order to become a full-fledged Safety Ranger included learning about escalator and lift safety, knowing the steps to take if they got separated with their parents in the mall and being safe in the car. It was held from 23 May – 9 June, where Sunway Pyramid exclusively collaborated with Disney Pixar's Monsters University, a 3D computer-animated comedy cartoon, to provide lots of exciting programmes and activities for the school holidays. Upon 'graduating', the Safety Rangers received a cute briefcase, containing stationeries, Monsters University badges and Fun Book, Sunway Lagoon vouchers, certificate and exclusive invitations to Monsters University Preview on 18 June 2013.



Safety Rangers Workshop Graduation Ceremony

AWARD & RECOGNITION

November 2012

Malaysian Retailer-Chains Association (MRCA) Most Supportive Shopping Mall Award

Sunway Pyramid clinched the Malaysian Retailer-Chains Association (MRCA) Most Supportive Shopping Mall Award for the fourth consecutive time, which is evidence that Malaysia's premier thematic shopping mall is committed to supporting and developing the Malaysia retail industry, creating a diverse tenant mix and maintaining a good and healthy relationship between the shopping mall management and tenants.

PORTFOLIO DETAILS (CONT'D)

SUNWAY PYRAMID SHOPPING MALL - TENANTS' & SHOPPERS' TESTIMONIALS

TENANTS' TESTIMONIALS

Bonia

Bonia is committed to be a well-recognized brand in the International Fashion Arena by achieving World Class Image and providing a wide variety of high quality, innovative design merchandise and customer service oriented. This attribute is also seen in Sunway Pyramid's services and resources. Sunway Pyramid has leveraged on the current advance digital technology and social media to further enhance on their advertising and marketing strategies which in turn has benefitted and strengthened the business for their tenants and to give shoppers a total refresh outlook of new shopping experience today. Being a world class tourist destination, we believe Sunway Pyramid has created a platform for business opportunities to many retailers.

Albert Chiang

Group Managing Director

City Chain

As an established and renowned watch retailer, City Chain takes pride in being associated with an equally distinguished and esteemed name such as Sunway Pyramid. The high-quality service and support provided by the Sunway Pyramid Management have indeed assisted us in pinpointing the areas that needed to be improved on, while at the same time highlighting our products and branding strength. Our business relationship has been built since 1997 and we are honoured to be part of the Sunway Pyramid success story.

Lisa Soon

General Manager

Walt Disney

"As part of The Walt Disney Company, Walt Disney Studios has always strived to seek partnerships close to our brand value, such as healthy eating and living, and providing a safe environment to our core audience, the children. Our partnership for Cars 2 and Brave with Sunway Pyramid has been tremendously successful, and helped our studio to showcase our product titles in a different light to capture our core audience. The Sunway Pyramid team is a great team to work with, and was upmost cooperative in managing these partnerships. We hope to continue our relationship with Sunway Pyramid in the coming years."

Tan Shu Mei

Senior Marketing Manager

Walt Disney Studios Motion Pictures, Malaysia

Padini

Being an owner of several leading consumer brands, and operating retail stores in practically all the premier shopping malls in the country, we're committed to serving our customers in the best ways possible, an attribute which we believe is also fervently embraced by Sunway Pyramid. The attention and care that Sunway Pyramid brings to their activities to promote the mall as a preferred destination for shopping, dining, entertainment, and fun have in our opinion been instrumental to the mall's success and continued popularity. Our many years with Sunway Pyramid reflect the solid relationship that we mutually have; it is also a testimony to how they have managed to keep the mall relevant over time to an ever-changing demographic landscape.

Chan Kwai Heng

Finance Director

DNP Clothing

(Dorothy Perkins, Miss Selfridge, Topshop Topman & Warehouse)

Sunway Pyramid, being a key strategic shopping mall in the Klang Valley has enabled us to position and grow our market share strongly for our portfolio of International brands in the market. In addition, the Group also has strategic direction to evolve to the needs of modern consumers and constantly striving to adopt industry best practices. Indeed, the collaborative and professional approach of its management team and a win-win philosophy has been instrumental in developing our successful partnership.

Lee Cheng Toh

Executive Director

WWF

WWF - Malaysia thanks Sunway Shopping Malls for supporting Earth Hour for three years. Sunway Pyramid Shopping Mall was the official venue sponsor of the ground events from 2011 to 2013, and they also hosted our fundraising and educational booths at Sunway Carnival, Sunway Giza and Sunway Pyramid Shopping Malls during the month of March of those years. With their consistently high foot traffic, their support represents a significant contribution to our efforts to build public awareness of the importance of mitigating climate change and related conservation issues through Earth Hour.

Dato' Dr Dionysius Sharma

WWF-Malaysia Executive Director/CEO

SHOPPERS' TESTIMONIALS

Xandria Ooi

As a shopping mall, Sunway Pyramid is vibrant with energy and activity. There is a warmth that extends through the mall, in part due to its layout but more so due to the fact that there are always little touches that personalise the shopping experience. It's the small things that matter and Sunway Pyramid really does come alive because of them. It's hard not to feel upbeat shopping there!

Gun Wei Aik

What I like best about Sunway Pyramid is the ambience. The lighting is great, the shop variety is awesome and there are many restaurant outlets for me to choose from too. The mall is almost like a one-stop shopping, dining and hang-out destination.

Eanne

Shopping in Sunway Pyramid is safe, convenient, unique and a joy. The car park is easy to access and the parking facility is secured by guards on patrol, which is good for female drivers. Moreover, the indication lights have eased our time to search for car parks. Sunway Pyramid offers many varieties of shopping - from fashion to food to unique boutique stores. Besides shopping, Sunway Pyramid has an ice skating rink. We can also enjoy our time at the cinema or the arcade. The mall continuously brings in new excitement - such a great place for family, friends and couples.

PORTFOLIO DETAILS



SUNWAY CARNIVAL SHOPPING MALL

3068, Jalan Todak, Pusat Bandar Seberang Jaya, 13700 Seberang Jaya, Pulau Pinang, Malaysia

Sunway Carnival Shopping Mall is a stylish 4-storey shopping mall strategically located within the town centre of Seberang Jaya, a well-integrated township initiated by the Government to boost the administrative, residential, industrial and commercial sector of Malaysia's northern region.

The mall hosts international and regional retailers, exquisite dining and entertainment outlets to ensure more passion, fun and delights for the shoppers. Visitors are in for a shopping experience that will never be quite the same ever again, all thanks to the approximately 190 specialty outlets. An exciting mélange of novel and trendy shops await shoppers where one will find variety in fashion, accessories, shoes, jewellery, timepieces, music, videos, gifts, souvenirs, leathers, books, pharmacies and electrical products. Recreational facilities include a karaoke lounge, an eight-screen cineplex, the biggest in Penang mainland, and an amusement centre.

Sunway Carnival Shopping Mall is only mere minutes from the

crossroads of the North-South and Kulim-Butterworth Highways, two of the nation's busiest and most widely travelled routes. The mall is also located near the Penang Bridge and North Butterworth Container Terminal.

COMPLETED INITIATIVES

During the year, Sunway Carnival Shopping Mall significantly improved the traffic circulation at the lower ground floor by the construction of a new entrance which connects the ground level directly into the lower ground floor of the mall.

To enhance security at the carpark, Sunway Carnival Shopping Mall has installed wireless 'I-Alert' system or panic buttons at the carpark.

FUTURE PLAN

The Manager plans to reconfigure 39,676 sq.ft. of space which was vacated by a tenant in July 2013 to further improve tenancy mix and retail offerings to achieve higher rental rates.

Contact Details for Management Office

Centre Management Office,
LG-68, Sunway Carnival Shopping Mall,
3068, Jalan Todak, Pusat Bandar Seberang Jaya,
13700 Seberang Jaya, Pulau Pinang, Malaysia
Tel: (604) 397 9888
Fax: (604) 397 9883

www.sunwaycarnival.com

PORTFOLIO DETAILS (CONT'D)



Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2013 (%)	Annual shopper traffic	Revenue (RM million)	NPI (RM million)
348,428	769,546 (retail & convention centre) 213,554 (carpark)	• 461,385 (retail) • 32,292 (convention centre)	More than 1,100	190	99.8	More than 7.8 million	32.9	20.4



A	4%	Electronics
B	9%	Education & Services
C	13%	Departmental Store
D	13%	Leisure & Entertainment
E	17%	Food & Beverage
F	21%	Others
G	23%	Fashion & Footwear

Weighted Average Lease Expiry

1.55 years

HISTORICAL OCCUPANCY RATE

Average occupancy rate

97.4%

JUNE 2013

91.2%

JUNE 2012

90.6%

JUNE 2011

93.6%

JUNE 2010

91.8%

JUNE 2009

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

55.8%

FY2014

17.0%

FY2015

20.9%

FY2016

6.1%

FY2017

TOP 10 TENANTS

31.3% of June 2013 Gross Rental Income

9.7% Parkson Corporation Sdn Bhd

8.5% Golden Screen Cinemas Sdn Bhd

3.0% GCH Retail (Malaysia) Sdn Bhd (Giant)

2.6% Sunway Hotel Seberang Jaya Sdn Bhd (Convention Centre)

1.5% Cheah Chyuan Yong (M) Sdn Bhd (CYC Mega Leisure)

1.3% Jet Line Avenue Sdn Bhd (Track 7 Karaoke)

1.3% Life Habitat Sdn Bhd (Studio)

1.2% Island Heritage Sdn Bhd (Absolute Fitness)

1.1% Esprit De Corp (M) Sdn Bhd

1.1% RSH (M) Sdn Bhd (Studio R)

PORTFOLIO DETAILS (CONT'D)

MARKETING ACTIVITIES - SUNWAY CARNIVAL SHOPPING MALL

July 2012

1 Malaysia Mega Sale Carnival

This 2-month nationwide sale saw Sunway Carnival Shopping Mall initiating value marketing to consumers through contests and redemptions of cash vouchers as they make their purchases at the mall. Strategic partners throughout this campaign include Tourism Malaysia and Master Card.

Hari Raya Aidilfitri

Waus – a symbol of childhood memories and home, was chosen as Hari Raya's theme at Sunway Carnival Shopping Mall. A variety of colourful waus were decorated around the mall and wau-crafting workshops provide shoppers an opportunity to learn this precious form of art. The Malay cultural experience was definitely a first for some of the shoppers.



Hari Raya - Traditional Dance Performance

September 2012

Mid-Autumn - Moonlit Harmony

Sunway Carnival Shopping Mall celebrated the Mid-Autumn festival with 'Chang Er' and 'Wu Gang' walkabout, Parent & Child Recycled Lantern Making Competition, Mass Moonlit Lantern Parade and 88 Lantern Riddles being some of the highlights of the event themed Moonlit Harmony. The full-day event was held in partnership with Kwong Wah Yit Poh, Pusat Penganut Dewa Kong Hock Jalan New Ferry Butterworth and Pusat Rekreasi dan Kebudayaan Kaum Cina Butterworth Pulau Pinang.



Mid - Autumn Festival - 88 Lantern Riddles Event

October 2012

Haunting Halloween

Halloween was a hit with children as shoppers' kids were allowed to dip into a zombie's trick-or-treat pumpkin basket. Shoppers were also able to look the part through special effects make-up redemption whilst the Haunted Pianist played spooky tunes all night long.



Haunting Halloween Event

Deepavali - Garden of Diwali

The mall was dressed in a garden of flowers in conjunction with this celebration of lights. Whilst shopping, patrons of the mall were entertained with Silambam performances, Traditional Dance performances and hands-on murukku making workshops. Shopper redemption rewards include Diwali Packets and kolam-inspired compact mirrors.

November 2012

Christmas - Joyful Christmas

Christmas 2012 saw the mall adopting a classic wintery Christmas to its ground evoking the Yuletide spirit. The Concourse was transformed into a forest winterland similar to a fairytale out of a storybook. Shoppers received value mileage for their shopping as there were Christmas product redemptions as well as jewelleryes up for grabs in the Joyful Christmas contest.



Launch of Joyful Christmas

PORTFOLIO DETAILS (CONT'D)

SUNWAY CARNIVAL SHOPPING MALL - MARKETING ACTIVITIES

December 2012

New Year's Eve Shopping Bonanza

Shoppers celebrating New Year's Eve at Sunway Carnival Mall were entitled to a lucky draw of over 400 products and cash vouchers as well as a grand prize of an iPad3.



New Years Eve Shopping Bonanza - Prize Presentation

Chinese New Year - The Spring of Prosperity

Sunway Carnival Shopping Mall's Upper Ground Concourse is all decked up with cherry blossoms and a pavilion amongst tall rocky mountains to mark the start of spring! Festive dance and traditional musical performances were some of the event highlights and God of Prosperity made his rounds during the weekend giving out treats and wished shoppers a prosperous New Year ahead.

Shopping rewards at Sunway Carnival Shopping Mall include the redemption of 'Prosperity Ang Pow' packets, Oriental Meal Box and a Traditional Chinese Tea Cup with a minimum spend.



Chinese New Year - Traditional Musical Performance

Annual Bridal Fair - The Wedding Host 2013

The annual bridal fair at Sunway Carnival Shopping Mall was held in partnership with Sunway Hotel Seberang Jaya and Kenlink. Exhibitors include local and international wedding vendors offering a variety of bridal and honeymoon packages, photo and videographers, jewellery as well as make-up and hairstyling services.

Some of the event highlights include a Mass Wedding, Best Matching Couple Contest and a Bridal Gown Auction.



Mass Wedding Event

Fashion Mania

A one of a kind shopping escapade and true to its tagline Find Your Style, Sunway Carnival Shopping Mall opened up a whole new world of shopping possibilities for its fashion and beauty shoppers in April 2013 as the shopping mall celebrates all things fashion. The campaign kicked off with a Fashion Show featuring local fashion designers in the likes of Randy Goh, Adem Yong and Richard Rivalee. Celebrities Debbie Goh, former model and current actress; and Wilson Tan, the first Malaysian male supermodel, also made an appearance during the opening.

Among highlights for the event are the 'Sunway Carnival Shopping Mall Young Fashion Designing Competition' and the 'We Pay Your Shopping Bills & Fashion Spree Contest' with a grand prize of a shopping spree!



Launch of Fashion Mania

PORTFOLIO DETAILS (CONT'D)

AWARD & RECOGNITION/TENANTS' TESTIMONIALS - SUNWAY CARNIVAL SHOPPING MALL

AWARD & RECOGNITION

Sunway Carnival Shopping Mall public facility was awarded the Cleanest Toilet Award in Penang Mainland Shopping Mall Category in the Toilet Cleanliness Campaign 2012 organised by the local council.



Cleanest Toilet Award Presentation

TENANTS' TESTIMONIALS

Parkson

Sunway Carnival Shopping Mall Management has done a great job in bringing many new tenants which has created more choice & improved customer traffic flow into the mall. The Management Staff is courteous, polite, cooperative & always willing to listen positively to improve further for achieving mutual business goals.

Muruganath
Outlet Manager

Toys R Us

We are satisfied that Sunway Carnival Shopping Mall security personnel takes immediate action when any items are found stolen. The mall provides a nice and beautiful environment for shoppers and tenant-management relationship is good as there is consistent updates and communication about the latest event and information.

Muhammad Rohayan
Outlet Manager

GSC

The operational staff are very helpful and provides assistance when needed. The mall interior is properly maintained and the facilities are good. Staffs are also helpful and alert.

Eric Ong
Outlet Manager

Popular

Sunway Carnival Shopping Mall is a comfortable, safe and convenient mall for customers who come for shopping and gathering, especially for family members.

Beh Swee Ling
Outlet Manager

STUDIO

Sunway Carnival Shopping Mall is a leading mall in mainland Penang in terms of product leadership, operation excellence & customer service. Product Leadership - strong tenants mix, operation excellence - system & process are easy to use and Customer Service - Car park security undergoes rigorous safety checks.

Christopher Nyew
Outlet Manager

PORTFOLIO DETAILS (CONT'D)



SUNCITY IPOH HYPERMARKET

No. 2, Jalan SCI 2/2, Sunway City Ipoh, 31150 Ipoh, Perak Darul Ridzuan, Malaysia.

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.

Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancy (Expiring FY 2014)	Occupancy as at 30 June 2013 (%)	Revenue (RM million)	NPI (RM million)
354,994	193,408	181,216	400	1	100	4.5	4.2

PORTFOLIO DETAILS (CONT'D)



SUNWAY PUTRA MALL

No. 100, Jalan Putra, 50350 Kuala Lumpur.

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.

ONGOING INITIATIVE

Sunway Putra Mall has been closed since end of April 2013 for a major refurbishment which will take approximately 22 months with target completion in early 2015. Please refer to page 45 for details of the refurbishment.

Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	Revenue (RM million)	NPI (RM million)
193,621 ¹	803,034 (retail) 585,540 ¹ (carpark)	• 507,171	More than 1,300 ¹	19.6	10.2

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

Contact Details for Management Office

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



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OF HOSPITALITY**

PORTFOLIO SUMMARY

HOTEL



SUNWAY RESORT HOTEL & SPA

Location

Selangor

Date of acquisition

8 Jul 2010

Acquisition price (RM million)

445

Year of completionSunway Resort Hotel & Spa - 1997
Three Villas - 2004**Title details & expiry date**

- PN 9492 Lot No. 35
1 April 2097 (commenced 2 April 1998, approx.
84 years remaining)

- PN 9498 Lot No. 51173
1 April 2097 (commenced 2 April 1998, approx.
84 years remaining)

All in Bandar Sunway, Daerah Petaling, Negeri Selangor.

Tenure

99 year lease

Encumbrances

- i) Charged to Public Investment Bank Berhad
- ii) Charged to HSBC Amanah Malaysia Berhad
- iii) Private Caveat by Public Bank Berhad
- iv) 10 years lease to Sunway Resort Hotel Sdn Bhd expiring 7 July 2020

Appraised value (RM million)

518

Date of latest valuation*

June 2013



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 No. 62060
21 February 2102 (commenced 22 February 2003, approx.
89 years remaining)

Bandar Sunway, Daerah Petaling, Negeri Selangor.

Tenure

99 year lease

Encumbrances

- i) Charged to Public Investment Bank Berhad
- ii) Charged to HSBC Amanah Malaysia Berhad

Appraised value (RM million)

295

Date of latest valuation*

June 2013

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

PORTFOLIO SUMMARY (CONT'D)

HOTEL



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 No. 5785
21 October 2092 (commenced 22 October 1993, approx.
79 years remaining)

Mukim 1
Daerah Seberang Perai Tengah, Negeri Pulau Pinang.

Tenure

99 year lease

Encumbrances

- i) Charged to Hwang DBS Investment Bank Berhad
- ii) 10 years lease to Sunway Hotel Seberang Jaya Sdn Bhd expiring 7 July 2020
- iii) 30 years lease to Tenaga Nasional Berhad expiring 15 March 2028

Appraised value (RM million)

75

Date of latest valuation*

June 2013



Artist Impression

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 Parent Lot No. 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan.

Tenure

Freehold

Encumbrances

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

Appraised value (RM million)

240

Date of latest valuation*

June 2013

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

PORTFOLIO DETAILS



SUNWAY RESORT HOTEL & SPA

Where
business
meets leisure

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

Sunway Resort Hotel & Spa is part of a multiple hotel development located within the integrated Sunway Resort City (SRC).

This award-winning flagship 5-star Hotel offers a collection of 439 well-appointed guestrooms and suites including Premier Rooms, Premier Executive Suites, Junior Suites, The Club Rooms and Suites and a Presidential Suite which are complete with Wi-Fi and wired internet access.

For meetings, incentives, conventions and exhibitions, this integrated destination offers over 10,000 square metres of world-class meeting space, including 55 meeting and function rooms, a grand ballroom, a specialised meetings zone and the massive Sunway Pyramid Convention Centre, making Sunway Resort Hotel & Spa one of Malaysia's most versatile conventions and exhibitions venues.

The Hotel's food and beverage offerings include a range of restaurants which serve Western, Italian, Chinese, Middle Eastern, Indian and Japanese cuisines, along with a lounge for evening cocktails and a cigar lounge.

FUTURE PLAN

Sunway Resort Hotel & Spa will be introducing refreshed dining concepts for the existing Western and Chinese restaurants and new F&B offerings at the alfresco area being developed above the carpark linkage. These new concepts and offerings will cater to the ever-changing tastes and expectations of discerning local diners as well as that of the hotel's guests.

Contact Details for Management Office

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

PORTFOLIO DETAILS (CONT'D)



SUNWAY RESORT HOTEL & SPA

Land area (sq.ft.)	GFA (sq.ft.)	No. of rooms	No. of parking bays	Average occupancy (%)	Revenue* (RM million)	NPI (RM million)
376,274	1,050,497	439 guestrooms 3 villas	More than 500	71.3	31.6	30.2

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



A **30.6%** Leisure
B **69.4%** Corporate

HISTORICAL OCCUPANCY RATE

Average occupancy rate

71.3%
JUNE 2013

76.0%
JUNE 2012

69.4%
JUNE 2011

66.7%
JUNE 2010

61.0%
JUNE 2009

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 FY2011 and FY2012 and RM31.6 million for each of the financial years for the remaining 10-year term

PORTFOLIO DETAILS (CONT'D)

MARKETING ACTIVITIES - SUNWAY RESORT HOTEL & SPA

October 2012

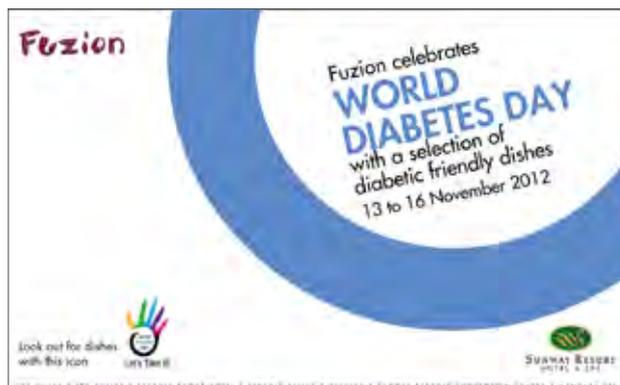
Malaysia International Gourmet Festival

Sunway Resort Hotel & Spa hosted the gala launch of the Malaysia International Gourmet Festival 2012 on 22 September at the Sunway Pyramid Convention Centre. This was followed by a month-long celebration of the Festival themed 'Musical Chefs', through a specially created Continental brasserie-style menu featured at New Orleans Bar & Grill and an exquisite Cantonese and Shanghainese menu served at West Lake Garden Chinese Restaurant throughout the month of October 2012.

November 2012

World Diabetes Day

In support of Sunway Medical Centre's 5-year campaign on creating awareness for Diabetes, Sunway Resort Hotel & Spa collaborated with the medical centre for their World Diabetes Day 'Let's Take 5!' Campaign. To encourage healthy eating, a series of healthy dishes were incorporated into the hotel restaurant's buffet offering from 13 to 16 November 2012.



October to November 2012

'Jazz Live' at New Orleans Bar & Grill

'Jazz Live', encapsulating a combination of food, wine and music at New Orleans Bar & Grill, took highlight in the last quarter of the year. The Jazz series presented in partnership with Kronenbourg 1664, featured varied genres of music and different musical talents in the likes of Michael Veerapen, Jose Thomas, David Gomes, Junji Delfino and others renowned in the industry.

December 2012

'A Tinsel Tale' Year-End Celebration

Sunway Resort Hotel & Spa's Christmas and New Year celebrations were headlined by an aptly decorated ambience throughout the Hotel, plus a variety of festive dining spreads and entertainment.

On New Year's Eve, 'A Jazzy New Year' at New Orleans Bar & Grill and 'West Lake Garden Goes Shanghai' proved to be exciting themes for guests and patrons to dine-in and count down to 2013. On 31 December 2012, Sunway Resort Hotel & Spa also played host to the Miss Tourism International 2012/13 pageant finals held at the Grand Lagoon Ballroom.



Miss Tourism International 2012/2013 - Prize Presentation

February 2013

'Winds Of Happiness' Chinese New Year Celebration

Apart from decorations and other Lunar New Year festive offerings including special set menus at West Lake Garden, the annual traditional Lion Dance performance for a blessed and prosperous year ahead, was held at the Main Lobby of Sunway Resort Hotel & Spa with a large crowd in attendance.



Chinese New Year - Lion Dance Performance

PORTFOLIO DETAILS (CONT'D)

SUNWAY RESORT HOTEL & SPA - MARKETING ACTIVITIES/AWARDS & RECOGNITIONS

April 2013

A Refreshed Fuzion

Fuzion, Sunway Resort Hotel & Spa's all-day dining restaurant, was refreshed and re-engineered to reflect current dining trends and expectations of diners and travellers. Enhancing its menu therefore, the restaurant reaffirmed its international cuisine offering with an 'A La Carte Express' concept emphasising the freshness of premium quality seasonal ingredients used; small, singular serving portions for frequent rotation and more variety; 'live' action kitchens for more interaction with the chefs who are able to personalise and customise dishes based on diners' individual preferences; specific signature dishes, cooking and preparation techniques which bring out the richness of flavours offered; and specific week-day evening highlights – all adding to a more inspiring and wholesome dining experience.

AWARDS & RECOGNITIONS

October 2012

Malaysia International Gourmet Festival (MIGF)

West Lake Garden and New Orleans Bar & Grill's participation at the 2012 Malaysia International Gourmet Festival (MIGF) resulted in 3 awards.

- Most Outstanding Festival Achievement: Winner- Sunway Group
- Most Outstanding Canapes of the Festival: Winner- West Lake Garden
- Most Outstanding Dessert of the Festival: Winner- New Orleans Bar & Grill



MIGF 2012

Sunway Resort Hotel & Spa also received several Award of Excellence:

- Most Outstanding Overall Dining Experience – New Orleans Bar & Grill, West Lake Garden
- Most Outstanding Cuisine – New Orleans Bar & Grill, West Lake Garden
- Most Creative Dining Experience – New Orleans Bar & Grill, West Lake Garden
- Best Use of Festival Theme - New Orleans Bar & Grill and West Lake Garden
- Most Outstanding Appetiser of the Festival – New Orleans Bar & Grill
- Most Outstanding Entrée of the Festival – New Orleans Bar & Grill
- Most Outstanding Main Course of the Festival – New Orleans Bar & Grill

April 2013

Booking.Com

Sunway Resort Hotel & Spa and Pyramid Tower Hotel were announced winners in the 'Excellent Outstanding Hotel Partner 2012' category, based on the Top 20 hotels in Malaysia, Singapore and Brunei which travellers checked in to through bookings via the booking.com website; an online hotel reservations agency that annually awards top performing properties based on recorded online sales data. For the state of Selangor, Sunway Resort Hotel & Spa and Pyramid Tower Hotel displayed the highest performance for the year.

May 2013

TripAdvisor

Sunway Resort Hotel & Spa was a Winner in TripAdvisor's Travellers' Choice 2013 Awards, being among the top-performing 10 percent of businesses listed on the website who receive this prestigious award. Honouring excellence, the accolade was presented to the Hotel for consistently achieving outstanding traveller reviews on TripAdvisor, being able to maintain an overall rating of four or higher out of a possible five points as reviewed by TripAdvisor, being listed on the website for at least 12 months, and meeting the volume of reviews outlined in the criteria for winning.



PORTFOLIO DETAILS



PYRAMID TOWER HOTEL

A Leading
Business Hotel

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

Pyramid Tower Hotel is a 4-star hotel in Bandar Sunway with 549 guest rooms. Offering comfort and convenience, Pyramid Tower Hotel is equipped with numerous facilities including in-room Wi-Fi internet access, café and lounge, room service and parking facilities.

The Hotel also offers recreation and entertainment including a fitness centre and a Balinese-inspired spa on grounds, as well as easy access to the attractions of Sunway Lagoon and over 800 specialty stores and indoor entertainment at Sunway Pyramid Shopping Mall.

The Hotel also features a 370-seat café 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 directly linked to the Pyramid Tower Hotel. A perfect complement to the Sunway Resort Hotel & Spa, Pyramid Tower Hotel is part of the Sunway Resort City in Bandar Sunway which is master-planned and developed by Sunway Berhad.

Contact Details for Management Office

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

PORTFOLIO DETAILS (CONT'D)



HOTEL

PYRAMID TOWER HOTEL

GFA (sq.ft.)	No. of rooms	No. of parking bays	Average occupancy (%)	Revenue*(RM million)	NPI (RM million)
356,888 strata floor area (level 1 to 9)	549	More than 530	78.7	21.8	21.4

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



HISTORICAL OCCUPANCY RATE

Average occupancy rate

78.7%
JUNE 2013

81.3%
JUNE 2010

83.1%
JUNE 2012

78.8%
JUNE 2009

80.9%
JUNE 2011

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 FY2011 and FY2012 and RM31.6 million for each of the financial years for the remaining 10-year term

PORTFOLIO DETAILS



SUNWAY HOTEL SEBERANG JAYA

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

Stay with us
and feel the
difference

Strategically located in the Seberang Jaya town centre at the intersection of the North-South and East-West highways, Sunway Hotel Seberang Jaya is conveniently accessible from the Penang Bridge and Penang International Airport. The hotel, in the centre of a vibrant hub which offers upscale entertainment, leisure and shopping complex is perfect for the holiday maker while corporate traveller seeking easy access to the highly developed industrial links and commercial zones on Penang's mainland will also find this address ideal.

The 15-storey Sunway Hotel Seberang Jaya offers 202 fully renovated Deluxe Premier and Club guestrooms, featuring new furnishing, bedding and linens, a wide range of facilities and amenities upgrades. Sunway Hotel Seberang Jaya is also popular venue for corporate meetings and functions. As part of the renovation programme, its full inventory of meeting and function

rooms as well as Ballroom were refreshed with enhanced lighting and added meeting facilities.

The Hotel's convention centre – Sunway Carnival Convention Centre (SCCC), located just steps away, which is the largest pillar free convention centre in Mainland Penang. With 20,000 sq. ft. of ample meeting space, it can accommodate various sizes of event from 18 to 1,200 guests, is a preferred choice for large scale conferences, events and exhibitions.

COMPLETED INITIATIVE

Sunway Hotel Seberang Jaya completed a comprehensive refurbishment exercise in 4Q2013 to re-define it with a contemporary and vibrant concept at an estimated cost of RM17.4 million.

Contact Details for Management Office

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

PORTFOLIO DETAILS (CONT'D)



SUNWAY HOTEL SEBERANG JAYA

Land area (sq.ft.)	GFA (sq.ft.)	No. of rooms	No. of parking bays	Average occupancy (%)	Revenue* (RM million)	NPI (RM million)
46,220	174,800	202	64	51.6	3.4	3.2

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



A 9.2% Leisure
B 90.8% Corporate

HISTORICAL OCCUPANCY RATE

Average occupancy rate

51.6%

JUNE 2013

77.0%

JUNE 2010

70.2%

JUNE 2012

78.8%

JUNE 2009

80.0%

JUNE 2011

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 FY2011 and FY2012 and RM3.4 million for each of the financial years for the remaining 10-year term

PORTFOLIO DETAILS (CONT'D)

MARKETING ACTIVITIES/AWARDS & RECOGNITIONS - SUNWAY HOTEL SEBERANG JAYA

MARKETING ACTIVITIES

July – August 2012

Ramadhan Buffet

In conjunction of fasting month, a rewarding Ramadhan culinary experience themed “Sentuhan Kasih, Rasa Sejati” was held nightly from 23th July – 17 August 2012 at Sunway Carnival Convention Centre. Advertisement was placed in Kwong Wah Yit Poh, and a maildrop of 30,000 flyers were made to selected residential including business area, banners hung at strategic locations, and a food review for local press was organized.



Ramadhan Buffet

December 2012

Thank You Party

A Thank You Party themed “White Christmas Party” was held on 6th December 2012 with the objective to thank loyal clientele from both government and corporate sectors for their tremendous support throughout 2012. Apart from the tantalizing Christmas buffet spread, the 150 over guests were also entertained with games, dance performances and door gifts. Besides that, there were 21 lucky draw prizes which were sponsored by Sunway Hospitality including the first prize Cathay Pacific flight ticket to Hong Kong.



White Christmas Party

AWARDS & RECOGNITIONS

Chinese New Year Cultural & Heritage Celebration

Sunway Hotel Seberang Jaya celebrated the Lunar New Year of the snake with a double award. The hotel bagged the Best Participation Stall and Best Fruits & Vegetable Setting during the Penang Chinese New Year Cultural & Heritage Celebration 2013 on 16th February 2013.

The theme – “Back to Sixties”, was organised by Penang State Government, Penang Chinese Clan Council & Clan Associations Youth Committee of Penang.



Chinese New Year Cultural and Heritage Celebration 2013

Battle Of The Chef 2013

The professional skills of six associates from Sunway Hotel Seberang Jaya won a total of 3 prizes in the biennial international-standard show down – Battle of the Chefs 2013 which was held from 12 – 14 June 2013.

The duo team event was won by two groups from the Housekeeping team at The Professional Bed Making Challenge which clinched the silver award and one group from the Kitchen team in the Group Fruit & Vegetable Carving challenge which finished in the third place.



Group Fruit & Vegetable Carving Challenge Team

PORTFOLIO DETAILS



Artist Impression

SUNWAY PUTRA HOTEL

No. 100, Jalan Putra, 50350 Kuala Lumpur.

City hotel
with good
connectivity

Sunway Putra Hotel Kuala Lumpur is a five-star hotel which forms part of an integrated 3-in-1 mixed-use development comprising retail, a hotel and offices. Located opposite Putra World Trade Centre (PWTC) and within the city's main commercial district, the hotel is easily accessible and key transportation services are virtually at the Hotel's doorstep.

All rooms, suites and apartments are elegantly and luxuriously furnished. For convenience, Wi-Fi access is available. Complementing the rooms are four exciting food and beverage outlets, from all-day dining to contemporary Japanese fare, lounge and a fun pub.

Events and conventions are handled professionally at Sunway Putra Hotel, from a cosy gathering of 20 to a large scale event that accommodates over a thousand persons. Recreational facilities include a fitness centre, swimming pool with a spectacular view of KLCC and squash courts.

FUTURE PLAN

Sunway Putra Hotel will be under going a refurbishment exercise by phases over the next two years with target completion in calendar year 2015. The project with estimated cost of RM130 million aims to refresh and improve the facilities of the hotel to better meet the expectations of more discerning corporate clients.

Contact Details for Management Office

Sunway Putra Hotel
100, Jalan Putra,
50350, Kuala Lumpur, Malaysia
Tel: (603) 4042 9888
Fax: (603) 4043 8806
www.putra.sunwayhotels.com

PORTFOLIO DETAILS (CONT'D)



Land area (sq.ft.)	GFA (sq.ft.)	No. of rooms	No. of parking bays	Average occupancy (%)	Revenue* (RM million)	NPI (RM million)
193,621 ¹	833,844	618	more than 1300 ¹	60.2	12.1	10.8

¹For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel, Sunway Putra Tower.
*The revenue represents total rent under a hotel master lease agreement.



A 24.4% Leisure
B 75.6% Corporate

HISTORICAL OCCUPANCY RATE

Average occupancy rate

60.2%

JUNE 2013

59.0%

JUNE 2012

MASTER LEASE DETAILS

Master lessee	Sunway Putra Hotel Sdn Bhd
Duration	10 years from 28 September 2011 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 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.
Variation to Master Lease*	<p>a) The total rent payable by the Lessee shall be the amount calculated in accordance with the variable rent formula for the period between 1 July 2013 to 30 June 2014 ("3rd Fiscal Year"). As such, the applicable amount of the Guaranteed Rent shall not apply to the 3rd Fiscal Year.</p> <p>b) If the variable rent calculated is less than the amount of the Guaranteed Rent for the 3rd Fiscal Year, the difference between the Guaranteed Rent and the Variable Rent ("differential sum") shall be adjusted in equal proportions from 5th Fiscal Year until the 11th Fiscal Year and added to the Guaranteed Rent from the 5th Fiscal Year until the 11th Fiscal Year.</p> <p>*The variation was announced on 3 July 2013 and was made in light of the major refurbishment of the adjoining Sunway Putra Mall from end April 2013 for a period of 2 years which will adversely affect the business of Sunway Putra Hotel. The Lessee forecasts that the differential sum is approximately RM3.3 million for the financial year ending 30 June 2014 and as such is not expected to have any material impact to the earnings of Sunway REIT.</p>

PORTFOLIO DETAILS (CONT'D)

SUNWAY PUTRA HOTEL - MARKETING ACTIVITY/AWARDS & RECOGNITIONS

MARKETING ACTIVITY

Lion Dance

To usher in the Year of the Snake, Sunway Putra Hotel organised a lion dance performance at its premises. Accompanied by the thunderous beat of gongs, drums and cymbals, three lions welcomed guests as they danced with much agility and vigour, making its way to the various food and beverage outlets, the ballroom, various departments and common areas in order to bless and awaken the 'chi' for a good year ahead. Guests, both locals and foreigner, took the opportunity to take photos with lions as well as receiving mandarin oranges and angpows from them. The event culminated with the guests and staff tossing and enjoying the Yee Sang at the lobby atrium. This act of tossing and mentioning auspicious words such as 'Lou Hei' is symbolic of all good things to come.



Lion Dance Performance

AWARDS & RECOGNITIONS

Great Eastern Mall's 6th Chocolate Cake Championship

Sunway Putra Hotel emerged 2nd runner up in the Great Eastern Mall's 6th Chocolate Cake Championship. With the theme of 'Rafflesia', a number of four and five-star hotels in the Klang Valley participated in the yearly affair where awards were given to the most creative and best tasting chocolate cake. For a worthy cause, the cakes were sold to shoppers and proceeds channelled to ChildrenCare, a charitable organisation set up by the insurance giant.



Pastry Chef Ella (R) with her creation

Outstanding Hotel Partner for the Year 2012 Award, Best Guest Review Award 2012 and 2013 TripAdvisor Certificate of Excellence.

Sunway Putra Hotel Kuala Lumpur achieved another milestone when it was awarded a string of awards for its online segment recently. Leading the way is the Outstanding Hotel Partner for the Year 2012 Award and Best Guest Review Award 2012. The former served to recognise Sunway Putra as the 2nd Best Performance Hotel in Kuala Lumpur while the latter as an acknowledgement for achieving consistently high score in terms of guest review and feedback. Both awards were presented by Booking.com.

Tripadvisor, an internationally recognised travel website, awarded Sunway Putra Hotel the Certificate of Excellence For Year 2013. The accolade is given to outstanding hospitality businesses that have received praise and recognition in reviews by TripAdvisor travellers.

PORTFOLIO SUMMARY
OFFICE

OFFICE CORPORATE SPACES FOR TODAY'S BUSINESS NEEDS



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 No. 61760

1 April 2097 (commenced 2 April 1998, approx. 84 years remaining)

Bandar Sunway, Daerah Petaling, Negeri Selangor.

Tenure

99 year lease

Encumbrances

- i) Charged to Public Investment Bank Berhad
- ii) Charged to HSBC Amanah Malaysia Berhad
- iii) Private Caveat by Public Bank Berhad

Appraised value (RM million)

160

Date of latest valuation*

June 2013

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

PORTFOLIO SUMMARY

OFFICE



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 No. 55, Seksyen 45

Kuala Lumpur, Wilayah Persekutuan.

Tenure

Freehold

Encumbrances

- i) Charged to Public Investment Bank Berhad
- ii) Charged to HSBC Amanah Malaysia Berhad
- iii) 30 years lease to Tenaga Nasional Berhad expiring 14 January 2023

Appraised value (RM million)

190

Date of latest valuation*

June 2013



SUNWAY PUTRA TOWER

Location

Kuala Lumpur

Date of acquisition

19 Apr 2011

Acquisition price (RM million)

80

Year of completion

1993

Title details

- Geran 10012 Parent Lot No. 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan.

Tenure

Freehold

Encumbrances

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

Appraised value (RM million)

92

Date of latest valuation*

June 2013

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

PORTFOLIO DETAILS



The Corporate
Centre in
Sunway
Resort City

MENARA SUNWAY

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



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 71.4% 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.

COMPLETED INITIATIVE

Menara Sunway completed an expansion project during the financial year which increased its NLA by 14,193 sq.ft. at an estimated cost of RM 4.1 million. The additional space has been taken up immediately upon completion.

Contact Details for Management Office

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

PORTFOLIO DETAILS (CONT'D)



Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2013 (%)	Revenue (RM million)	NPI (RM million)
193,395	399,446 (office) 266,696 (carpark)	290,805	More than 650	74	98.1	17.0	12.1



A	2%	Advertising & Agency
B	2%	Leasing
C	3%	Technology
D	3%	Trading
E	8%	Others
F	8%	Medical
G	12%	Construction
H	14%	Communication
I	23%	Property
J	25%	Management Services

Weighted Average Lease Expiry

1.08 years

HISTORICAL OCCUPANCY RATE

Average occupancy rate

98.9%

JUNE 2013

98.5%

JUNE 2012

99.7%

JUNE 2011

97.7%

JUNE 2010

97.3%

JUNE 2009

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

62.5%

FY2014

19.6%

FY2015

16.0%

FY2016

TOP 10 TENANTS

82.3% of June 2013 Gross Rental Income

16.9% Sunway Integrated Properties

15.1% Sunway Management Sdn Bhd

14.2% Maxis Mobile Sdn Bhd

9.2% Sunway Construction Sdn Bhd

8.5% Sunway Shared Services Sdn Bhd

6.6% Merck Sdn Bhd

3.4% Sunway Berhad

2.8% Dekon Sdn Bhd

2.8% Sunway Computer Service Sdn Bhd

2.8% Sunway Marketing Sdn Bhd

PORTFOLIO DETAILS



The
Preferred
MNC
destination

SUNWAY TOWER

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

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.

Contact Details for Management Office

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

PORTFOLIO DETAILS (CONT'D)



Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2013 (%)	Revenue (RM million)	NPI (RM million)
25,898	348,998 (office)	268,306	More than 290	17	88.3	15.8	11.6
	107,606 (carpark)						



- A 2% Consultancy (Finance)
- B 2% Glove Manufacturer
- C 2% Others
- D 3% Accounting
- E 3% Embassy
- F 88% Consultancy (Oil & Gas)

Weighted Average Lease Expiry

1.82 years

HISTORICAL OCCUPANCY RATE

Average occupancy rate

83.0%

JUNE 2013

93.5%

JUNE 2012

97.0%

JUNE 2011

95.6%

JUNE 2010

67.1%

JUNE 2009

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

0.5%

FY2014

85.2%

FY2015

2.6%

FY2016

TOP 10 TENANTS

99.7% of June 2013 Gross Rental Income

84.0% Ranhill Worley Parsons

4.6% Intecsea Sdn Bhd

2.8% Royal Danish Embassy

2.7% ACCA Malaysia Sdn Bhd

2.0% WRP Asia Pacific Sdn Bhd

1.6% Zhuojian Associates Sdn Bhd

0.7% San Francisco Coffee Sdn Bhd

0.5% Poliklinik Cahaya Sdn Bhd

0.4% Sunway Leisure Services Sdn Bhd

0.4% Bison Store Sdn Bhd

PORTFOLIO DETAILS



Artist Impression

City office
with good
connectivity

SUNWAY PUTRA TOWER

No. 100, Jalan Putra, 50350 Kuala Lumpur.



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 PLAN

Sunway Putra Tower will be under taking a refurbishment exercise which covers modernisation of lobby, lift lobbies, washrooms and replacement of mechanical and electrical plants. The project will be completed by calendar year 2015 and is estimated to cost RM 29 million.

Contact Details for Management Office

Sunway Putra Hotel
100, Jalan Putra ,
50350, Kuala Lumpur, Malaysia
Tel: (603) 4042 9888
Fax: (603) 4043 8806

PORTFOLIO DETAILS (CONT'D)



Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2013 (%)	Revenue (RM million)	NPI (RM million)
193,621 ¹	453,842	317,051	1,300 ¹	12	77.9	8.5	4.9

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



A	1%	Consultancy
B	2%	Medical
C	3%	Communication
D	5%	Leisure & Entertainment
E	7%	Education
F	82%	Government Agency

Weighted Average Lease Expiry

1.17 years

HISTORICAL OCCUPANCY RATE

Average occupancy rate

78.0%

JUNE 2013

85.2%

JUNE 2012

98.7%

JUNE 2011

LEASE EXPIRY SCHEDULE

Expiring tenancies as % of NLA

71.4%

FY2014

1.8%

FY2015

4.7%

FY2016

TOP 10 TENANTS

98.4% of June 2013 Gross Rental Income

56.6% Suruhanjaya Koperasi Malaysia

19.9% Kementerian Perdagangan Dalam Negeri

6.7% President Academy Sdn Bhd

5.1% Suruhanjaya Syarikat Malaysia

2.7% Encore Media Sdn Bhd

2.1% Chini Enterprise (M) Sdn Bhd

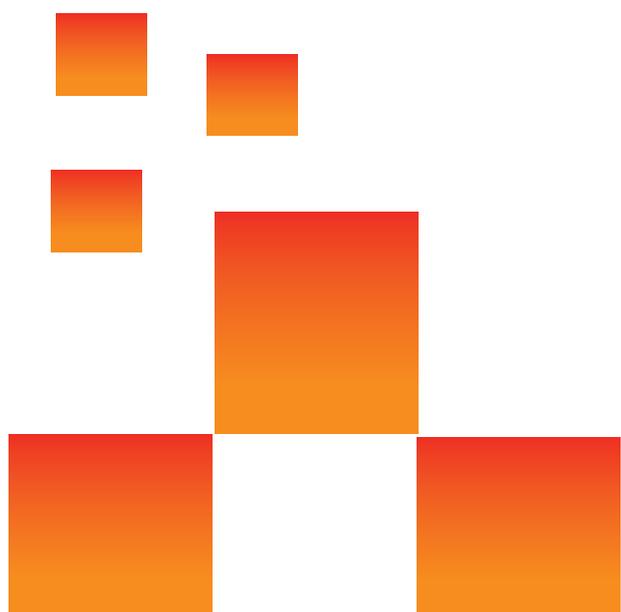
1.9% Raffcomm Sdn Bhd

1.8% Lexis Hotel & Resort Sdn Bhd

0.8% Yayasan Ihsan Rakyat

0.8% C&I Corporate Advisory Sdn Bhd

OTHERS



OTHERS



SUNWAY MEDICAL CENTRE

Location

Selangor

Date of acquisition

31 Dec 2012

Acquisition price (RM million)

310

Year of completion

Phase 1 - 2001

Phase 2 - 2009

Title details & expiry date

- PN 12549 Lot 38160

1 April 2097 (commenced 2 April 1998, approx. 84 years remaining)

- PN 12550 Lot 45

1 April 2097 (commenced 2 April 1998, approx. 84 years remaining)

Bandar Sunway, Daerah Petaling, Negeri Selangor.

Tenure

99 years

Encumbrances

Nil

Appraised value (RM million)

315

Date of latest valuation*

June 2013

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

PORTFOLIO DETAILS



SUNWAY MEDICAL CENTRE

No. 5 Jalan Lagoon Selatan, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan

Sunway Medical Centre ("SMC") is one of Malaysia's leading private hospitals strategically located within Sunway Resort City, Bandar Sunway, Selangor which is master-planned and developed by the Sponsor. It enjoys easy access to Kuala Lumpur and the Klang Valley via five major expressways, namely, New Pantai Expressway, North Klang Valley Expressway, KESAS Expressway and the Federal Highway.

SMC is a seven-storey purpose built hospital building which includes a multi-storey car park block and a multi-purpose convention centre. The convention centre is known as the 'Swan Convention Centre' and can accommodate up to 500 guests. Facilities at SMC include 342 licenced beds, 12 operating theatres and 94 consultation suites.

Land area (sq.ft.)	GFA (sq.ft.)	No. of parking bays	Revenue* (RM million)	NPI (RM million)
195,839	544,960 (medical center)	675	9.6	9.6
	217,083 (carpark)			

* The revenue represents rent under a master lease agreement.

MASTER LEASE DETAILS

Master lessee	Sunway Medical Centre Sdn Bhd
Duration	10 years from 31 December 2012 with an option to renew for another 10 years
Rental	RM19 million per annum for the 1st year
Rental uplift	3.5% per annum for each subsequent year for initial 10-year term
Rental basis	Triple net lease

Contact Details for Management Office

No. 5, Jalan Lagoon Selatan,
Bandar Sunway,
46150 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel: (603) 7491 9191
Fax: (603) 7491 8181

CORPORATE RESPONSIBILITY

- Marketplace 101
- Workplace 101
- Environment 102
- Community 103



IMPROVING THROUGH SYNERGY

The key to getting a perfect line up for dominoes is to set them up right. Set your dominoes up in a straight line, using a ruler to keep the spacing between them constant. The space between each domino is critical as their continuing connection to one another is the secret to getting them all to fall in one smooth motion.

At Sunway REIT, we believe that sustainability in business can be built through maintaining and strengthening synergistic relationship with all stakeholders including engaging the community through Corporate Responsibility initiatives.

CORPORATE RESPONSIBILITY

SUNWAY REIT BELIEVES THAT BUSINESS SUSTAINABILITY IS BUILT UPON THE PRINCIPLE OF HIGHEST STANDARD OF BEST PRACTICES, PROFESSIONAL CONDUCT, INTEGRITY AND ETHICAL BEHAVIOURS IN DEALING WITH ALL STAKEHOLDERS. AS A RESPONSIBLE CORPORATE CITIZEN, CORPORATE RESPONSIBILITY IS ENTRENCHED INTO OUR BUSINESS CULTURE AND WE ARE COMMITTED TO ACHIEVE EXCELLENCE IN THE PILLARS OF MARKETPLACE, WORKPLACE, ENVIRONMENT AND COMMUNITY.

PILLAR 1: MARKETPLACE

Sunway REIT believes that stakeholders form the integral part of the business and contribute to the sustainability of the business. Our key stakeholders include employees of the Manager, tenants, customers, regulators, media, investors / financial community as well as local community. Sunway REIT places a strong emphasis in continuous stakeholders engagement.

Stakeholders Engagement

Sunway REIT's advocacy in best practices through high level of disclosures, transparency and fair dealing are integrated in the conducts and dealings with all stakeholders. Sunway REIT is convinced that proactive, honest, transparent, responsible and continuous dialogues and engagements is the fundamental to creating a conducive marketplace for all stakeholders.

We proactively engage our tenants, retail customers, hotel guests and other stakeholders for feedback and satisfaction levels to enable continuous improvement in our service levels. More importantly, the strong rapport forms a lasting, harmonious and mutually beneficial relationship for the betterment of all parties. We emphasize on high service levels and believe in going the extra mile in the entire service value chain, from pre-sales to post-sales service. Surveys on 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 regular dialogues with regulators and industry players such as Asia Pacific Real Estate Association ("APREA") and Malaysia REIT Managers Association ("MRMA") to work closely in pursuit of the overall development of M-REIT industry and capital market. These initiatives set a platform for regulators and REIT players for periodic dialogues in setting higher standards of practices that is at par with the region and to resolve issues affecting the industry.

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 discussion 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 including financial results announcement, presentation decks which are made available on the website,

conference call session upon release of financial results and analysts and fund managers briefing. We are an active participant in overseas investors conferences in facilitating communications with foreign investors.

The Manager actively participates in conferences and seminars to share insights and industry knowledge as a thought leader to promote M-REITs to investors and the public. Key conferences and seminars attended during the year were as follows :

Date	Conference / Workshop	Topic
25 February 2013	The Greater KL & Smart City Summit 2013 by ASLI	City Investment Plan The Ongoing Transformation to Strengthen Opportunities, PPP, FDI & Private Investors
14 March 2013	APREA Workshop (Kuala Lumpur)	Capital Management of REIT
26 June 2013	Real Estate Investment World Asia 2013 in Singapore	Asian REITs Showcase: Acquisition Growth and Asset Enhancement



Dato' Jeffrey Ng (CEO of Sunway REIT Management Sdn Bhd), was a speaker for Real Estate Investment World Asia 2013 in Singapore.

PILLAR 2: WORKPLACE

At Sunway REIT, our passion revolves around our people. As part of the enlarged group of Sunway, Sunway REIT subscribes to the Group's corporate slogan "Our People, Our Strength" underscoring the belief that a strong workforce drives the success of the organization.

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

CORPORATE RESPONSIBILITY (CONT'D)

Employees Development Programme

The Manager endeavours to be established 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 in nurturing 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 development programmes to nurture and accelerate employees' career progression. During the financial year, the Chief Financial Officer and the Senior Finance Manager were enrolled in an APREA's training programme entitled Certificate of Real Estate Investment Finance (CREIF) to enhance their knowledge in this area.

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 are recognized and rewarded accordingly.

Employees Engagement and Satisfaction

In line with the Group's slogan, our people are our most valued assets. Sunway REIT strongly believes in providing a conducive environment for our people. We encourage open communication and team spirit through bonding activities such as informal chats with superiors, festive, birthday and welcome celebrations, team building activities as well as our family day.

On a formal basis, an Employees Engagement Survey was conducted by an independent external consultant to transparently understand employees' expectations. We endeavour to maintain an engaged workforce where their voices are heard. Following the study, carefully coordinated efforts are undertaken to ensure that the workforce feels supported and engaged.

On an annual basis, the Sunway organizes Sunway Managers' Conference in bringing employees from various ranks to share and align Sunway's core value to the employees within the Sunway Group.



Sunway Managers' Conference

PILLAR 3: ENVIRONMENT

SRC was recognized as Malaysia's First Green Township as awarded by the Green Building Index ("GBI"). 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 the SRC, namely Sunway Pyramid Shopping Mall, Sunway Resort Hotel and Spa, Pyramid Tower Hotel and Menara Sunway, were evaluated based on 6 broad criteria:

1. Climate, Energy & Water
2. Environmental & Ecology
3. Community Planning and Design
4. Transportation & Connectivity
5. Building & Resources
6. 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 environment management in the areas of managing energy efficiency, water conservation and recycling programmes.

Energy Efficiency

In our efforts to reduce energy consumption, Sunway Pyramid Shopping Mall completed the replacement of the old and inefficient chillers with new chillers to achieve higher energy efficiency. The exercise successfully enabled Sunway Pyramid Shopping Mall to achieve energy savings of approximately RM 0.3 million per month.

Sunway Carnival Shopping Mall completed an exercise to install double door at all entrances which contributed to energy savings.

Sunway Hotel Seberang Jaya newly refurbished rooms were installed with energy efficient T5 and LED lights.

In our efforts to reduce energy consumption, we control the air-conditioning temperatures at Sunway REIT's office properties at 24°C whilst the temperatures for our retail properties are set between 23°C to 25°C depending on the crowd.

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

Water Conservation

To conserve water, Sunway Pyramid Shopping Mall has installed waterless urinals in the men's restrooms. These urinals utilize a special bio-degradable chemical compound that breaks down urine into harmless and odourless particles without the need to flush.

The 3R Practice - Reduce, Reuse & Recycle

To encourage recycling, recycling bins in sets of three for paper, plastic and aluminum are found throughout the malls while trash separation were conducted to ensure recyclable materials do not end up in landfills. Buy back centres are also located in Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall.

CORPORATE RESPONSIBILITY (CONT'D)

Go Green with Leo & Friends

Continuing the tradition of 'Go Green with Leo' since it was first introduced in 2009, Sunway Pyramid Shopping Mall has relaunched 'Go Green with Leo & Friends' into 2013. The programme is a community outreach programme bearing the importance of preserving the Earth and its resources. The programme catered for children 12 years old and below to educate and encourage them to be aware of environmental issues.

Addressing Climate Change

Sponsored by the World Wildlife Fund (WWF), Earth Hour is an event in which consumers and businesses are urged to switch off their lights as a support to on climate change. 2013 marked the 5th 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 three 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 Shopping mall joined the nationwide move by turning off non-essential lights. Guests staying in Sunway Resort Hotel and Spa and Sunway Putra Hotel were also encouraged to join in the effort in their respective guestrooms by switching off non-essential lightings during the event.



Earth Hour Event

As part of the asset enhancement initiatives in improving the connectivity and business synergy between assets, the construction of an above ground linkage connecting Menara Sunway to Sunway Resort Hotel and Spa and Sunway Pyramid Shopping Mall has also a role to contribute to the environment. The seamless connectivity promotes walking culture where pedestrians are able to walk in the covered walkway. In addition, it removes the necessity to drive from one asset to the other, hence reducing carbon emission into the air.

The "Canopy Walk" which is a covered pedestrian walkway which connects Sunway Pyramid Shopping Mall to Sunway University has been extended to Monash University Sunway Campus. The walkway which has been installed with CCTV encourages students from these two universities to walk instead of drive to Sunway Pyramid Shopping Mall.

Sunway Carnival Shopping Mall has been collaborating with

the Penang State Government under the Park & Ride initiative since 2011. The initiative encourages less usage of cars where commuters are provided with space to park at the mall and to utilize the free public transport provided by the Government which commute between Sunway Carnival Shopping Mall and the island.

Smoke Free Zone

Sunway Group has recently embarked on a five year strategic plan to transform SRC into the first 100% smoke-free township in Malaysia by 2018. The initiative was launched in conjunction with World No Tobacco Day 2013. This effectively means an estimated 200,000 residents including 30,000 students population in and surrounding SRC are free from harmful effects of cigarette smoke. Three of Sunway REIT's assets were gazetted as smoke-free establishments. The assets are Sunway Pyramid Shopping Mall, Menara Sunway and Sunway Medical Center.

In tandem with the smoke-free zone for SRC, Sunway REIT is embarking on business sustainability initiatives in collaboration with relevant stakeholders. At this juncture, plans are underway to craft the framework before implementation of such initiatives at the assets level.

PILLAR 4: COMMUNITY

In Sunway REIT, 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.

Sunway REIT participates in the Group's internship programme to equip the deserving ones with knowledge and relevant expertise prior to then stepping into the job market. During the training programme, talents will be identified to be part of the Sunway REIT team, subject to availability of jobs. This is also part of our commitment in nurturing talents for the REIT industry.

Festive Celebrations



Hari Raya Celebration hosted by Sunway Hotel Seberang Jaya

We share the country's various festive joys with the under privileged community through several activities. In the spirit of Ramadan, Sunway Resort Hotel & Spa collaborated with Sunway Pyramid Shopping Mall to extend its hospitality to the community of PJS 10 in Subang Jaya, serving a scrumptious offering of local

CORPORATE RESPONSIBILITY (CONT'D)



Deepavali Celebration hosted by Sunway Pyramid Shopping Mall and Sunway Resort Hotel & Spa

dishes. Sunway Resort Hotel & Spa also hosted 120 children from Rumah Yatim Limpahan Kasih and Rumah Yatim Nur Jannah for the breaking of fast whilst Sunway Hotel Seberang Jaya hosted children from Rumah Kanak-kanak Taman Bakti where they were feted with delicious dinner, entertainment and presented with duit raya. Sunway Carnival Shopping Mall took the opportunity to break fast with 25 students from the special needs school of Sekolah Kebangsaan Khir Johari at the launch of the Hari Raya celebrations.



Christmas Celebration hosted by Sunway Resort Hotel & Spa

In conjunction with the Festival of Lights, Sunway Resort Hotel & Spa collaborated with Sunway Group and Sunway Pyramid Shopping Mall to host a dinner for single mothers from the Bandar Sunway Malaysia Hindu Sangam Community and their children at the Fuzion.

Sunway Hotel Seberang Jaya was pleased to celebrate this festival with some 100 children from Kamakshi Child Home, Lunas and Arutjyothi Vallalar Mandram, Sungai Petani. The guests enjoyed a specially prepared vegetarian dinner and the children were entertained with games and presents.

This is the first time the hotel hosted a treat for the underprivileged Indian children and Sunway Hotel Seberang Jaya would like to

make this as an annual event to bring cheer to the less fortunate in our multicultural community.

For the Christmas celebration, Sunway Resort Hotel & Spa took 60 children from the Trinity Children's Home for dinner at the Atrium Café at Pyramid Tower Hotel, followed by the Beauty and the Beast Musical at Sunway Lagoon. Sunway Putra Hotel brought Christmas cheers to 108 orphans of Sunbeams Home by providing them with school bags, schooling essentials and groceries. Sunway Carnival Shopping Mall celebrated Christmas with 37 children from Shan's Children Home and Persatuan Kebajikan Shammah by treating them to a movie, lunch and followed by a visit to the Penang Bird Park.

Sunway Carnival Shopping Mall and Sunway Hotel Seberang Jaya visited the residents of Rumah Sejahtera Permatang Tinggi on the tenth day of the Chinese New Year celebration for a reunion lunch and tossing of Yee Sang. The residents were also presented with "Ang Pows" and goodies bag.

Other Community Projects

Sunway Carnival Shopping Mall co-organised the Cycling for Charity event in August 2012 in which 703 cyclists participated and raised RM21,000 for the Yee Ran Jing Sheh Handicapped Children Home.



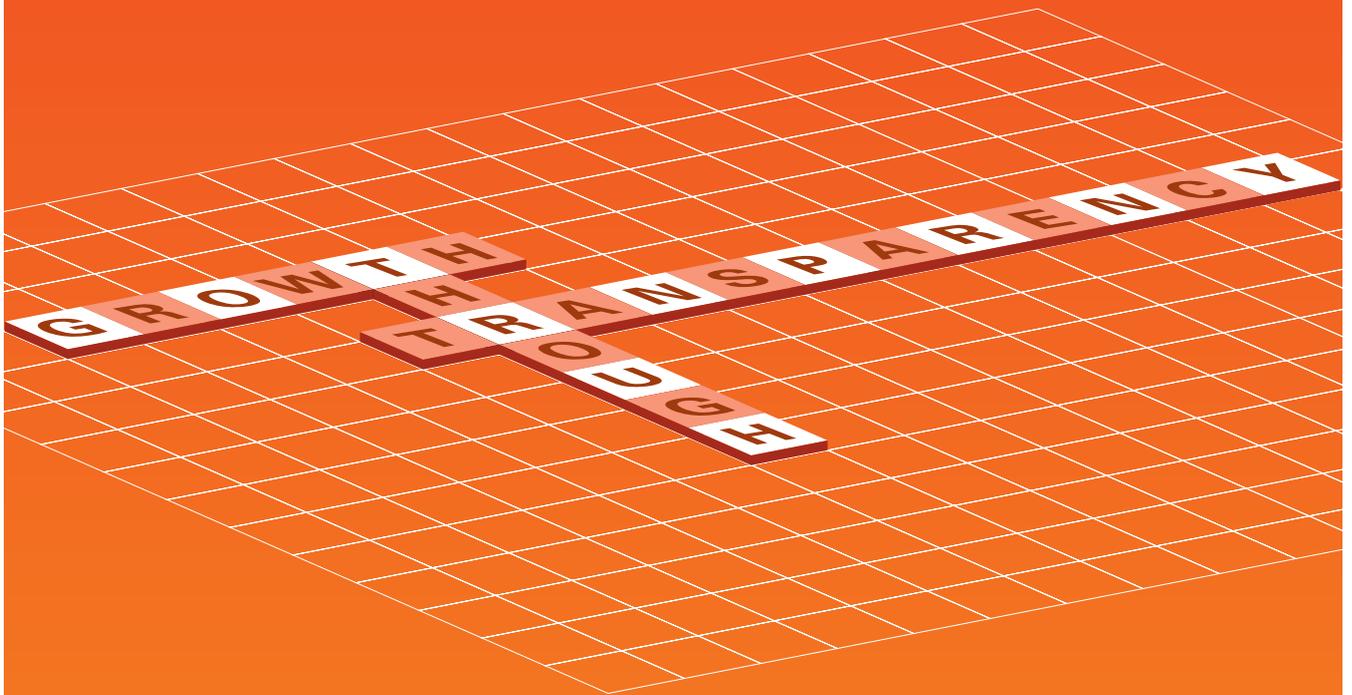
Chinese New Year Celebration hosted by Sunway Carnival Shopping Mall and Sunway Hotel Seberang Jaya

In September 2012, Sunway Resort Hotel & Spa collaborated with the Sunway Group, Sunway Pyramid Shopping Mall and the Rotary Club of Greater KL to participate in a programme to bring cheer to a group of less fortunate children at Sunway Lagoon.

For Mother's Day celebration, the Sunway Carnival Shopping Mall team visited and donated goodies to single mothers of Koperasi Ibu Tunggal & Wanita Seberang Perai Tengah.

COMMITTED TRANSPARENCY

- Board Charter 106
- Code Of Conduct & Business Ethics 113
- Audit Committee Report 115
- Statement on Risk Management and Internal Control 119
- Additional Information 121



GROWTH THROUGH TRANSPARENCY

One of the best Scrabble strategies to use is memorising 2 and 3-letter words. This enables players to spell more unique words and score more. 2-letter words will allow avoiding passing and in turn generate more points for the player.

At Sunway REIT, we are committed in ensuring the practice of good corporate governance to achieve enhanced unitholder's value and financial performance. Based on such practices, we foster a strong bond with stakeholders and rely on this trust to keep growing.

BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“the Board”) of Sunway REIT Management Sdn Bhd (“Manager”) regards corporate governance as vitally important to the success of Sunway Real Estate Investment Trust’s (“Sunway REIT”) business and is unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its unitholders and relevant stakeholders:

- The Board is the focal point of the corporate governance system. It is ultimately accountable and responsible for the performance and affairs of Sunway REIT.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible for achieving a high level of good governance.
- This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Manager are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and to ensure that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of Sunway REIT.

In pursuit of the ideals in this Board Charter, the intention is to exceed “minimum legal requirements” with due consideration to recognised standards of best practices locally and internationally.

3. THE BOARD

3.1 Role

- 3.1.1 The Board is in charge of leading and managing the Manager and Sunway REIT in an effective and responsible manner. Each Director has a legal duty to act in the best interest of Sunway REIT. The Directors, collectively and individually, are aware of their responsibilities to unitholders and stakeholders for the manner in which the affairs of Sunway REIT are managed. The Board sets the values and standards and ensures that its obligations to its unitholders and stakeholders are understood and met.
- 3.1.2 The Board meets at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not

Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

- 3.1.3 Duties of the Board include establishing the corporate vision and mission as well as the philosophy of Sunway REIT, providing leadership to the Manager, setting the strategic directions and overseeing the management of Sunway REIT.
- 3.1.4 The main functions and roles of the Board are as follows:
- a) Setting the objectives, goals and strategic plans for the Manager and Sunway REIT with a view to maximising unitholders’ value.
 - b) Adopting and monitoring progress of the strategies, budgets, plans and policies of the Manager and Sunway REIT.
 - c) Overseeing the conduct of Sunway REIT’s properties to evaluate whether they are properly managed.
 - d) 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.
 - e) Considering Management’s recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
 - f) 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.
 - g) 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.
 - h) 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.
 - i) Succession planning, including appointing,

BOARD CHARTER (CONT'D)

training, fixing the compensation of and, where appropriate, replacing senior management.

- j) Developing and implementing an investor relations programme or unitholder communications policy for the Manager.

relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

3.2 Composition and Board Balance

- 3.2.1 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.
- 3.2.2 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.
- 3.2.3 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.2.4 The Independent Directors help to ensure that the interests of all unitholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.2.5 The views of the Independent Directors should carry significant weight in the Board's decision-making process.

3.3 Appointments

- 3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 3.3.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of Sunway REIT.
- 3.3.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

3.4 Directors' Training

- 3.4.1 In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Malaysia Securities Berhad ("Bursa Securities"), Board members are also encouraged to attend seminars and training programmes organised by the

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

3.5 Re-election

- 3.5.1 The Manager's Articles of Association provides that one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are those who have been longest in office since their last election or appointment.

3.6 Board Meetings and Supply of Information

- 3.6.1 The Board meets regularly at least once every 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, 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 of Sunway REIT ("Trustee") or any other issues requiring the immediate attention of the Board.
- 3.6.2 Notices and agenda of meetings duly endorsed by the Chairman together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Board to study and evaluate the matters to be discussed.
- 3.6.3 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.

4. CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

There is a balance of power and authority between the Chairman and the CEO with a clear division of responsibility between the running of the Board and the business of Sunway REIT respectively. The positions of Chairman (ie. Non-Executive Chairman) and CEO are separated and clearly defined.

BOARD CHARTER (CONT'D)

4.1 Chairman

- 4.1.1 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:
- a) leading the Board in setting the values and standards of Sunway REIT;
 - b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
 - c) ensuring the provision of accurate, timely and clear information to Directors;
 - d) ensuring effective communication with unitholders and relevant stakeholders; and
 - e) ensuring 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.
- 4.1.2 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board.
- 4.1.3 The Chairman ensures that the Board members are properly briefed on issues arising at board meetings and that available information on an issue is presented to the Board.
- 4.1.4 The Chairman will act as facilitator at board meetings to ensure that no Board member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Board members is forthcoming.
- 4.1.5 Questions arising at any board meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, except that where two (2) Directors form a quorum and only two (2) Directors are present, or where there are only two (2) Directors who are competent to vote on the question at issue, the Chairman shall not have a casting vote.

4.2 Chief Executive Officer ("CEO")

- 4.2.1 The CEO is the conduit between the Board and the Management in ensuring the success of the governance and management functions of Sunway REIT.
- 4.2.2 The CEO has the executive responsibility for the day-to-day operation of business, and the execution of the agreed business policies and

directions set by the Board and of all operational decisions in managing Sunway REIT.

- 4.2.3 All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

5. BOARD COMMITTEES

The Board appoints the following Board Committees with specific terms of reference:

- Audit Committee
- Remuneration Committee
- Nomination Committee

Independent and Non-Executive Directors play a leading role in these Committees.

5.1 Audit Committee

- 5.1.1 The Audit Committee comprises three (3) members, all of whom are Independent Directors.
- 5.1.2 No alternate Director can be appointed as a member of the Audit Committee.
- 5.1.3 The Audit Committee will elect an Independent Director from amongst them as its Chairman.
- 5.1.4 The functions and duties of the Audit Committee are as follows:-
- A. To review the following and report the same to the Board:
 - a) With the External Auditors:
 - (i) the audit plan and audit report and the extent of assistance rendered by employees;
 - (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:

BOARD CHARTER (CONT'D)

- (i) the Internal Audit Charter which defines the independent purpose, authority, scope and responsibility of the internal audit function;
 - (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;
 - (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 and regulatory requirements, 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, 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.
- B. To report any breach of the Listing Requirements of Bursa Securities which has not been satisfactorily resolved, to Bursa Securities.
- C. To prepare the Audit Committee Report for inclusion in the Sunway REIT's Annual Report.
- D. To review the disclosure statements of the Board and other disclosures forming the contents of annual report spelt out in the Securities Commission's Guidelines on Real Estate Investment Trusts.
- E. 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.
- 5.1.5 The Audit Committee meets on a quarterly basis to carry out its functions. However, upon the request of any member of the Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene additional meeting to consider the matters brought to its attention.
- 5.1.6 The CEO, Chief Financial Officer, Internal Auditors and External Auditors attend the meetings at the invitation of the Audit Committee.
- 5.1.7 The Board will review the performance of the Audit Committee once in every three (3) years.
- 5.2 Remuneration Committee**
- 5.2.1 The Remuneration Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from amongst the Independent Non-Executive Directors.
- 5.2.2 The Remuneration Committee will elect an Independent Non-Executive Director from amongst them as its Chairman.
- 5.2.3 The Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board, the remuneration packages of the Executive Director(s) and Chief Financial Officer.
- 5.3 Nomination Committee**
- 5.3.1 The Nomination Committee shall be appointed by the Board of Directors from among their members and shall comprise not fewer than three (3) members.
- 5.3.2 The Nomination Committee comprise entirely of Non-Executive Directors, the majority of whom, including the Chairman, must be independent.
- 5.3.3 The members of the Nomination Committee shall elect a Chairman from among their members who

BOARD CHARTER (CONT'D)

is not an Executive Director of the Company.

- 5.3.4 In the event of any vacancy in the Nomination Committee resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.
- 5.3.5 The functions of the Nomination Committee are as follows:-
- (a) To determine the core competencies and skills required of Directors to best serve the business and operations of the Company as a whole and the optimum size of the Board to reflect the desired skills and competencies.
 - (b) To review the size of Non-Executive Directors, Board balance and determine if additional Directors are required and also to ensure that at least one-third (1/3) of the Board is independent.
 - (c) To consider in making its recommendations, candidates for directorships proposed by the Chairman and/or the Chief Executive Officer and within the bounds of practicability, by any other senior executive or any Director or shareholder.
 - (d) To review and assess nominations for appointment or re-appointment of members of the Board of Directors, the key executives of the Company, and members of the various Board committees, for the purpose of proposing such nominations to the Board for approval.
 - (e) To undertake a review of the required mixed of skill, independence, experience, diversity and other qualities of directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this in the Annual Report.
 - (f) To review the Board structure, its size and composition annually having regard to the scope and nature of the operations and the core competencies of the Directors.
 - (g) To review and determine on an annual basis, the independence of Independent Directors.
 - (h) To assist the Board to implement a procedure to be carried out by the Committee for assessing the effectiveness of the Board as a whole and the Board Committees, as well as for assessing the contributions and performance of individual Directors and Board Committee members.

- (i) To introduce such regulations, guidelines, policies and/or procedures to function effectively and fulfil the Committee's objectives.
- (j) To determine appropriate training for Directors and review the fulfilment of such training, where appropriate.

6. REMUNERATION LEVELS OF DIRECTORS

- 6.1 The remuneration of the CEO is structured on the basis of linking rewards to corporate and individual performance. For Independent 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.
- 6.2 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.

7. FINANCIAL REPORTING

7.1 Transparency

- 7.1.1 In presenting the annual financial statements, Annual Report and quarterly results to unitholders, the Board aims to provide a balanced and understandable assessment of Sunway REIT's financial position, performance and prospects.
- 7.1.2 The Board ensures that the financial statements are prepared so as to give a true and fair view of the current financial status of Sunway REIT in accordance with the approved accounting standards. The Board is assisted by the Audit Committee to oversee Sunway REIT's financial reporting processes and the quality of its financial reporting.
- 7.1.3 The quarterly financial results are announced to Bursa Securities as early as possible within two (2) months after the end of each quarterly financial period.

7.2 External Auditors

- 7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the External Auditors through its Audit Committee.

BOARD CHARTER (CONT'D)

7.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the External Auditors. The Board ensures that the External Auditors do not supply a substantial volume of non-audit services.

7.2.3 The appointment of External Auditors, who may be nominated by the Manager, must be 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.

7.3 Internal Controls and Risk Management

7.3.1 Sunway REIT has an outsourced internal audit function, which critically reviews all aspects of the activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.

7.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.

7.3.3 The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.

7.4 Compliance Officer

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

8. ANNUAL GENERAL MEETING ("AGM")

8.1 The Board regards the AGM as an important event in the corporate calendar of which all Directors and key personnel should attend.

8.2 The Board regards the AGM as the principal forum for dialogue with unitholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from the unitholders.

8.3 The Chairman encourages active participation by the unitholders during the AGM.

8.4 The Chairman and where appropriate, the Chief Executive Officer responds to unitholders' queries during the AGM.

9. INVESTOR RELATIONS AND UNITHOLDER COMMUNICATION

9.1 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.

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

9.3 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 conferences as part of its efforts to build interest in the Malaysia's real estate investment trust market.

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

9.5 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.

BOARD CHARTER (CONT'D)

10. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of Sunway REIT, the Board recognises that no company can exist by maximising unitholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

10.1 Employees

- 10.1.1 The Board acknowledges that the employees are invaluable assets of Sunway REIT and play a vital role in achieving its vision and mission.
- 10.1.2 The Manager adopts comprehensive and documented policies and procedures with respect to occupational safety and health with the objective of providing a safe and healthy working environment for all employees.

10.2 Environment

- 10.2.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the vision and mission of Sunway REIT.
- 10.2.2 The Manager adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- 10.2.3 The Manager supports initiatives on environmental issues.

10.3 Corporate Responsibility

- 10.3.1 The Board acknowledges that Sunway REIT should play a vital role in contributing towards the welfare of the community in which it operates.
- 10.3.2 The Manager supports charitable causes and initiatives on community development projects.

11. COMPANY SECRETARY

- 11.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 11.2 The Company Secretary is accountable to the Board on all governance matters.
- 11.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting Sunway REIT and/or the Manager.
- 11.4 The Company Secretary must keep abreast of, and inform the Board of current governance practices.
- 11.5 The Board members have unlimited access to the professional advice and services of the Company Secretary.

CODE OF CONDUCT & BUSINESS ETHICS

1. INTRODUCTION

Sunway REIT Management Sdn Bhd's ("Manager") Code of Conduct and Business Ethics ("Code") provides the ethical framework to guide actions and behaviors of all Directors and Employees of the Manager while at work.

This Code reflects the increasing need for effective corporate governance compliance measures in the conduct of Sunway Real Estate Investment Trust's ("Sunway REIT") business domestically and worldwide. It emphasizes and advances the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of the Manager and Sunway REIT.

2. OBJECTIVE

The objective of the Code is to provide guidance on the standards of behavior expected of all Directors and Employees of the Manager, and where applicable, Counterparts and Business Partners. The standards of behavior are derived from the Manager's Core Values and Business Principles. For all intent and purposes, all Directors and Employees of the Manager shall always observe and ensure compliance with all applicable laws and regulations to which they are bound to observe in the discharge of their duties.

3. SCOPE

The Code is applicable to Directors and Employees (including full time, probationary, contract and temporary staff) ("Employees") of the Manager. Each Employee has a duty to read and understand the Code. Violation of any of the Code's provisions can result in disciplinary action, including termination of employment. The Code applies to all businesses and countries in which Sunway REIT operates.

4. CORE SECTIONS OF CONDUCT

A. Act with Integrity & Ethics

i. Avoid Conflict Of Interest

A conflict between your personal interests and the interests of Sunway REIT is a conflict of interest. All of us must avoid such conflicts and situations that may be perceived as creating a conflict of interest that may influence our judgment in the discharge of responsibilities. Directors and Employees of the Manager must not use their positions or knowledge gained directly or indirectly in the course of their duties or employment for private or personal advantage (directly or indirectly).

ii. Corrupt Practices Are Strictly Prohibited

Corrupt practices are operationally defined as the misuse of entrusted power for private gain. Directors and Employees of the Manager must comply strictly all provisions of the Malaysian Anti-Corruption Commission Act (MACC) 2009 accordingly.

iii. Acceptance And Provision Of Gifts And Entertainment

It is important not to accept or provide inappropriate gifts or entertainment as it may create conflict of

interest and influence business decisions. Generally, acceptance of inexpensive "token" non-cash gifts which are occasional, customary gifts during festive or special occasions and gifts from social events attended by the Directors or Employees of the Manager is permissible. In addition, infrequent and moderate business meals and entertainment with clients and infrequent invitations to attend local social events and celebratory meals with clients can be appropriate aspects of promoting good business relationships, provided that they are not excessive and do not create the appearance of impropriety.

If in doubt, before accepting any gifts or courtesies, please consult with your respective Head of Department and/or Business Unit Head for advice and approval relating to acceptance of gifts and entertainment.

iv. Solicitation Of Sponsorship

The Manager discourages its Employees, whether directly or indirectly, from soliciting, accepting or agreeing to accept, from any party any form of sponsorship or gifts and hospitality from business partners. Sponsorship gifts and hospitality may be in the form of cash or cash equivalent, personal services, loans, events or meals where the business partner is absent or during periods when important business decisions are being made. Sponsorship gifts and hospitality must never influence your business decisions and must not place you or the Manager under any obligation.

v. Insider Trading

Do not buy or sell and do not recommend and suggest anyone else buy or sell the units of Sunway REIT either directly or indirectly when you are aware of insider information about Sunway REIT, for personal benefit. A violation of this policy can result in civil and criminal penalties. Please refer to the Manager's existing policy on Insider Trading for appropriate guidance and compliance.

vi. Fraud

Employee must not engage in any forms of fraudulent acts or any dishonest conducts involving property or assets, or on the financial reporting and accounting of Sunway REIT or third party. This may not only entail sanctions but also result in criminal charges.

B. Comply with laws & regulations

i. Ensure compliance with applicable laws & regulations

The Manager and Sunway REIT will comply with all applicable laws, rules and regulations of the governments, commissions and exchanges in jurisdictions and countries within which Sunway REIT operates. Each of us is responsible for taking appropriate actions to understand and comply with the laws, rules and regulations that are applicable to their positions and/or work.

CODE OF CONDUCT & BUSINESS ETHICS (CONT'D)

C. Working with one another

i. Health & safety

The Manager strives to provide a safe, secure and conducive workplace environment. Every employee must diligently observe and comply with all Occupational Safety and Health laws and regulations of any country and the Manager's environmental safety rules and regulations.

ii. Sexual harassment & violence

We will not tolerate and condone any form of harassment and violence. Any employee of the Manager who believes that he/ she has been subjected to harassment can lodge a report to Group Human Resource who will be responsible to review the case and consider the appropriate course of action where applicable. Please refer to Group Human Resource for existing policy in this matter for appropriate guidance and compliance.

iii. Respect, equal and non-discrimination

Each of us will be treated with respect and dignity. The Manager endeavour to provide equal opportunity to ensure that employment decisions are based on merits and performance without regard to race, religion, gender, age, nationality or disability, and shall not create any form of discrimination or prejudice in the workplace.

D. Protect Sunway's assets & intellectual property

i. Protect Sunway REIT's information & assets

The Manager values and protects all proprietary and confidential information of Sunway REIT and is committed to protecting its assets and resources. Directors and employees of the Manager are expected to exercise reasonable care to safeguard Sunway REIT's assets to avoid any loss, damage, misuse or theft. In addition, we must safeguard proprietary, confidential information, plus personally identifiable information at all time to prevent harm to Sunway REIT, our unitholders, and individuals or other third parties that have trusted us with their information.

ii. Confidential Information

All Directors and Employees of the Manager must exercise caution and due care to safeguard any information of a confidential and sensitive nature relating to Sunway REIT which is acquired in the course of their employment, and are strictly prohibited to disclose to any party, unless the disclosure is duly authorized or legally mandated. In the event that a Director or an Employee of the Manager know of material information affecting Sunway REIT which has not yet been publicly released, the material information must be held in the strictest confidence by the Director or Employee of the Manager involved until it is publicly released.

iii. Records management & control

All books, records and accounts must be controlled and maintained so that they are prepared timely and conform to generally accepted and applicable accounting principles and to all applicable laws and regulations.

E. Ensure financial and non-financial integrity & controllership

i. Maintain books & records

We are all responsible for ensuring that the Manager and Sunway REIT's books and records are recorded accurately, fairly and reasonably reflect the substance of transactions. They must comply with company accounting policies and internal control requirements.

Purposely misrepresenting information or activities on the Manager and Sunway REIT's documents and reports may be considered falsification of documentation, which is a serious offence. The Manager reserves the right to report any act of misrepresentation suspected of being criminal in nature to the police or other relevant authorities.

ii. Comply with internal controls & procedures

Maintain and adhere to sound internal controls and procedures to ensure critical risks are managed to the best of ability and that financial and operational information accurately reflects all business transactions timely and unbiased, financial forecasts and assessments are genuine and assets are safeguarded.

F. Environment

i. Sustainable development

The Manager strives to achieve sustainable development by focusing on safeguarding people's health, operating the business responsibly, protecting the environment, and fostering good relationships with the communities in which we operate.

5. ADMINISTRATION

5.1 Reporting of violations of the Code

Seek advice when you are unsure of an appropriate legal or ethical course of action. You are encouraged to report concerns of violation of the Code through the Manager's existing Whistle Blowing Policy. No individual will be discriminated or suffer any act of retaliation for reporting in good faith.

5.2 Review of the Code

The Manager will monitor compliance with the Code and review the Code regularly to ensure it remains relevant and appropriate.

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 Sunway Real Estate Investment Trust ("Sunway REIT").

COMPOSITION

The members of the Audit Committee since its establishment and during the financial year ended 30 June 2013 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

All or any members of the Committee may participate in a meeting of the Audit Committee by means of teleconference or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote as well as be taken into account in ascertaining the presence of a quorum at the meeting.

The Audit Committee held 5 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	5/5
Willy Shee Ping Yah @ Shee Ping Yan	4/5
Elvin A/L Berty Luke Fernandez	5/5

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 1st Schedule of the Accountants Act, 1967; or
 - (ii) is a member of one of the Associations of Accountants specified in Part II of the 1st 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 no less than 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 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;

AUDIT COMMITTEE REPORT (CONT'D)

- (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 Listing Requirements of Bursa Malaysia Securities Berhad and 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 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 breaches of the Listing Requirements which have 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 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; 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:-
- (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.
- 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.
- 4.6 To review the procedures for detecting fraud and whistleblowing, 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.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee for the financial year ended 30 June 2013 included the following:-

- (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.
- (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.
- (c) Reviewed with the assistance of the Internal Auditors and management, the adequacy, appropriateness and compliance of the procedures established to monitor recurrent related party transactions.
- (d) Reviewed with the External Auditors, the audit plan for the year (inclusive of risk and audit approach, system evaluation, audit

AUDIT COMMITTEE REPORT (CONT'D)

fees, issues raised and management responses) prior to the commencement of the annual audit.

- (e) Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with the External Auditors without the presence of management staff and the executive board members.
- (f) Reviewed the financial statements, the audit report, issues and reservations arising from statutory audit with the External Auditors.
- (g) Reviewed and discussed the Management Accounts with management.
- (h) 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.
- (i) Reviewed and endorsed all related party transactions entered into by Sunway REIT as well as the statements by the Audit Committee in respect of the related party transactions announced to Bursa Malaysia Securities Berhad.
- (j) Reviewed any conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.
- (k) Discussed the implications that may arise or affect Sunway REIT and/or the Manager pursuant to any latest changes and pronouncements issued by the statutory and regulatory bodies.
- (l) Reported to the Board on significant issues and concerns discussed during the Committee's meetings together with appropriate recommendations. Minutes of meetings were tabled, discussed and noted by all Board members.
- (m) Recommended to the Board and endorsed by Trustee on the appointment and remuneration of external auditors.
- (n) Reviewed and recommended for the Board's approval, the Audit Committee Report and Statement on Risk Management & Internal Control for inclusion into the Annual Report of Sunway REIT.

AUDIT COMMITTEE'S TRAINING

The details of training programmes and seminars attended by each Committee Member during the financial year ended 30 June 2013 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 Internal Audit Department of the Manager's holding company. During the financial year ended 30 June 2013, 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) Reported to the Committee on review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent related party transactions.
- (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 2013 amounted to RM300,000/-.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of public listed companies should establish a sound risk management framework and internal controls system to safeguard shareholders' investment and assets. Set out below is the Statement on Risk Management and Internal Control of Sunway REIT made by the Board of Directors ("the Board") of Sunway REIT Management Sdn Bhd being the management company of Sunway REIT ("the Manager") in compliance with Chapter 15, Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

2. 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 to ensure good corporate governance. The Board affirms its responsibility for continuously reviewing the adequacy and integrity of the Manager's system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines, and risk management.

Notwithstanding, as with any risk management and internal control system, the Manager's system of risk management and internal control are designed to manage rather than eliminate the risk threatening the achievement of business objectives. It follows, therefore, that the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement of financial and management information and records, or against financial losses or fraud.

The Manager has in place an on-going process of identifying, evaluating, monitoring and managing the key risks affecting the achievement of its business objectives and strategies throughout the period. The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying the risks and assessing the potential impacts of the risks, and monitors the risk through suitable internal controls. The Board reviews this process on a quarterly basis and is of the view that the risk management and internal control system in place for the year under review and up to the date of approval of this statement, is adequate and effective.

The Board has received assurance from the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") that the Manager's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Manager.

3. THE MANAGER'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

3.1 Monitoring Mechanisms and Management Style

Scheduled periodic meetings of the Board, Board Committees and management represent the main platform

by which the Manager's performance and conduct are monitored. The daily running of the business is entrusted to the CEO and his respective management teams. Under the purview of the Non-Executive Chairman and CEO, the asset managers of the respective properties of Sunway REIT are empowered with the responsibility of managing their respective operations.

The CEO actively communicates the Board's expectations to management at the management meetings. At these meetings, risks relating to strategy, operational, financial and external environment are discussed and dealt with action plans.

The Board is responsible for setting the business direction and for overseeing the conduct of the Manager's operations through its various Board Committees and management reporting mechanisms. Through these mechanisms, the Board is informed of all major issues pertaining to governance, risks, internal controls and regulatory compliance.

3.2 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.

This framework is designed to identify, quantify and control various risks encountered in Sunway REIT's business operations. The Manager can only mitigate but not completely eliminate all risks, in particular systemic risks.

The framework basically:

- establishes clear functional responsibilities and accountabilities for the management of risk;
- determines risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of Sunway REIT;
- sets risk policies and limits consistent with the risk appetite and risk tolerance of the Manager; and
- ensures appropriate skills and resources are applied to risk management

3.3 Whistle-blowing Policy

The Audit Committee has embarked on the implementation of whistle-blowing policy and procedures. This whistle-

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

blowing policy has been established to promote fraud awareness. The objective of 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.

3.4 Key Elements of the Manager's 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 RHB Trustees Berhad (formerly known as 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.

3.5 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.

4. 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.

5. 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 Risk Management and Internal Control was approved by the Board on 6 August 2013.



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

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, Directors or Management of the Manager by the relevant regulatory bodies during the financial year ended 30 June 2013.

2. NON-AUDIT FEES

The non-audit fees paid/payable to the External Auditors of Sunway REIT for the financial year ended 30 June 2013 amounted to RM80,000.

3. SOFT COMMISSION

There was no soft commission received by the Manager during the financial year ended 30 June 2013.

4. VARIATION IN RESULTS

There was no variance of 10% or more between the audited results for the financial year ended 30 June 2013 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

Save as disclosed, there were no material contract (not being contracts entered into in the ordinary course of business) entered into by Sunway REIT involving the interests of the Directors and major unitholders during the financial year ended 30 June 2013:-

- (a) Sale and Purchase Agreement dated 9 October 2012 with Sunway Medical Centre Sdn Bhd ("SMCSB"), a subsidiary

of Sunway Berhad ("Sunway"), for the proposed acquisition of the land and building of Sunway Medical Centre ("SMC") together with SMC's plant and machinery, services infrastructure and all fixtures and fittings affixed or located or used in SMC ("SunMed Property") for a total purchase consideration of RM310 million.

- (b) Hospital Master Lease Agreement dated 9 October 2012 with SMCSB for the lease of the SunMed Property to SMCSB for an initial lease term of 10 years with an option to renew the lease for a further 10 years. The annual rental is RM19 million for the 12 months with an incremental rental rate of 3.5% per annum for each subsequent year for the initial 10-year term.
- (c) Letter of Award dated 23 January 2013 totalling RM258.4 million to Sunway Construction Sdn Bhd ("SunCon") as project delivery partner (PDP) for the planning, coordination, construction and completion of the proposed extension and refurbishment of Sunway Putra Mall.

RELATIONSHIP OF RELATED PARTIES FOR ITEM (A) AND (B) ABOVE

SMCSB, a wholly-owned subsidiary of Sunway is deemed related party to Sunway REIT by virtue of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are Directors of Sunway and substantial unitholders of Sunway REIT. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are Director and Alternate Director respectively of SMCSB. They are also substantial shareholders of Sunway, the ultimate holding company of SMCSB.

RELATIONSHIP OF RELATED PARTIES FOR ITEM (C) ABOVE

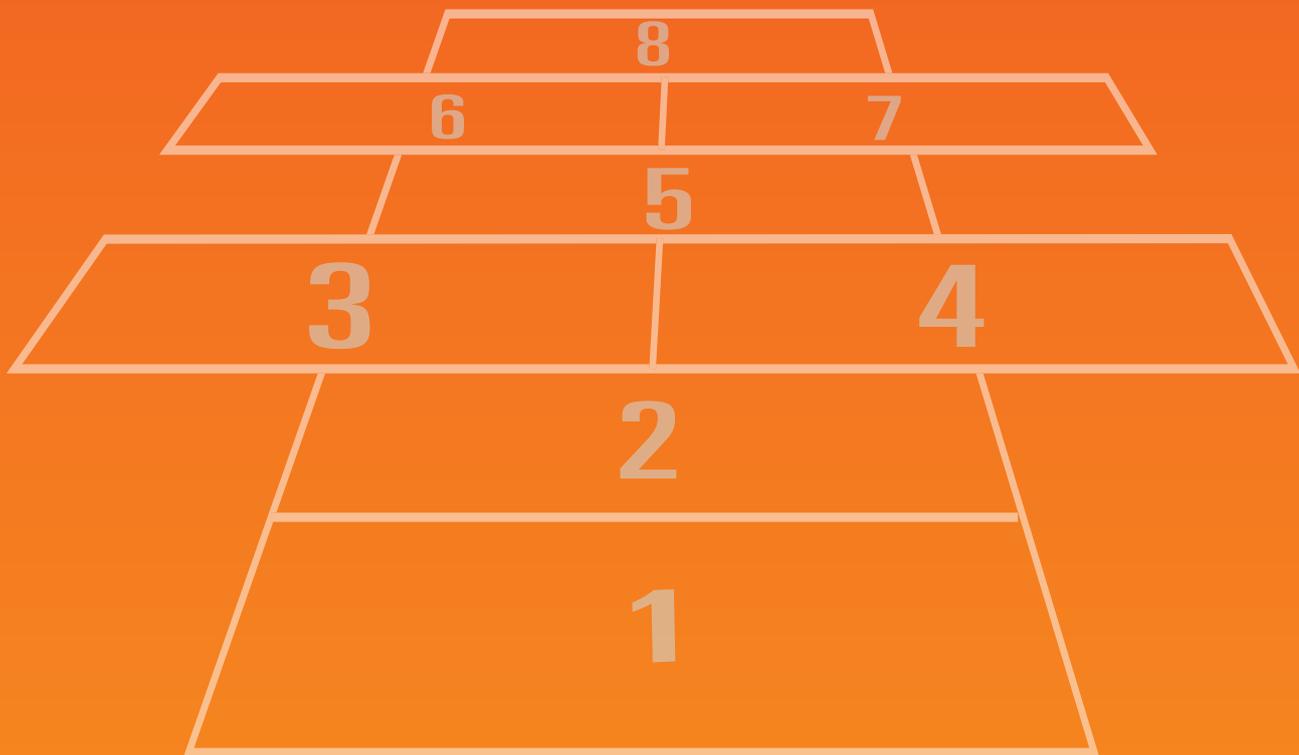
SunCon, a wholly-owned subsidiary of Sunway is deemed related party to the Manager by virtue of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are Directors of Sunway and the Manager. They are also substantial unitholders of Sunway REIT and substantial shareholders of Sunway.

STRENGTH IN NUMBERS

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- Financial Calendar 186
- Detailed Market Report 187
- Analysis of Unitholdings 197
- Notice of 1st Annual General Meeting 200
- Proxy Form 201
- Glossary 203

STRATEGIC ACCURACY

The game of hopscotch requires precision and strategic thinking. Players have to throw a small rock so that it lands on one of ten squares. They then have to hop through the squares, skipping the one with the rock in it. The goal is to complete the course with the rock in all the squares. The first person to do this wins the game.



Sunway REIT employs strategic plans for all our ventures, ensuring a stable and consistent growth in financial returns. Through persistence and determination, we will be on track to deliver sustainable returns to our unitholders.

MANAGER'S REPORT

The Manager of Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund"), Sunway REIT Management Sdn. Bhd., has pleasure in presenting its report together with the audited financial statements of the Group and of the Fund for the financial year ended 30 June 2013.

Sunway REIT 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 RHB Trustees Berhad (formerly known as 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 2013. 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 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 36 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Significant event subsequent to the financial year end is disclosed in Note 37 to the financial statements.

MATERIAL LITIGATIONS

Material litigations are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 6 August 2013.



Dato' Ng Tiong Lip



Sarena Cheah Yeap Tih

STATEMENT BY THE MANAGER

The Manager acknowledges its responsibilities for the preparation and fair presentation of the financial statements of Sunway Real Estate Investment Trust. In the opinion of the Manager, the financial statements set out on pages 129 to 184 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 the "Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 on page 185 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 Malaysian Institute of Accountants.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 6 August 2013.



Dato' Ng Tiong Lip



Sarena Cheah Yeap Tih

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 129 to 185 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 6 August 2013



Wai Sow Fun

Before me,



No. 9-3, Jalan PJS 8/4,
Bandar Sunway, 46150
Petaling Jaya, Selangor D.E

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 2013. 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 129 to 184 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 the "Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia 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 out 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 2013 are in line with and are reflective of the objective of Sunway REIT.

For and on behalf of the Trustee,
RHB Trustees Berhad (formerly known as OSK Trustees Berhad)



Woo Lai Mei
Chief Operating Officer

Kuala Lumpur
6 August 2013

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

Report on the financial statements

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 2013 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 129 to 184.

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 Malaysian Financial Reporting Standards and International 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 Malaysian Financial Reporting Standards and International Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts 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 2013 and of their financial performance, the changes in net asset value and the cash flows of the Group and of the Fund for the year then ended.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST (CONT'D)

Other reporting responsibilities

The supplementary information set out in Note 39 on page 185 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 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 Malaysian Institute of Accountants (the "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.

Other matters

1. As stated in Note 2 to the financial statements, Sunway Real Estate Investment Trust adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These standards were applied retrospectively by directors of the Manager to the comparative information in these financial statements, including statements of financial position as at 30 June 2012 and 1 July 2011, 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 ended 30 June 2012 and related disclosures. We are not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Fund for the year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and the financial performance and cash flows for the year then ended.
2. 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



Yap Seng Chong
No. 2190/12/13(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Group		Fund	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Gross revenue	5	415,946	406,426	415,946	406,426
Property operating expenses	6	(106,750)	(107,228)	(106,750)	(107,228)
Net property income		309,196	299,198	309,196	299,198
Other income	7	1,402	1,320	1,402	1,320
Changes in fair value of investment properties	14	173,487	230,151	173,487	230,151
Net investment income		484,085	530,669	484,085	530,669
Manager's fees	8	(24,271)	(22,601)	(24,271)	(22,601)
Trustee's fees		(991)	(846)	(951)	(846)
Auditors' remuneration:					
Statutory audits		(153)	(157)	(150)	(150)
Overprovision in prior year		-	40	-	37
Other services		(80)	(132)	(80)	(132)
Tax agent's fee		(25)	(21)	(23)	(19)
Valuation fees		(825)	(380)	(825)	(380)
Other trust expenses		(1,814)	(4,913)	(1,859)	(4,919)
Finance costs	9	(63,604)	(81,196)	(63,604)	(81,196)
Total expenses		(91,763)	(110,206)	(91,763)	(110,206)
Income before taxation		392,322	420,463	392,322	420,463
Income tax expense	10	-	-	-	-
Profit for the year		392,322	420,463	392,322	420,463
Profit for the year comprises the following:					
Realised		218,785	190,583	218,785	190,583
Unrealised		173,537	229,880	173,537	229,880
		392,322	420,463	392,322	420,463
Basic earnings per Unit (sen)	11				
- realised		7.87	7.08	7.87	7.08
- unrealised		6.24	8.54	6.24	8.54
		14.11	15.62	14.11	15.62
Distribution per Unit (sen)	12	8.30	7.50	8.30	7.50

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	Group		Fund	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit for the year	392,322	420,463	392,322	420,463
Other comprehensive income				
Cash flow hedge - fair value of derivative	(915)	8,455	(915)	8,455
Cash flow hedge reserve recycled to profit or loss	1,100	(8,150)	1,100	(8,150)
Total comprehensive income for the year	392,507	420,768	392,507	420,768
Realised profit for the year is arrived at as follows:				
Profit for the year	392,322	420,463	392,322	420,463
Less: Changes in fair value of investment properties	(173,487)	(230,151)	(173,487)	(230,151)
Add: Net changes in fair value of derivative financial instrument	-	390	-	390
Less: Unrealised foreign exchange gain	(2)	-	(2)	-
(Less)/Add: Unrealised foreign exchange (hedged item)	(1,100)	8,150	(1,100)	8,150
Add/(Less): Cash flow hedge reserve recycled to profit or loss	1,100	(8,150)	1,100	(8,150)
Less: Others	(48)	(119)	(48)	(119)
Realised profit for the year	218,785	190,583	218,785	190,583

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Income Distribution

	Group		Fund	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Realised profit for the year	218,785	190,583	218,785	190,583
Add: Surplus cash arising from 50% Manager's fees paid/ payable in units	12,135	11,296	12,135	11,296
Total available for income distribution for the year	230,920	201,879	230,920	201,879
Brought forward undistributed income available for distribution	142	235	142	235
Total available for income distribution	231,062	202,114	231,062	202,114
Distribution to Unitholders during the year:				
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)
Distribution of 2.03 sen per unit for period from 1 July 2012 to 30 September 2012	(54,782)	-	(54,782)	-
Distribution of 2.19 sen per unit for period from 1 October 2012 to 31 December 2012	(59,144)	-	(59,144)	-
Distribution of 0.97 sen per unit for period from 1 January 2013 to 13 February 2013	(26,196)	-	(26,196)	-
Distribution of 1.09 sen per unit for period from 14 February 2013 to 31 March 2013	(31,799)	-	(31,799)	-
Proposed final income distribution of 2.02 sen per unit for period from 1 April 2013 to 30 June 2013 ¹	(58,972)	-	(58,972)	-
Balance undistributed arising from rounding difference	169	142	169	142

¹ The proposed final income distribution will be recognised and paid in the immediate subsequent financial year.

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

		Group		
	Note	30.6.2013	30.6.2012	1.7.2011
		RM'000	RM'000	RM'000
Assets				
Non-current assets				
Plant and equipment	13	1,283	437	122
Investment properties	14	5,184,000	4,630,000	4,379,000
Derivative financial instrument	20	7,540	8,455	-
		5,192,823	4,638,892	4,379,122
Current assets				
Trade receivables	16	13,238	11,650	9,393
Other receivables	17	4,952	7,035	5,068
Cash and cash equivalents	19	58,519	25,799	58,606
Derivative financial instrument		-	-	706
		76,709	44,484	73,773
Total assets		5,269,532	4,683,376	4,452,895
Equity and liabilities				
Unitholders' funds				
Unitholders' capital	21	2,690,002	2,361,487	2,350,437
Undistributed income		816,467	646,844	420,613
		3,506,469	3,008,331	2,771,050
Non-current liabilities				
Borrowings	22	1,317,850	318,085	1,502,025
Long term liabilities	23	41,956	53,920	52,029
		1,359,806	372,005	1,554,054
Current liabilities				
Trade payables	24	3,383	3,067	815
Other payables	25	85,105	54,934	67,626
Borrowings	22	314,769	1,245,039	59,350
		403,257	1,303,040	127,791
Total equity and liabilities		5,269,532	4,683,376	4,452,895
Units in circulation ('000)		2,919,423	2,696,462	2,686,898
Net asset value ("NAV") per unit (RM)				
- before income distribution ¹		1.2011	1.1157	1.0313
- after income distribution ²		1.1809	1.0968	1.0151

¹ Before the proposed final income distribution of 2.02 sen per unit (2012: 1.89 sen per unit and 2011: 1.62 sen per unit)

² After the proposed final income distribution of 2.02 sen per unit (2012: 1.89 sen per unit and 2011: 1.62 sen per unit)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AS AT 30 JUNE 2013

	Note	Fund		
		30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
Assets				
Non-current assets				
Plant and equipment	13	1,283	437	122
Investment properties	14	5,184,000	4,630,000	4,379,000
Investments in subsidiaries	15	- ¹	- ¹	- ¹
Derivative financial instrument	20	7,540	8,455	-
		5,192,823	4,638,892	4,379,122
Current assets				
Trade receivables	16	13,238	11,650	9,393
Other receivables	17	4,952	6,849	5,068
Amount due from a subsidiary	18	-	184	3
Cash and cash equivalents	19	58,519	25,799	58,606
Derivative financial instrument		-	-	706
		76,709	44,482	73,776
Total assets		5,269,532	4,683,374	4,452,898
Equity and liabilities				
Unitholders' funds				
Unitholders' capital	21	2,690,002	2,361,487	2,350,437
Undistributed income		816,470	646,847	420,616
		3,506,472	3,008,334	2,771,053
Non-current liabilities				
Amount due to a subsidiary	18	1,000,000	-	-
Borrowings	22	317,850	318,085	1,502,025
Long term liabilities	23	41,956	53,920	52,029
		1,359,806	372,005	1,554,054
Current liabilities				
Trade payables	24	3,383	3,067	815
Other payables	25	77,605	54,928	67,626
Amount due to subsidiaries	18	322,266	545,040	-
Borrowings	22	-	700,000	59,350
		403,254	1,303,035	127,791
Total equity and liabilities		5,269,532	4,683,374	4,452,898
Units in circulation ('000)		2,919,423	2,696,462	2,686,898
Net asset value ("NAV") per unit (RM)				
- before income distribution ²		1.2011	1.1157	1.0313
- after income distribution ³		1.1809	1.0968	1.0151

¹ Value less than RM1,000

² Before the proposed final income distribution of 2.02 sen per unit (2012: 1.89 sen per unit and 2011: 1.62 sen per unit)

³ After the proposed final income distribution of 2.02 sen per unit (2012: 1.89 sen per unit and 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 2013

Group

	Unitholders'	<-- Undistributed Income -->		Unitholders'
	Capital	Realised	Unrealised	Funds
	RM'000	RM'000	RM'000	RM'000
As at 1 July 2012	2,361,487	30,307	616,537	3,008,331
Total comprehensive income				
Profit for the year	-	218,785	173,537	392,322
Other comprehensive income				
- Cash flow hedge - fair value of derivative	-	-	(915)	(915)
- Cash flow hedge reserve recycled to profit or loss	-	-	1,100	1,100
Total comprehensive income, representing the increase in net assets resulting from operations	2,361,487	249,092	790,259	3,400,838
Unitholders' transactions				
Creation of Units (Note 21)				
- Pursuant to private placement	320,000	-	-	320,000
- Manager's fee paid in Units	11,885	-	-	11,885
Unit issuance expenses (Note 26)	(3,370)	-	-	(3,370)
Distribution to Unitholders (Note 12)				
- Income distribution declared and paid in current year	-	(171,921)	-	(171,921)
- Income distribution proposed in prior year but paid in current year	-	(50,963)	-	(50,963)
Increase/(decrease) in net assets resulting from Unitholders' transactions	328,515	(222,884)	-	105,631
As at 30 June 2013	2,690,002	26,208	790,259	3,506,469

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF CHANGES IN NET ASSET VALUE (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

Group (cont'd)

	Unitholders'	<-- Undistributed Income -->		Unitholders'
	Capital	Realised	Unrealised	Funds
	RM'000	RM'000	RM'000	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 21)				
- Manager's fee paid in Units	11,050	-	-	11,050
Distribution to Unitholders (Note 12)				
- Income distribution declared and paid in current year	-	(151,009)	-	(151,009)
- Income distribution proposed in prior year 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

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF CHANGES IN NET ASSET VALUE (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

Fund	Unitholders'	<-- Undistributed Income -->		Unitholders'
	Capital	Realised	Unrealised	Funds
	RM'000	RM'000	RM'000	RM'000
As at 1 July 2012	2,361,487	30,310	616,537	3,008,334
Total comprehensive income				
Profit for the year	-	218,785	173,537	392,322
Other comprehensive income				
- Cash flow hedge - fair value of derivative	-	-	(915)	(915)
- Cash flow hedge reserve recycled to profit or loss	-	-	1,100	1,100
Total comprehensive income, representing the increase in net assets resulting from operations	2,361,487	249,095	790,259	3,400,841
Unitholders' transactions				
Creation of Units (Note 21)				
- Pursuant to private placement	320,000	-	-	320,000
- Manager's fee paid in Units	11,885	-	-	11,885
Unit issuance expenses (Note 26)	(3,370)	-	-	(3,370)
Distribution to Unitholders (Note 12)				
- Income distribution declared and paid in current year	-	(171,921)	-	(171,921)
- Income distribution proposed in prior year but paid in current year	-	(50,963)	-	(50,963)
Increase/(decrease) in net assets resulting from Unitholders' transactions	328,515	(222,884)	-	105,631
As at 30 June 2013	2,690,002	26,211	790,259	3,506,472

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF CHANGES IN NET ASSET VALUE (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

Fund (cont'd)

	Unitholders'	<-- Undistributed Income -->		Unitholders'
	Capital	Realised	Unrealised	Funds
	RM'000	RM'000	RM'000	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 21)				
- Manager's fee paid in Units	11,050	-	-	11,050
Distribution to Unitholders (Note 12)				
- Income distribution declared and paid in current year	-	(151,009)	-	(151,009)
- Income distribution proposed in prior year 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

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Group		Fund	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Operating activities					
Cash receipts from customers		423,601	414,688	423,601	414,688
Refundable security deposits from customers		7,801	10,811	7,801	10,811
Cash paid for operating expenses		(133,933)	(141,621)	(133,933)	(141,621)
Net cash generated from operating activities		297,469	283,878	297,469	283,878
Investing activities					
Acquisition of plant and equipment	Note a	(816)	(382)	(816)	(382)
Acquisition of investment properties		(310,000)	-	(310,000)	-
Incidental costs on acquisition of investment properties	Note b	(3,381)	(6,248)	(3,381)	(6,248)
Subsequent expenditure of investment properties	Note c	(58,699)	(21,086)	(58,699)	(21,086)
Investments in subsidiaries	15	-	-	- ¹	- ¹
Interest received		1,278	1,537	1,278	1,537
Net cash used in investing activities		(371,618)	(26,179)	(371,618)	(26,179)
Financing activities					
Proceeds from issuance of new units		320,000	-	320,000	-
Proceeds from issuance of commercial papers		6,077,000	1,168,544	-	-
Proceeds from issuance of unrated medium term notes		1,000,000	-	-	-
Drawdown of term loans		-	1,391,600	-	1,391,600
Drawdown of revolving loans/credits		3,325,000	862,100	3,325,000	862,100
Repayment of term loans		-	(2,594,800)	-	(2,594,800)
Repayment of commercial papers		(6,312,000)	(625,000)	-	-
Repayment of revolving loans/credits		(4,025,000)	(221,450)	(4,025,000)	(221,450)
Interest paid		(51,877)	(72,928)	(51,877)	(72,928)
Gain on termination of derivative financial instrument		-	316	-	316
Payment of unit issuance and financing expenses		(3,370)	(4,351)	(3,370)	(250)
Net change in inter-company balances		-	-	765,000	539,443
Distribution paid		(222,884)	(194,537)	(222,884)	(194,537)
Net cash generated from/(used in) financing activities		106,869	(290,506)	106,869	(290,506)

¹ Value less than RM1,000

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Group		Fund	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents		32,720	(32,807)	32,720	(32,807)
Cash and cash equivalents at beginning of year		25,799	58,606	25,799	58,606
Cash and cash equivalents at end of year		58,519	25,799	58,519	25,799
Cash and cash equivalents at end of year comprise:					
Cash on hand and at banks		4,786	8,359	4,786	8,359
Deposits placed with licensed financial institutions		53,733	17,440	53,733	17,440
Cash and cash equivalents at end of year	19	58,519	25,799	58,519	25,799
Note a:					
Additions of plant and equipment	13	998	369	998	369
Additions via deferred payment		(182)	(19)	(182)	(19)
Payment of plant and equipment purchased via deferred payment in prior year		-	32	-	32
Cash outflow for acquisition of plant and equipment		816	382	816	382
Note b:					
Incidental costs on acquisition of investment properties	14	3,381	-	3,381	-
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		3,381	6,248	3,381	6,248
Note c:					
Subsequent expenditure of investment properties	14	67,132	20,849	67,132	20,849
Additions via deferred payment		(13,015)	(11,145)	(13,015)	(11,145)
Payment of subsequent expenditure of investment properties incurred in prior year		4,582	11,382	4,582	11,382
Cash outflow for subsequent expenditure of investment properties		58,699	21,086	58,699	21,086

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

1. Fund information

Sunway Real Estate Investment Trust ("Sunway REIT" or the "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 RHB Trustees Berhad (formerly known as 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 32.

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 financial statements for the financial year ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors of the Manager on 6 August 2013.

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, the Manager of Sunway REIT 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;
- (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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

1.2 Property management fees

The Property Manager, DTZ Nawawi Tie Leung Property Consultant Sdn. Bhd. ("DTZ"), is entitled to receive a fixed fee for managing the retail and office properties owned by Sunway REIT. DTZ 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 DTZ 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 arrears.

During the financial year, the Trustee and the Manager have appointed Azmi Real Estate Management Sdn. Bhd. as the new Property Manager of Sunway REIT with effect from 1 July 2013 to replace DTZ, whose term of appointment has expired on 30 June 2013. The appointment is in line with the Manager's commitment to observe best practices by way of rotation of consultants. The appointment is for a term of one (1) year, with an option to extend for a further term of one (1) year. All the principal terms and conditions of the appointment are consistent with those previously signed with DTZ.

1.3 Trustee's fees

Pursuant to the Deed, the Trustee of Sunway REIT 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 arrears.

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

2. First-time adoption of Malaysian Financial Reporting Standards ("MFRSs")

These financial statements are the Group's and the Fund's first MFRS financial statements for the year ended 30 June 2013. MFRS 1: First-Time Adoption of the Malaysian Financial Reporting Standards has been applied.

For the year ended 30 June 2012, the Group and the Fund prepared their financial statements in accordance with Financial Reporting Standards.

Accordingly, the Group and the Fund have prepared financial statements which comply with MFRS applicable for year ended 30 June 2013, together with the comparative year data as at and for the year ended 30 June 2012, as described in the accounting policies. In preparing the financial statements, the Group's and the Fund's opening statement of financial position was prepared as at 1 July 2011, the Group's and the Fund's date of transition to MFRS.

There are no adjustments arising from the transition to MFRSs. Accordingly, notes related to the statement of financial position as at date of transition to MFRSs are not presented.

3. Summary of significant accounting policies

3.1 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 in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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.

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 (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

3. Summary of significant accounting policies (cont'd)

3.2 Standards and Interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the financial statements of the Group and of the Fund are disclosed below. The Group and the Fund intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

3. Summary of significant accounting policies (cont'd)

3.2 Standards and Interpretations issued but not yet effective (cont'd)

The adoption of the standards and interpretations above will have no material impact on the financial statements of the Group and of the Fund in the period of initial application, other than as discussed below:

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 may change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

MFRS 12: Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 13: Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

MFRS 9: Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries 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. If there are indications of impairment, intra-group losses are not eliminated.

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, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

3. Summary of significant accounting policies (cont'd)

3.3 Basis of consolidation (cont'd)

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.

3.4 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.

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.

3.5 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

3. Summary of significant accounting policies (cont'd)

3.5 Plant and equipment (cont'd)

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.

3.6 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.

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 3.5 up to the date of change in use.

3.7 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

3. Summary of significant accounting policies (cont'd)

3.7 Impairment of non-financial assets (cont'd)

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.

3.8 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 statements, investments in subsidiaries are accounted for at cost less impairment losses.

3.9 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

3. Summary of significant accounting policies (cont'd)

3.9 Financial assets (cont'd)

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.

3.10 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.

3.11 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.

3.12 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

3. Summary of significant accounting policies (cont'd)

3.13 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 MFRS 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.

3.14 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

3. Summary of significant accounting policies (cont'd)

3.14 Derivatives financial instruments and hedging activities (cont'd)

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.

3.15 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.

3.16 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 3.17 (a), (b), (c) and (d).

3.17 Revenue and other income

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and other income can be reliably measured. Revenue and other income are 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 leasing of hotel properties to hotel operators for a 10-year lease term 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

3. Summary of significant accounting policies (cont'd)

3.17 Revenue and other income (cont'd)

(c) Hospital master lease income

Hospital master lease income is derived from leasing of a medical premise to a hospital operator for a 10-year lease term at a predetermined annual rental with a 3.5% annual rental increase and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

The hospital master lease is based on a triple net basis whereby all the property operating expenses, quit rent, assessment and insurance will be borne by the hospital operator.

(d) 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.

(e) Other operating income

Other operating income mainly comprises 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.

(f) 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.

3.18 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

3. Summary of significant accounting policies (cont'd)

3.18 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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 Fund is exempted from income tax since the Fund intends 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.

3.19 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 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.20 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

4. 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:

4.1 Classification between investment properties and plant and equipment

The Group has developed certain criteria based on MFRS 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.

4.2 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 receivables at the reporting date is disclosed in Note 16.

(c) Fair value of investment properties

Fair value is determined in accordance with the Deed, the REIT Guidelines and the Guidelines on Asset Valuation issued by the Securities Commission which require the investment properties to be valued by independent qualified valuers. In determining the fair value, the valuers used valuation techniques which involve certain estimates.

In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates reflect the current market conditions. The basis of valuation is disclosed in Note 14.

5. Revenue

	Group/Fund	
	2013 RM'000	2012 RM'000
Rental income	312,402	310,823
Hotel/hospital master lease income	77,335	69,947
Carpark rental income	16,174	16,152
Other operating income	10,035	9,504
	415,946	406,426

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

6. Property operating expenses

	Group/Fund	
	2013 RM'000	2012 RM'000
Quit rent, assessment and insurance	12,597	12,027
Property management fees and reimbursements	30,213	27,425
Utilities	24,987	29,630
Service contracts and maintenance	18,109	17,165
Advertising and promotion	14,660	11,725
(Reversal of)/allowance for impairment loss of receivables (Note 16)	(464)	3,117
Bad debts written off	10	84
Depreciation of plant and equipment (Note 13)	152	54
Administrative and other operating expenses	6,486	6,001
	106,750	107,228

7. Other income

	Group/Fund	
	2013 RM'000	2012 RM'000
Interest income from deposits with licensed financial institutions	1,351	1,591
Net changes in fair value of derivative financial instrument (Note 35)	-	(390)
Foreign exchange gain		
- realised	1	-
- unrealised (Note 35)	2	-
Others (Note 35)	48	119
	1,402	1,320

8. Manager's fees

	Group/Fund	
	2013 RM'000	2012 RM'000
Base fee	14,993	13,604
Performance fee	9,278	8,997
	24,271	22,601

During the financial year, approximately 50% (2012: 50%) of Manager's fees were paid/payable in Units.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

9. Finance costs

	Group		Fund	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest paid/payable				
- subsidiaries	-	-	38,125	5,148
- term loans	12,064	62,403	12,064	62,403
- commercial papers	20,732	5,148	-	-
- interest rate swap	-	9	-	9
- revolving loan/credit and commitment fees	9,355	2,688	9,355	2,688
- unrated medium term notes	17,393	-	-	-
Amortisation of transaction costs	4,680	10,634	4,680	10,634
Others	105	314	105	314
	64,329	81,196	64,329	81,196
Less: Interest expense capitalised in investment properties (Note 14)	(725)	-	(725)	-
	63,604	81,196	63,604	81,196

10. 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 100% of its realised income available for distribution for the financial year ended 30 June 2013 which translates to more than 90% of its total taxable income.

Reconciliation of the tax expense is as follows:

	Group		Fund	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income before taxation	392,322	420,463	392,322	420,463
Income tax at Malaysian statutory tax rate of 25% (2012: 25%)	98,081	105,116	98,081	105,116
Effect of fair value adjustment of investment properties not subject to tax	(43,372)	(57,538)	(43,372)	(57,538)
Effect of income not subject to tax	(57,225)	(53,164)	(57,225)	(53,164)
Expenses not deductible for tax purposes	2,516	5,586	2,516	5,586
Income tax expense	-	-	-	-

Taxation of the Unitholders

Pursuant to Section 109D(2) of the Malaysian Income Tax Act 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to Unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

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%.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

11. Basic earnings per Unit

Basic earnings per Unit amounts are calculated by dividing realised/unrealised total comprehensive income for the year attributable to Unitholders of the Fund by the weighted average number of units in issue during the financial year.

	Fund	
	2013 Unit'000	2012 Unit'000
Weighted average number of Units in issue	2,780,251	2,691,202

	Group/Fund	
	2013 RM'000	2012 RM'000
<u>Realised</u>		
Total realised profit for the year attributable to Unitholders of the Group/Fund	218,785	190,583
Realised basic earnings per Unit (sen)	7.87	7.08
<u>Unrealised</u>		
Total unrealised profit for the year attributable to Unitholders of the Group/Fund	173,537	229,880
Unrealised basic earnings per Unit (sen)	6.24	8.54

12. Distribution to Unitholders

	Group/Fund	
	2013 RM'000	2012 RM'000
Distribution to Unitholders is from the following sources:		
Net property income	309,196	299,198
Other income	1,402	1,320
Changes in fair value of investment properties	173,487	230,151
Net investment income	484,085	530,669
Less: Expenses	(91,763)	(110,206)
Profit for the year	392,322	420,463
Less: Unrealised income	(173,537)	(229,880)
Add: Surplus cash arising from 50% Manager's fees paid/payable in Units	12,135	11,296
Add: Brought forward undistributed income available for distribution	142	235
Total available for income distribution	231,062	202,114
Less: Income distributed	(171,921)	(151,009)
Less: Proposed final income distribution	(58,972)	(50,963)
Balance undistributed arising from rounding difference	169	142
Distribution per Unit (sen)	8.30	7.50

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

13. Plant and equipment

At 30 June 2013

Group/Fund	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Cost			
At beginning of financial year	373	128	501
Additions (Note 35)	822	176	998
At end of financial year	1,195	304	1,499
Accumulated depreciation			
At beginning of financial year	55	9	64
Depreciation charge for the year (Note 6)	128	24	152
At end of financial year	183	33	216
Net carrying amount	1,012	271	1,283

At 30 June 2012

Group/Fund	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Cost			
At beginning of financial year	126	6	132
Additions (Note 35)	247	122	369
At end of financial year	373	128	501
Accumulated depreciation			
At beginning of financial year	10	-	10
Depreciation charge for the year (Note 6)	45	9	54
At end of financial year	55	9	64
Net carrying amount	318	119	437

14. Investment properties

	Group/Fund	
	2013 RM'000	2012 RM'000
At beginning of financial year	4,630,000	4,379,000
Acquisition price of an investment property	310,000	-
Incidental costs on acquisition of an investment property	3,381	-
Subsequent expenditure of investment properties (Note 35)	67,132	20,849
Changes in fair value (Note 35)	173,487	230,151
At end of financial year	5,184,000	4,630,000

During the financial year, Sunway REIT acquired an investment property for a purchase consideration of RM310,000,000 which was fully financed through proceeds from the private placement exercise. Further details are disclosed in Note 36.

Included in the subsequent expenditure of investment properties are the borrowings costs capitalised for certain capital work-in-progress of which satisfied the recognition criteria of MFRS 123: Borrowing Costs amounting to RM725,000 (2012: RM Nil) as disclosed in Note 9.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

14. 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 30.6.2013* RM'000	Fair value as at 30.6.2012^ RM'000	Percentage of Net Asset Value as at	
								30.6.2013 %	30.6.2012 %
Retail									
Sunway Pyramid Shopping Mall	Selangor	8 July 2010	Leasehold	99 years	84/92 years	2,540,000	2,700,000	77.0	84.4
Sunway Carnival Shopping Mall	Penang	8 July 2010	Leasehold	99 years	79 years	257,000	290,000	8.3	8.5
SunCity Ipoh Hypermarket	Perak	8 July 2010	Leasehold	99 years	87 years	55,000	55,000	1.6	1.8
Sunway Putra Mall	Kuala Lumpur	19 April 2011	Freehold	-	-	248,000	254,000	7.2	8.3
						3,299,000	3,100,000	94.1	103.0
Hotel									
Sunway Resort Hotel & Spa	Selangor	8 July 2010	Leasehold	99 years	84 years	508,000	518,000	14.8	16.9
Pyramid Tower Hotel	Selangor	8 July 2010	Leasehold	99 years	88 years	295,000	295,000	8.4	9.8
Sunway Hotel Seberang Jaya	Penang	8 July 2010	Leasehold	99 years	79 years	57,000	75,000	2.1	1.9
Sunway Putra Hotel	Kuala Lumpur	19 April 2011	Freehold	-	-	240,000	240,000	6.8	8.0
						1,128,000	1,100,000	32.1	36.6
Office									
Menara Sunway	Selangor	8 July 2010	Leasehold	99 years	84 years	150,000	160,000	4.6	5.0
Sunway Tower	Kuala Lumpur	8 July 2010	Freehold	-	-	190,000	190,000	5.4	6.3
Sunway Putra Tower	Kuala Lumpur	19 April 2011	Freehold	-	-	90,000	92,000	2.6	3.0
						442,000	442,000	12.6	14.3
Others									
Sunway Medical Centre	Selangor	31 December 2012	Leasehold	99 years	84 years	315,000	-	9.0	-
						5,184,000	4,630,000	147.8	153.9

* Based on valuation carried out by an independent professional valuer, Knight Frank on 30 June 2013

^ Based on valuation carried out by an independent professional valuer, Knight Frank on 30 June 2012

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

14. 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 2013. 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, residual 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 commensurates 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.

In valuing Sunway Putra Mall which is currently under construction, Knight Frank has adopted residual method as the primary method of valuation. This approach entails estimating the gross development value of the development components and deducting therefrom the development costs to be incurred to arrive at the residual value. The residual value is appropriately discounted for the period of development and is deemed to be the present market value of the property.

Investment properties of the Group amounting to RM4,869,000,000 (2012: RM4,316,000,000) are pledged as securities for borrowings as disclosed in Note 22.

15. Investments in subsidiaries

	Fund	
	2013 RM	2012 RM
At cost		
Unquoted ordinary shares	4	4

Further details of the subsidiaries are disclosed in Note 32.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

16. Trade receivables

	Group/Fund	
	2013 RM'000	2012 RM'000
Current		
Third parties	9,734	10,354
Amount due from parties related to the Manager	7,927	6,183
	17,661	16,537
Less: Allowance for impairment	(4,423)	(4,887)
	13,238	11,650

	Note	Group		Fund	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total trade receivables		13,238	11,650	13,238	11,650
Add: Other receivables	17	4,952	7,035	4,952	6,849
Less: Prepayments	17	(2,239)	(2,404)	(2,239)	(2,404)
Add: Amount due from a subsidiary	18	-	-	-	184
Add: Cash and bank balances	19	58,519	25,799	58,519	25,799
Total loans and receivables		74,470	42,080	74,470	42,078

Included in trade receivables are the following amount due from parties related to the Manager:

	Group/Fund	
	2013 RM'000	2012 RM'000
Sunway Berhad Group	7,924	6,183
Sunway Technology Sdn. Bhd. Group	3	-

The amount due from parties related to the Manager is unsecured and bears interests ranging from 8% to 18% per annum (2012: 10% to 18% per annum) and the credit period is generally for a period of 7 days to 30 days (2012: 7 days to 30 days). The relationship with the parties related to the Manager is as disclosed in Note 31.

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 30 days (2012: 7 days to 30 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 8% to 18% per annum (2012: 10% to 18% per annum).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

16. Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's and Fund's trade receivables is as follows:

	Group/Fund	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	10,989	7,774
Past due not impaired:		
1 to 30 days	884	1,862
31 to 60 days	464	1,012
61 to 90 days	247	335
91 to 120 days	646	60
More than 120 days	8	607
	2,249	3,876
Impaired	4,423	4,887
	17,661	16,537

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.

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	
	2013 RM'000	2012 RM'000
At beginning of financial year	4,887	1,770
(Reversal)/charge for the year (Note 6)	(464)	3,117
At end of financial year	4,423	4,887

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Receivables that are past due not impaired

The remainder trade receivables that are past due 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

17. Other receivables

	Group		Fund	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits	1,611	1,611	1,611	1,611
Prepayments (Note 16)	2,239	2,404	2,239	2,404
Sundry receivables	1,102	3,020	1,102	2,834
	4,952	7,035	4,952	6,849

Included in other receivables are the following amount due from parties related to the Manager:

	Group/Fund	
	2013 RM'000	2012 RM'000
Sunway Berhad Group	339	111

The amount due from parties related to the Manager is unsecured, non-interest bearing and is repayable on demand. The relationship with the parties related to the Manager is as disclosed in Note 31.

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.

18. Amounts due from/(to) subsidiaries

The amount due from a subsidiary is unsecured, non-interest bearing and is repayable on demand.

The amounts due to subsidiaries are unsecured, bear an average interest rate of 3.82% per annum (2012: 3.67% per annum) and are repayable on demand.

19. Cash and cash equivalents

	Group/Fund	
	2013 RM'000	2012 RM'000
Cash on hand and at banks	4,786	8,359
Deposits with licensed financial institutions	53,733	17,440
	58,519	25,799

The weighted average interest rate of deposits with licensed financial institutions of the Group and of the Fund is 3.15% per annum (2012: 3.14% per annum).

The range of maturities of deposits with licensed financial institutions of the Group and of the Fund is between 1 to 66 days (2012: 11 to 91 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

20. Derivative financial instruments

	Group/Fund			
	Contract amount		Asset	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current				
Cross currency swap contract	310,800	310,800	7,540	8,455

The Group has entered into a 3-year cross currency swap contract on 3 February 2012 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 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 fair value of the swap contracts is determined by using the market rates at the end of reporting period and changes in the fair value is recognised in equity due to the application of hedge accounting.

21. Unitholders' capital

	Group/Fund	
	2013 Unit'000	2012 Unit'000
Authorised:		
At beginning of financial year	2,780,112	2,780,112
Increase during the year	870,777	-
At end of financial year	3,650,889	2,780,112

	Group/Fund			
	2013 Unit'000	2012 Unit'000	2013 RM'000	2012 RM'000
Issued and fully paid:				
At beginning of financial year	2,696,462	2,686,898	2,425,660	2,414,610
Pursuant to private placement of 214,765,000 units at RM1.49 per unit	214,765	-	320,000	-
	2,911,227	2,686,898	2,745,660	2,414,610
Manager's fees paid in Units	8,196	9,564	11,885	11,050
Total issued and fully paid	2,919,423	2,696,462	2,757,545	2,425,660
Less: Unit issuance expenses (Note 26)	-	-	(67,543)	(64,173)
At end of financial year	2,919,423	2,696,462	2,690,002	2,361,487

The details on the increase in authorised and issued unitholders' capital are as disclosed in Note 36.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

21. Unitholders' capital (cont'd)

As at 30 June 2013, 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	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
Direct unitholdings of directors of the Manager:				
Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO	161,668	62,761	248,969	85,355
Elvin A/L Berty Luke Fernandez	50	25	77	34
Indirect unitholdings of directors of the Manager:				
Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO *	1,004,394	996,198	1,546,767	1,354,829
Dato' Ngeow Voon Yean **	200	70	308	95
Sarena Cheah Yean Tih ***	1,166,065	1,058,961	1,795,740	1,440,187
Direct unitholdings of parties related to the Manager:				
Sunway Berhad	17,760	9,564	27,350	13,007
Indirect unitholdings of parties related to the Manager:				
Sunway Berhad ^	986,634	986,634	1,519,416	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.

** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through spouse and 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., spouse and parent.

^ Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway REIT Holdings Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

22. Borrowings

	Note	Group		Fund	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short term borrowings					
Secured:					
Commercial papers	(a)	315,000	550,000	-	-
Unsecured:					
Revolving loan	(b)	-	700,000	-	700,000
		315,000	1,250,000	-	700,000
Less: Discount on commercial papers		(231)	(1,308)	-	-
Less: Unamortised transaction costs		-	(3,653)	-	-
		314,769	1,245,039	-	700,000
Long term borrowings					
Secured:					
Term loan	(c)	317,850	318,950	317,850	318,950
Unrated medium term notes	(d)	1,000,000	-	-	-
		1,317,850	318,950	317,850	318,950
Less: Unamortised transaction costs		-	(865)	-	(865)
		1,317,850	318,085	317,850	318,085
Total borrowings		1,632,619	1,563,124	317,850	1,018,085

(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 ("CP Programme"). 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 will be no roll over 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 CP Programme.

(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); and
- ii) RM1.6 billion in nominal value thereafter until expiry of the CP Programme.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

22. Borrowings (cont'd)

(a) Commercial papers (cont'd)

(i) Details of the CP Programme (cont'd)

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 via competitive tender, direct or private placement, bought deal basis or book running basis, all without prospectus at the option of the Issuer.

At all times, the amount underwritten will not exceed the programme limit of the CP Programme (being RM1.25 billion for the first three (3) years and RM1.6 billion thereafter). The Underwriter reserves the right to sell down all or part of its underwriting commitment.

During the financial year, Sunway REIT has obtained approval from the Underwriter to revise the underwriting commitment from the applicable programme limit to such underwritten commitment as requested by the Issuer and agreed to by the Underwriter ("Prevailing Underwriting Commitment") at any one time and from time to time provided that at all times the aggregate outstanding nominal value of the CPs shall not exceed the Prevailing 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.

(b) Revolving loan

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 is to partly or fully repay any issuance of the CPs by SunREIT Capital during the tenure of the Facility.

There is no outstanding revolving loan as at 30 June 2013.

During the financial year, Sunway REIT has revised the limit of the Facility from RM1.25 billion to RM500 million. With the revised limit, the aggregate outstanding revolving loans and CPs must not exceed RM500 million at any one time during the tenure of the CP Programme.

(c) Term loan

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 in the previous financial year and had fully drawdown the facility 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.

(d) Unrated medium term notes

During the financial year, SunREIT Unrated Bond Berhad ("SunREIT Unrated Bond") ("Issuer"), a wholly owned subsidiary of Sunway REIT, had issued several 5-year unrated medium term notes ("Unrated MTNs") amounting to an aggregate of RM1.0 billion in nominal value at an agreed coupon rate pursuant to the 15-year RM1.0 billion Medium Term Note Programme ("MTN Programme").

The proceeds raised from the MTN Programme was utilised by the Issuer for the purpose of advancing to Sunway REIT to repay all the existing borrowings of Sunway REIT.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

22. Borrowings (cont'd)

Maturity of the borrowings are as follows:

	Group		Fund	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Not later than 1 year	315,000	1,250,000	-	700,000
Later than 1 year and not later than 2 years	317,850	-	317,850	-
Later than 2 years and not later than 3 years	-	318,950	-	318,950
Later than 3 years and not later than 4 years	-	-	-	-
Later than 4 years and not later than 5 years	1,000,000	-	-	-
	1,632,850	1,568,950	317,850	1,018,950

Details of the borrowings are as follows:

Type of borrowings	Year of maturity	Average interest rate		Group	
		2013	2012	2013 RM'000	2012 RM'000
<u>Secured</u>					
Fixed rate:					
- Term loan	2015	3.99%	3.99%	317,850	318,950
- Unrated medium term notes (Issue 1, Tranche 1 and 2)	2017	3.97%	-	400,000	-
- Unrated medium term notes (Issue 2 and 3)	2018	3.85%	-	600,000	-
				1,317,850	318,950
Floating rate:					
- Commercial papers	2013	3.59%	3.67%	315,000	550,000
Total secured borrowings				1,632,850	868,950
<u>Unsecured:</u>					
- Revolving loan	2012	-	3.63%	-	700,000
Total gross borrowings				1,632,850	1,568,950
Less: Discount on commercial papers				(231)	(1,308)
Less: Unamortised transaction costs				-	(4,518)
Total carrying amount				1,632,619	1,563,124

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

22. Borrowings (cont'd)

Details of the borrowings are as follows (cont'd):

Type of borrowings	Year of maturity	Average interest rate		Fund	
		2013	2012	2013 RM'000	2012 RM'000
<u>Secured</u>					
Fixed rate:					
- Term loan	2015	3.99%	3.99%	317,850	318,950
<u>Unsecured:</u>					
- Revolving loan	2012	-	3.63%	-	700,000
Total gross borrowings				317,850	1,018,950
Less: Unamortised transaction costs				-	(865)
Total carrying amount				317,850	1,018,085

All borrowings are denominated in Ringgit Malaysia (RM) unless otherwise indicated.

The secured borrowings of the Group are secured by legal charges on investment properties of the Group amounting to RM4,869,000,000 (2012: RM4,316,000,000) as disclosed in Note 14.

23. 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.

24. Trade payables

	Note	Group		Fund	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total trade payables		3,383	3,067	3,383	3,067
Add: Other payables	25	85,105	54,934	77,605	54,928
Add: Amount due to subsidiaries	18	-	-	1,322,266	545,040
Add: Borrowings	22	1,632,619	1,563,124	317,850	1,018,085
Add: Long term liabilities	23	41,956	53,920	41,956	53,920
Total financial liabilities carried at amortised cost		1,763,063	1,675,045	1,763,060	1,675,040

The normal trade credit terms granted to the Group and the Fund range from 1 day to 90 days (2012: 1 day to 90 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

25. Other payables

	Group		Fund	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sundry payables	1,129	1,053	1,128	1,050
Accruals	50,166	33,631	42,667	33,628
Refundable deposits	33,810	20,250	33,810	20,250
	85,105	54,934	77,605	54,928

Included in other payables are the following amount due to parties related to the Manager:

	Group/Fund	
	2013 RM'000	2012 RM'000
Sunway Berhad Group	8,362	9,838
Sunway Technology Sdn. Bhd. Group	8	-

The amount due to parties related to the Manager is unsecured, non-interest bearing and is repayable on demand. The relationship with the parties related to the Manager is as disclosed in Note 31.

26. Unit issuance expenses

	Group/Fund	
	2013 RM'000	2012 RM'000
At beginning of financial year	64,173	64,173
Underwriting and selling commissions	3,000	-
Miscellaneous expenses	370	-
At end of financial year	67,543	64,173

27. Portfolio turnover ratio

	Group	
	2013 RM'000	2012 RM'000
Average of the total acquisitions	313,381	-
Average net asset value during the financial year	3,155,043	2,785,559
Portfolio Turnover ratio ("PTR") (times)	0.1	-

The calculation of PTR is based on the average of the total acquisitions and total disposals of investments in the Group for the year to the average net asset value during the financial year.

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 Group's PTR against other real estate investment trusts.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

28. Management expense ratio

	Group	
	2013 RM'000	2012 RM'000
Total trust expenses	28,159	29,010
Net asset value at end of financial year	3,506,469	3,008,331
Less: Proposed final income distribution	(58,972)	(50,963)
Net asset value at end of financial year, after proposed final income distribution	3,447,497	2,957,368
Management expense ratio ("MER")	0.82%	0.98%

The calculation of MER is based on the total fees and expenses incurred by the Group in the year, including Manager's fee, Trustee's fee, auditors' remuneration, tax agent's fees, valuation fees and other trust expenses to the net asset value (after proposed final income distribution) at end of the financial year.

Since the basis of calculating MER can vary among real estate investment trusts, comparison of the Group's MER with other real estate investment trusts which use a different basis of calculation may not be an accurate comparison.

29. Operating lease agreements

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	
	2013 RM'000	2012 RM'000
Within 1 year	273,183	313,737
After 1 year but within 5 years	457,464	363,570
After 5 years	214,707	141,118
	945,354	818,425

30. Capital commitments

	Group/Fund	
	2013 RM'000	2012 RM'000
Capital expenditure		
Approved and contracted for:		
Subsequent expenditure of investment properties	302,597	55,161
Approved but not contracted for:		
Subsequent expenditure of investment properties	116,402	227,962
	418,999	283,123

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

31. Significant transactions with parties related to the Manager

During the financial 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:

Name of companies related to the Manager	Nature of transactions	Group/Fund	
		2013 RM'000	2012 RM'000
(a) Sunway Berhad Group *	Rental income and utilities charges	(116,606)	(105,333)
	Property management and related services	27,371	22,686
	Internal audit services	300	300
	Insurance premium and related services	932	527
	Construction and related services	9,200	8,920
	Others	2,930	3,486
	Acquisition of an investment property	310,000	-
(b) Sunway Technology Sdn. Bhd. Group ("STSB Group") #	Rental income and utilities charges	(514)	(520)
(c) Adasia (M) Sdn. Bhd. ("Adasia") ^	Rental income and utilities charges	-	(46)
	Advertising services and others	-	68

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 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 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, the Manager and the Group as well as director and alternate 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.

STSB Group are deemed parties related to the Manager by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's common directorships in STSB and the Manager as well as 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, being the children of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, have deemed interests in STSB Group and 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 had ceased to be a related party to the Manager effective from 26 September 2011.

Information regarding outstanding balances arising from transactions with parties related to the Manager as at 30 June 2013 are disclosed in Notes 16, 17 and 25.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

32. Subsidiaries

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activity	Proportion of ownership interest	
			2013 %	2012 %
SunREIT Capital Berhad	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	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	100

The subsidiaries are intended as Special Purpose Vehicle ("SPV") to undertake the issuance of the commercial papers and unrated medium term notes for Sunway REIT.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

33. 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, foreign currency 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 81% (2012: 20%) 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 profit or loss. 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 to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group	
	2013	2012
	RM'000	RM'000
<u>25 basis points increase</u>		
Variable rate instruments	(788)	(3,125)
<u>25 basis points decrease</u>		
Variable rate instruments	788	3,125

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia (RM) except for USD100 million Loan Facility as disclosed in Note 22 (c).

The USD100 million Loan Facility is hedged with a cross currency swap contract.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

33. Financial instruments (cont'd)

(d) 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, RM315,000,000 (2012: RM1,250,000,000) of the Group's borrowings comprising commercial papers ("CPs") (2012: revolving loans/credits and 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.

	2013		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	88,488	41,956	130,444
Borrowings	366,040	1,455,431	1,821,471
Total undiscounted financial liabilities	454,528	1,497,387	1,951,915
Fund			
Financial liabilities:			
Trade and other payables	442,235	1,179,553	1,621,788
Borrowings	12,059	317,834	329,893
Total undiscounted financial liabilities	454,294	1,497,387	1,951,681

	2012		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	58,001	53,920	111,921
Borrowings	1,263,682	329,893	1,593,575
Total undiscounted financial liabilities	1,321,683	383,813	1,705,496
Fund			
Financial liabilities:			
Trade and other payables	603,035	53,920	656,955
Borrowings	713,682	329,893	1,043,575
Total undiscounted financial liabilities	1,316,717	383,813	1,700,530

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

33. Financial instruments (cont'd)

(e) 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.

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			
	2013		2012	
	RM'000	%	RM'000	%
Retail	6,760	51.1	6,730	57.8
Hotel	4,538	34.2	4,551	39.0
Office	357	2.7	369	3.2
Others	1,583	12.0	-	0.0
	13,238	100.0	11,650	100.0

(f) Fair values

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial liabilities				
Carrying amount				
Borrowings	1,632,619	1,563,124	317,850	1,018,085
Fair value				
Borrowings	1,619,255	1,559,798	314,828	1,014,759

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

33. Financial instruments (cont'd)

(f) Fair values (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	16
Other receivables	17
Amount due from/(to) subsidiaries	18
Trade payables	24
Other payables	25

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.

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.

(g) 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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2013	-	7,540	-	7,540
At 30 June 2012	-	8,455	-	8,455

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

34. 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 2013.

The Manager monitors capital using a gearing ratio, which is total gross borrowings divided by total asset value of the Group pursuant to Securities Commission's Guidelines on Real Estate Investment Trusts. The Group's policy is to keep the gearing ratio below 50%.

	Group	
	2013 RM'000	2012 RM'000
Non-current assets	5,192,823	4,638,892
Current assets	76,709	44,484
Total asset value	5,269,532	4,683,376
Total gross borrowings (Note 22)	1,632,850	1,568,950
Gearing ratio	31.0%	33.5%

35. 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
- (iv) Others - leasing of a medical premise to a hospital operator

(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 four business segments operate in four main geographical areas:

- (i) Selangor - the operations in this area are principally renting of retail and office premises, leasing of hotel premises to a hotel operator and leasing of a medical premise to a hospital 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

35. 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

	----- 2013 -----				
	Retail RM'000	Hotel RM'000	Office RM'000	Others RM'000	Total RM'000
Revenue					
Rental income	272,476	-	39,926	-	312,402
Hotel/hospital master lease income	-	67,784	-	9,551	77,335
Carpark rental income	13,637	1,205	1,332	-	16,174
Other operating income	10,033	-	2	-	10,035
Gross revenue	296,146	68,989	41,260	9,551	415,946
Segment net property income	205,413	65,684	28,548	9,551	309,196
Other income					1,402
Changes in fair value of investment properties					173,487
Total expenses (excluding finance costs)					(28,159)
Finance costs					(63,604)
Income before taxation					392,322
Income tax expense					-
Profit for the year					392,322

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

35. Segment information (cont'd)

Business segments (cont'd)

	----- 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 (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

35. Segment information (cont'd)

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	
	2013 RM'000	2012 RM'000
Plant and equipment (Note 13)	998	369
Investment properties (Note 14)	67,132	20,849
	68,130	21,218

C Other significant non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:

	Group/Fund	
	2013 RM'000	2012 RM'000
Fair value gain on investment properties (Note 14)	173,487	230,151
Unrealised foreign exchange gain/(loss) (hedged item)	1,100	(8,150)
Cash flow hedge reserve recycled to profit or loss	(1,100)	8,150
Unrealised foreign exchange gain (Note 7)	2	-
Net changes in fair value of derivative financial instrument (Note 7)	-	(390)
Reversal of/(allowance for) impairment loss of receivables (Note 16)	464	(3,117)
Others (Note 7)	48	119
	174,001	226,763

36. Significant event during the financial year

Corporate proposals

- I - Proposed acquisition of Sunway Medical Centre for a purchase consideration of RM310 million;
- II - Proposed placement of new Units in Sunway REIT;
- III - Proposed Unitholders' mandate to allot and issue new Units up to 20% of the approved fund size of Sunway REIT; and
- IV - Proposed increase in fund size.

(collectively referred to as the "Proposals")

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

36. Significant event during the financial year (cont'd)

RHB Trustees Berhad (formerly known as OSK Trustees Berhad) (as Trustee for Sunway REIT) had on 9 October 2012 entered into a conditional Sales and Purchase Agreement ("SPA") with Sunway Medical Centre Berhad ("SMCB"), for the proposed acquisition of the Sunway Medical Centre ("SunMed Property") for a total purchase consideration of RM310 million ("Proposed Acquisition"). On the same date, the Trustee and the Manager had entered into a conditional Master Lease Agreement ("HMLA") with SMCB for the lease of the SunMed Property to SMCB which shall commence upon the completion date of the Proposed Acquisition.

In addition, RHB Investment Bank had, on behalf of the Board, announced that the Manager proposes to undertake the following:

- (a) placement of such number of new units in Sunway REIT to raise gross proceeds of up to RM320 million at an issue price to be determined later by way of bookbuilding;
- (b) seek unitholders' mandate to allot and issue new Units of up to 20% of the approved fund size of Sunway REIT pursuant to Clause 14.03 of the Securities Commission's Guidelines on Real Estate Investment Trusts; and
- (c) increase the existing approved fund size of Sunway REIT from 2,780,112,300 units to up to a maximum of 3,650,888,858 units.

On 18 December 2012, all of the ordinary resolutions for the Proposals as set out in the Notice of Unitholders' Meeting of Sunway REIT dated 3 December 2012 were duly passed by the Unitholders, by way of poll. With the approval of the Unitholders obtained at the Unitholders' Meeting, all the conditions precedent under the SPA have been fulfilled. Accordingly, the SPA has become unconditional on even date.

The Proposed Acquisition was completed on 31 December 2012 following the payment of the balance of purchase consideration which was drawn from Sunway REIT's existing debt financing facilities ("Borrowings").

On 6 February 2013, following the bookbuilding process, the Board fixed the issue price at RM1.49 per placement Unit. As such, a total sum of approximately RM320 million was raised resulting in the issuance of 214,765,000 new Units. The placement was completed following the listing of the new Units on the Main Market of Bursa Securities on 15 February 2013.

The gross proceeds of approximately RM320 million has been utilised to repay the Borrowings and expenses in relation to the acquisition and placement and for working capital.

37. Significant event subsequent to the financial year end

Variation to the hotel master lease dated 29 June 2011 and first supplemental agreement dated 5 January 2012 between RHB Trustees Berhad (formerly known as OSK Trustees Berhad) (as Trustee for Sunway Real Estate Investment Trust), Sunway REIT Management Sdn. Bhd. and Sunway Putra Hotel Sdn. Bhd. ("Lessee") ("Hotel Master Lease")

On 3 July 2013, the Manager announced that in light of a major refurbishment being carried out on Sunway Putra Mall, a shopping mall situated on the adjoining property to the Sunway Putra Hotel ("SPH") commencing from 1 May 2013 for an estimated period of two (2) years therefrom which will adversely affect the business of SPH, the Lessee has appealed to the Manager and RHB Trustees Berhad (formerly known as OSK Trustees Berhad) ("Trustee") for a variation to the guaranteed rent amount in the Hotel Master Lease Agreement.

The Manager and the Trustee have agreed to enter into a second supplemental agreement to the Hotel Master Lease ("Second Supplemental Agreement") to vary the guaranteed rent for the period between 1 July 2013 to 30 June 2014 ("3rd Fiscal Year"). The total rent payable by the Lessee shall be the amount calculated in accordance with the variable rent formula under the Hotel Master Lease Agreement for the 3rd Fiscal Year and as such the guaranteed rent would not be applied to the 3rd Fiscal Year. The difference between the amount calculated under the variable rent formula and guaranteed rent will be adjusted in equal proportions from the 5th fiscal year to the 11th fiscal year of the lease period, added on to the guaranteed rent for each of those years. The same variation to guaranteed rent may apply to the period from 1 July 2014 to 30 June 2015 if requested in writing by the Lessee on the basis of continuing adverse operating conditions caused by major refurbishment works at Sunway Putra Mall and subject always to the agreement of the Trustee.

The Lessee forecasts that the difference between the amount calculated under the variable rent formula and guaranteed rent for the 3rd Fiscal Year is approximately RM3.3 million and as such is not expected to have any material effect on the earnings of Sunway REIT for the financial year ending 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

38. Material litigations

(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)

On 19 April 2011, Robert Ti and Kornelius Kurniadi (Plaintiffs) commenced this action against amongst others RHB Trustees Berhad (formerly known as OSK Trustees Berhad) ("Trustee") 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 the Trustee 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 and on 27 July 2011 dismissed the originating summons with costs.

The Plaintiffs had 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 the Trustee and Sunway REIT Management Sdn Bhd. The Plaintiffs sought leave to appeal against the decision of the Court of Appeal given on 18 April 2012.

On 9 July 2013, the Federal Court heard and dismissed the application for leave to appeal with costs.

(b) High Court Originating Summons No. 21NCVC-95-2011, W-02(IM)(NCVC)-4192-12/2011, FCC No. 08(i)-402-05/2012(W)

On 6 May 2011, Metroplex Holdings Sdn Bhd (Plaintiff) commenced the case against amongst others RHB Trustees Berhad (formerly known as OSK Trustees Berhad) ("the Trustee"), Sunway REIT and Sunway REIT Management Sdn Bhd seeking to set aside the sale of Putra Place to the Trustee at the auction conducted by the Kuala Lumpur High Court on 30 March 2011. The Plaintiff claimed that the auction on 30 March 2011 was not a valid public auction and that the Trustee was not entitled to bid at the auction.

On 17 August 2011, the High Court fixed the hearing date for the application to strike out the case by the Trustee, 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 fixed a date for a decision on 22 November 2011.

On 22 November 2011, the High Court allowed the application to strike out the case by the Trustee, Sunway REIT Management Sdn Bhd with costs in aggregate sum of RM24,000 to be paid by Metroplex Holdings Sdn Bhd.

Metroplex Holdings Sdn Bhd had 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 Plaintiff served an unsealed Notice of Motion for leave to appeal to the Federal Court on the solicitors of the Trustee and Sunway REIT Management Sdn Bhd. The Plaintiff sought leave to appeal against the decision of the Court of Appeal given on 20 April 2012.

On 9 July 2013, the Federal Court heard and dismissed the application for leave to appeal with costs.

(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

On 1 June 2011, RHB Trustees Berhad (formerly known as 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 sought an order that Metroplex Holdings Sdn Bhd ("Metroplex") delivers 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 the Trustee 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

38. Material litigations (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 (cont'd)

Metroplex then filed a notice of appeal for an appeal against the decision of the High Court and on 1 July 2011 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 the Trustee and the Manager on 30 September 2011. The application for stay of execution was fixed for hearing inter-parte on 4 October 2011.

Following the decision of the Court of Appeal on 27 September 2011 in dismissing the appeal by Metroplex and prior to the service of the draft interim order for stay of execution, Metroplex had already delivered possession and control of Putra Place to the Trustee and the Manager in accordance with the Orders.

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; and
- 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 failed 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.

Following the dismissal of the appeal by the Court of Appeal, Metroplex applied for an application for leave to appeal to the Federal Court. Metroplex's application for leave to appeal to the Federal Court was heard and dismissed on 20 February 2012 which reinforces that the Trustee is the rightful owner of Putra Place.

(d) High Court Originating Summons No. 28NCC-994-12/2012, Court of Appeal Civil No. W-02(IM)(MCC)-622-03/2013

The solicitors for RHB Trustees Berhad (formerly known as OSK Trustees Berhad) (as trustee of Sunway REIT) ("Trustee") and Sunway REIT Management Sdn Bhd ("Manager") had on 2 August 2012, issued a section 218 Companies Act notice to Metroplex and filed a notice for assessment of damages before the Kuala Lumpur High Court registrar pursuant to one of the Orders as mentioned in Note 38 (c) above. On 2 August 2013, the Kuala Lumpur High Court decided that Metroplex should not be wound up. The amount in dispute is to be deposited in a joint stakeholder account pending the outcome of the case on assessment of damages pursuant to Note 38 (c) above.

(e) High Court Originating Summons No. 24NCVC-1255-2011

The solicitors for RHB Trustees Berhad (formerly known as OSK Trustees Berhad) (as trustee of Sunway REIT) ("Trustee") and Sunway REIT Management Sdn Bhd ("Manager") had been granted leave to commence committal proceedings on 29 November 2012. Thereafter, the solicitors for the Trustee and the Manager had on 10 December 2012, filed an originating summons commencing the committal proceedings against Metroplex before the Kuala Lumpur High Court for non-compliance with some of the remaining Orders which were not enforced, as mentioned in Note 38 (c) above. A hearing date has been fixed on 6 September 2013 for the setting aside application for the ex parte leave.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

39. Supplementary information

The breakdown of the retained profits/undistributed income of the Group and of the Fund as at 30 June 2013 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained profits/undistributed income				
- realised	26,211	30,310	26,211	30,310
- unrealised	790,259	616,537	790,259	616,537
	816,470	646,847	816,470	646,847
Less: Consolidation adjustments	(3)	(3)	-	-
Total retained profits/undistributed income	816,467	646,844	816,470	646,847

The unrealised retained profits/undistributed income mainly comprise fair value gain on investment properties of RM789,207,000 (2012: RM615,720,000).

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS

23 October 2012

Announcement of the unaudited quarterly results for the quarter ended 30 September 2012

23 January 2013

Announcement of the unaudited quarterly results for the quarter ended 31 December 2012

30 April 2013

Announcement of the unaudited quarterly results for the quarter ended 31 March 2013

6 August 2013

Announcement of the unaudited quarterly results for the quarter ended 30 June 2013

INCOME DISTRIBUTION FOR THE QUARTER ENDED 30 SEPTEMBER 2012

2.03 sen per unit (of which 1.63 sen per unit is taxable and 0.40 sen per unit is non-taxable)

Announcement of the notice of entitlement and payment:
23 October 2012

Date of entitlement:
8 November 2012

Date of payment:
26 November 2012

INCOME DISTRIBUTION FOR THE QUARTER ENDED 31 DECEMBER 2012

2.19 sen per unit (of which 1.83 sen per unit is taxable and 0.36 sen per unit is non-taxable)

Announcement of the notice of entitlement and payment:
23 January 2013

Date of entitlement:
13 February 2013

Date of payment:
27 February 2013

ADVANCE DISTRIBUTION FOR THE PERIOD FROM 1 JANUARY 2013 TO 13 FEBRUARY 2013

0.97 sen per unit (of which 0.83 sen per unit is taxable and 0.14 sen per unit is non-taxable)

Announcement of the notice of entitlement and payment:
23 January 2013

Date of entitlement:
13 February 2013

Date of payment:
27 February 2013

INCOME DISTRIBUTION FOR THE PERIOD FROM 14 FEBRUARY 2013 TO 31 MARCH 2013

1.09 sen per unit (of which 1.02 sen per unit is taxable and 0.07 sen per unit is non-taxable)

Announcement of the notice of entitlement and payment:
30 April 2013

Date of entitlement:
16 May 2013

Date of payment:
30 May 2013

INCOME DISTRIBUTION FOR THE QUARTER ENDED 30 JUNE 2013

2.02 sen per unit (of which 0.68 sen per unit is taxable and 1.34 sen per unit is non-taxable)

Announcement of the notice of entitlement and payment:
6 August 2013

Date of entitlement:
23 August 2013

Date of payment:
5 September 2013

DETAILED MARKET REPORT

1. ECONOMIC OVERVIEW

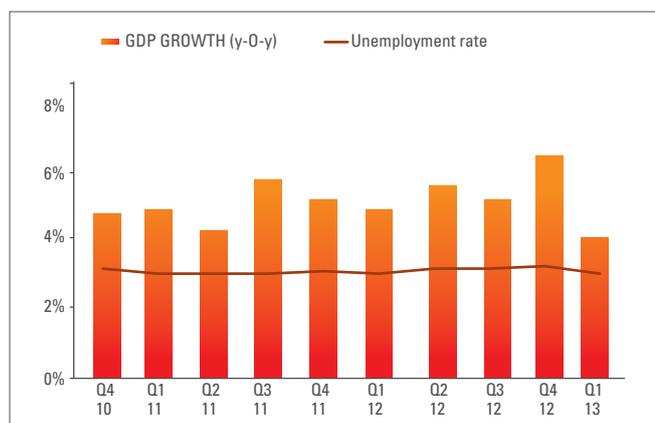
The Malaysian economy grew strongly, at a better than expected rate of 5.6% in 2012 (2011: 5.2%) driven strongly by domestic investment and continued public and private consumption. Private investment was particularly robust growing at 22% and its share of GDP was at its highest at 15.5% since 1998. This was due to implementation of ETP and infrastructure projects and a steady flow of FDI. In the first quarter of 2013, GDP expanded by 4.1%, driven mainly by the strong growth in the Construction sector, growing by 14.7%, and also Services by 5.9%.

The prospect for the economy for 2013 remains strong and is expected to grow by 5.0% - 6.0% although there continue to be downside risks from the Euro zone. Domestic demand is expected to be resilient and improvement in the external sector will support growth although government demand will slow down due to a need for fiscal consolidation. Private investment via the implementation of long term projects is expected to remain robust.

Malaysian Investment Development Authority announced in the first quarter of 2013, investment increased by 44.0% (y-o-y) to RM49.3b driven mainly by domestic investments. Services sector accounted for the largest share of approved investments (45.2%) with RM22.3b, followed by the primary sector (31.0%) with RM15.3b and manufacturing (23.8%) with RM11.7b. Within the services sector, real estate sub-sector attracted the largest investment of RM9.3b.

Consumer confidence picked up with income growth, registering 7.2% per annum since 2009 and employment prospect remain bright with low unemployment of below 3%. With an eye on inflation which moderated to 1.6% (2011: 3.2%) BNM continued to maintain the key interest rate - Overnight Policy Rate (OPR) - unchanged at 3.0% to support growth. There are however concerns on housing affordability and households' rising indebtedness, which is reaching 88% of GDP.

Figure 1.1: GDP Growth and Unemployment Rate, Q4 2010 – Q1 2013



Source: Ministry of Finance, DTZ Consulting & Research, May 2013

The Consumer Sentiment Index ("CSI") at Q1 2013 remained above the key benchmark 100-point level, at 122.9 points, the highest in six years with consumers being optimistic on job and income prospect, but neutral on spending.

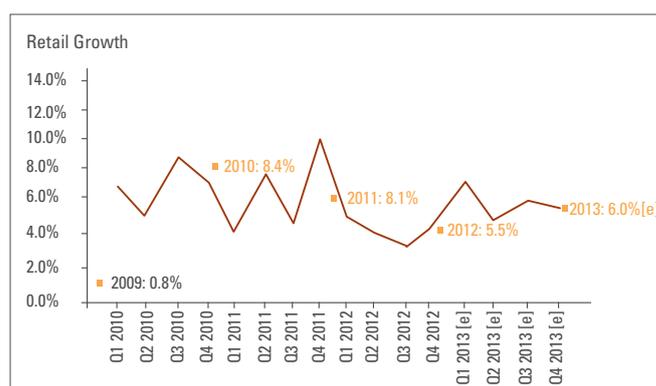
Figure 1.2 : Consumer Sentiment Index, Q1 2007 – Q1 2013



Source: Malaysia Institute of Economics Research (MIER)

National retail sale slowed in 2012 to 5.5% (2011: 6.5%) with total sales of RM87.8b. According to Retail Group Malaysia, retail sales growth for 2013 is forecasted at 6.0%, generating sales of RM93.0b. On the positive side, the Government has continued to offer for the second time, one off payment of RM500 to the low income households under BR1M in the 2013, benefiting some 5.2 million households earning RM3,000 and below.

Figure 1.3: Retail Sale Growth, 2010-2013



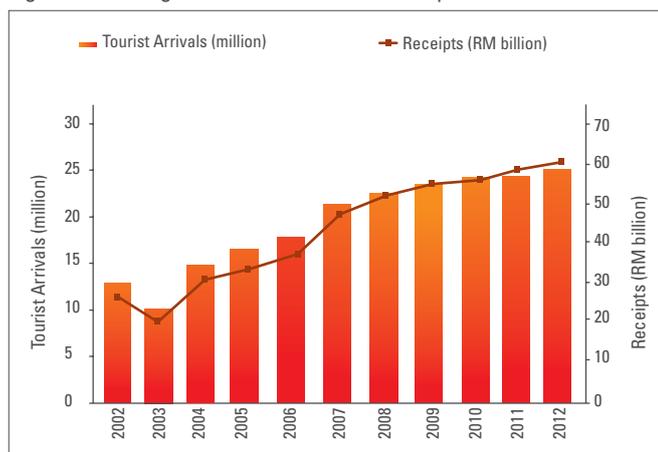
Source: Malaysian Retailers Group, DTZ Consulting & Research, May 2013

The number of tourist increased marginally to 25.03 million in 2012, up from 24.71 million in 2011. Significant growth were noted from China (24.6%) and Indonesia (11.6%), being the number 2 and 3 key markets after Singapore. Total receipts rose to RM60.6b in 2012, up from RM58.3b in 2011. The completion of KLIA2 terminal expected by Q2 2014 will see regional tourism arrivals gaining momentum, with another low cost regional airline, Malindo Air, going to drive traffic.

DETAILED MARKET REPORT (CONT'D)

The Visit Malaysia Year 2014, launched on 19th January 2013, is timely to further promote the country as a tourism destination and to achieve its 2014 target of 28.8 million arrivals. The theme of VMY 2014, "Celebrating 1Malaysia... Truly Asia", highlights the country's multi-ethnic society and diverse cultures. The hotel and retail sectors would see better growth with the expected increase in foreign tourist arrivals and spending.

Figure 1.4: Foreign Tourist Arrivals and Receipts



Source: Tourism Malaysia

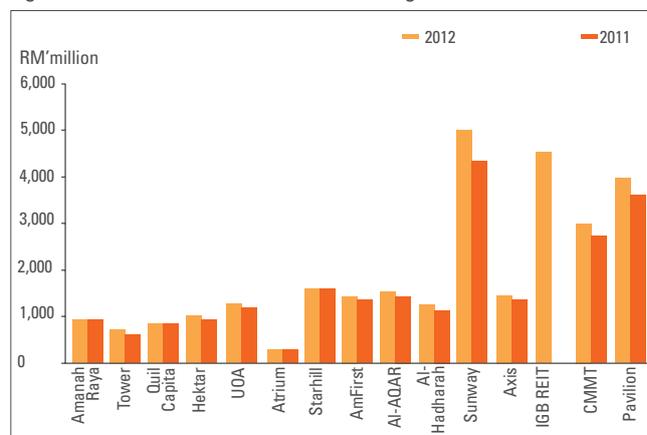
2. MALAYSIA REIT OVERVIEW

The REIT market continues to see growth with the successful listing of the IGB REIT, at the middle of last year, which saw an over-subscription. IGB REIT has an asset value of RM4.6b comprising two major malls, namely Mid Valley Megamall and The Gardens mall. These malls have a total net lettable area of 2.5m sqft. The demand for good retail assets and its scarcity is driving yield to a historic low level.

The Malaysian REIT market was further strengthened with the listing of the first Islamic stapled REIT, KLCC REIT in May 2013. With the injection of 3 major offices into the listing, namely Petronas Twin Towers, Menara 3 Petronas and Menara ExxonMobil valued at RM8.74b, it is set to be one of the largest regional listed property vehicles. The REIT is listed as shariah compliant to attract Islamic funds from the Middle East.

Average yield is noted at 6.0%, a decline from previous year of 7.1%. We noted that distribution yield of the larger retail sector REITs were compressed to around the 4.5% level in the 1H 2013. Despite the improving equity market, demand for REIT continues to be good as investors seek attractive dividend yield in a volatile market. The newer listings with large capitalization are making the M-REIT market interesting for foreign funds.

Figure 2.1: Total Assets Under REIT Management



Source: Company annual reports, DTZ Consulting & Research, May 2013

3. SELANGOR – PETALING JAYA/SUBANG JAYA

Selangor has continued to be a popular destination for investors, attracting RM11.7b in investment in 2012 with 252 manufacturing projects approved. Approximately 62% of these investments came from domestic investments and the remaining 38% were foreign investment. This figure contributed about 28.5% of the total investment in Malaysia and 31% of the total approved projects in the country. In 2012, despite the moderate economic growth, Selangor recorded the largest growth in jobs in Malaysia, creating 22,719 new job opportunities or 30% of the new jobs created in the country.

Key economic drivers were vehicle equipment manufacturers, contributing about RM4.95b in 2012, followed by electrical & electronic goods manufacturers and food manufacturers, whose industries contributed RM1.63b and RM1.24b respectively. District of Petaling recorded the highest amount of investment of RM4.3b with 97 projects, contributing about 38% of the projects in the State.

As the State continues to grow, improving urban public transportation has been given top priority especially in major growth areas in Greater Klang Valley and this improvement has been identified as one of the National Key Results Area (NKRA) under the ETP programs. Bus Rapid Transit Sunway Line, which was announced early this year, is one of the programs under this NKRA to improve urban public transportation, specifically in Bandar Sunway and Subang Jaya. To support the government's initiative on eco-transport, the 7.5km elevated BRT line is modelled after the Xiamen's BRT rail-like system. Expected to be completed in 2015, it will serve seven stations linking key areas in Bandar Sunway and Subang Jaya and strategically connected to other modes of public transport. The BRT Line will be integrated with Sunway Geo and this will boost Sunway South Quay into another thriving commercial hub within the Sunway Resort City (SRC). Such improvement in mobility and connectivity would definitely increase traffic flows to Sunway Pyramid shopping mall as well as generate more business for the hotels.

DETAILED MARKET REPORT (CONT'D)

3.1 RETAIL

The Klang Valley has 134 shopping malls offering 47.5m sqft of retail space. This translates to a retail space provision of 7.77 sqft per capita.

As at Q1 2013, there is a total of 12.8m sqft of retail space in Petaling Jaya and its surrounding areas with 49% of the total space concentrated in Subang Jaya/Sunway. Overall occupancy rate as of Q1 2013 was at 84% with more retailers taking space in malls such as First Subang, Paradigm Mall and Citta Mall.

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

Location	NLA (sq.ft)	Total Occupied	Occupancy
Petaling Jaya	3,253,957	1,963,547	60%
Subang Jaya/Sunway	6,279,405	5,619,066	89%
Damansara	3,238,232	3,198,706	99%
Total	12,771,594	10,781,319	84%

Source: NAPIC, Q1 2013

Home to some of the most popular shopping hot spots in the country, Petaling Jaya remains an attractive location for malls given its high population density, continued high population growth and high income households. 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 to Sunway Lagoon, Sunway Medical Centre and the hotels. At occupancy rate of 99.0% with mid-to-mid upper outlets and various leisure opportunities, the performance of Sunway Pyramid is expected to remain healthy. Sunway Pyramid has a fairly strong catchment of 1.5 million within a 10km radius which have a mixed population of middle to high income.

Competition, however, will get tougher as new malls are being developed. Upcoming shopping centres in Petaling Jaya are tabulated in Table 3.2. With 5.21m sqft of new retail space to be completed by 2016, there is concern on occupancy and rental rates. However, with the growing affluence of population within the Klang Valley, both retailers and landlords are still optimistic on the opportunities to be gained by these new retail malls.

Table 3.2: Future Supply of Shopping Centres in Petaling Jaya

Completion Year	Projects	Address	Net Floor Area (sq. ft)
2013	Jaya Section 14	SS14, Petaling Jaya	260,000
	The Strand Mall	Kota Damansara	309,000
2014	Damen	USJ 1, Subang Jaya	400,000
	Atria Shopping Mall (redevelopment)	Damansara Jaya	450,000
	Empire City	Damansara Perdana	1,500,000
2015	The Place (One City)	USJ 25, Subang Jaya	150,000
2016	Damansara Uptown	Damansara Utama	250,000
	Damansara City	Damansara Heights	188,000
Planning	Icon City	SS8, Petaling Jaya	700,000
	PJ Sentral Garden City	Section 52, Petaling Jaya	1,000,000
Total - Future Development			5,207,000

Source: DTZ Consulting & Research, May 2013

3.2 HOTEL

There are a total of about 4,021 hotel rooms in Petaling Jaya ranging from 3-star to 5-star hotels provided by 12 hotels. The room stock is largely provided by 5 star properties accounting for 2,319 rooms (57.7%). In Subang Jaya/Sunway area, there are a total of 1,876 hotel rooms provided by a 4-star hotel, Pyramid Tower Hotel, and three 5-star hotels, Sunway Resort Hotel & Spa, Grand Dorsett Subang Hotel and Holiday Villa.

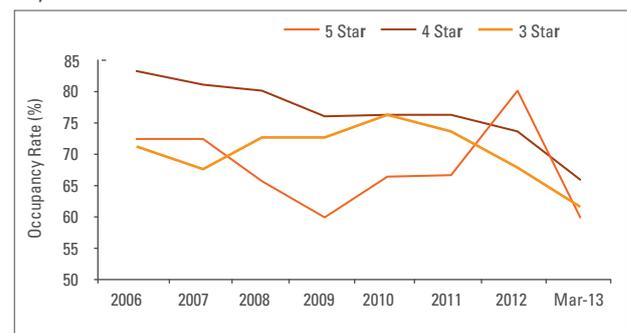
Table 3.3: Selected Existing 3-5 Star Hotels in Petaling Jaya/Subang Jaya/Sunway

Hotel	Rating	No of Rooms
One World	5	438
Sunway Resort Hotel & Spa	5	442
Grand Dorsett Subang Hotel	5	502
Holiday Villa	5	383
Hilton Petaling Jaya	5	554
Armada	4	208
Crystal Crown	4	273
Eastin Hotel	4	388
Royale Bintang Damansara	4	150
Pyramid Tower Hotel	4	549
Shah Village Hotel	3	89
Singgahsana	3	45
Total		4,021

Source: MIHR, DTZ Consulting & Research, May 2013

Over the last five years, average occupancy rates for 3-star, 4-star and 5-star hotels remained at above 60.0% despite the global economic crisis. The performance of 3-star and 4-star hotels shows slight decline in 2012 to 67.0% and 74.0% respectively compared to 74% and 77% in 2011 due to slower economic activities. On the other hand, 5-star hotels registered higher average occupancy rates at 79.0% compared to 67.0% in 2011. However, in the first quarter of 2013, average occupancy rates for all hotels registered a decline, which was not unusual as the first 3 months of the year has always been the low season for leisure tourists.

Figure 3.1: Occupancy Rate of Hotels by Star Rating in Petaling Jaya



Source: MIHR, DTZ Consulting & Research, May 2013

DETAILED MARKET REPORT (CONT'D)

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 guests is less sensitive to economic conditions compared to tourists. The growing number of MNCs and industrial companies as well as MICE activities in the Petaling Jaya/Shah Alam, and further afar as Cyberjaya provide a relatively solid base for driving hotel demand in Selangor.

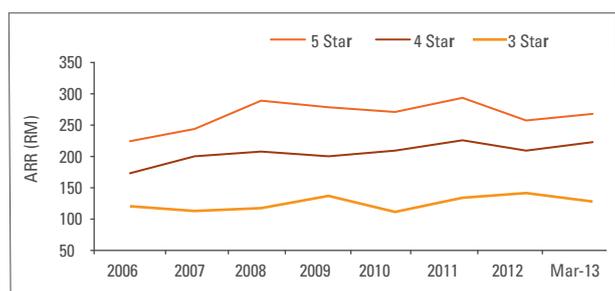
Also known as business tourism, the MICE industry has supported the performance of the hotels and this segment has been growing steadily in Malaysia with business travellers spending three to eight times more than leisure travellers. Malaysia Convention and Exhibition Bureau reported that the MICE segment made revenue of RM643.6m in 2012 from business events.

Domestic guests have continued to contribute about 70% of room demand in Selangor, with 30% from foreign guests. It was also noted that core business targets for hotels were government, institutions and business owners in the vicinity for most of the hotels in Petaling Jaya and Subang Jaya. 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.

Average occupancy rate for Sunway Resort Hotel & Spa was at 71.3% in 2013, attracting mainly corporate guests (70%) and leisure guests (30%). Corporate guests have continued to be a major source of revenue because the hotel is well-supported by Sunway Pyramid Convention Center, which has the capacity to hold business and leisure events catering up to 6,000 guests. With Malaysia becoming one of the favourite MICE destinations, we expect occupancy at Sunway Resort Hotel & Spa to remain healthy. Pyramid Tower Hotel has also been enjoying high average occupancy rate, at 78.7% in 2013, where corporate guests contributed about 82.0% of the guest profile and the remaining 18% were leisure guests.

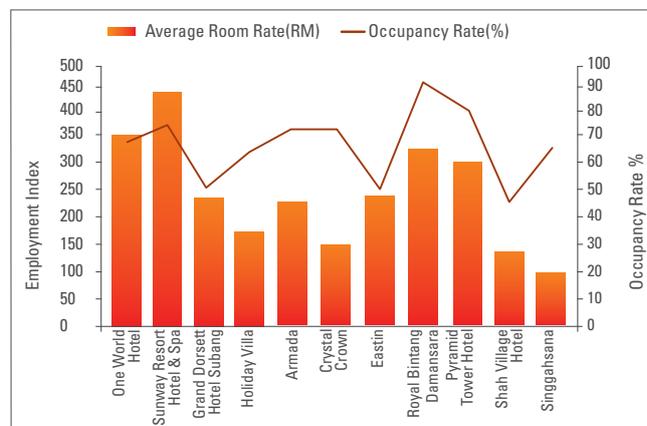
In terms of average room rate (ARR), in the first quarter of 2013, both 4-star and 5-star hotels recorded a slight improvement at RM222 and RM262 respectively. The 3-star hotels recorded a slight decline in rate at RM131.

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



Source: MIHR

Fig 3.3: Occupancy and ARR of Selected Hotels in Petaling Jaya/ Subang Jaya/Sunway



Source: MIHR/DTZ Consulting & Research, May 2013

Our survey shows more than 1,000 hotel rooms are under construction in Petaling Jaya and Bandar Sunway with 1,437 rooms to be completed by 2014.

Table 3.4: Future Supply of Hotels in Petaling Jaya/Subang Jaya/ Sunway

Hotel/ Serviced Apartment	Location	Room	Expected Completion
Best Western at Centerstage	Section 13, Petaling Jaya	352	2014
Premier Hotel at Paradigm Mall	Kelana Jaya	350	2014
Thistle at Damansara City	Damansara Heights	300	2014
Sunway Pyramid 3	Bandar Sunway	435	2014
PJ Sentral Garden City	Section 52, Petaling Jaya	NA	NA
Total		1,437	

Source: DTZ Consulting & Research, May 2013

To be completed in 2015, Sunway Pyramid Phase 3 with GDV of RM340m entails the development of a 19-storey 4-star hotel (435 rooms) and 3-storey retail podium with net lettable area of approximately 62,000 sqft. This hotel will complement the existing two hotels well within the SRC.

3.3 OFFICE

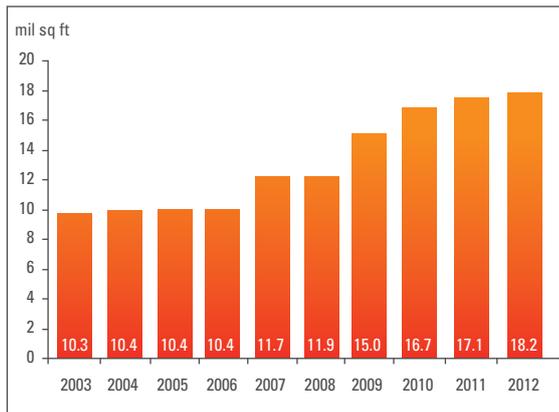
As traffic congestion and high rents in Kuala Lumpur city center force office occupiers to seek better alternative, Petaling Jaya has re-emerged as a popular office location for local companies as well as MNCs. The growing number of mixed use developments offering business & lifestyle components, especially F&B outlets, as well as better quality office space at competitive rents in Petaling Jaya have attracted office occupiers to new locations such as Bangsar South, Centerstage and Jaya 33.

In 2012, total combined stock of office space in Petaling Jaya and Subang Jaya stood at 18.2m sqft, reflecting an increase of space by 6.0% from the previous year with the completion of Menara Mudajaya, Point 92, VSQ Tower (Tower 1 & 2) and Oasis The Capital.

DETAILED MARKET REPORT (CONT'D)

On average, supply has been growing at about 717,000 sqft per annum over the last 10 years. By 2016, about 5.6m sqft of new office space is expected to be completed with the largest contribution from One City Corporate Office Towers offering 1.5m sqft.

Fig 3.4: Office Stock in Petaling Jaya and Subang Jaya



Source: DTZ Consulting & Research, May 2013

Table 3.5: Future Supply of Office in Petaling Jaya and its Surrounding

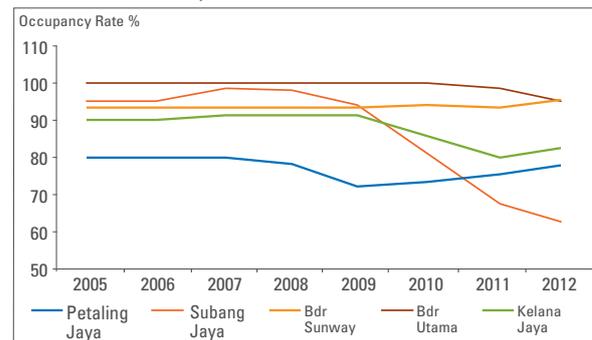
Building Name	NLA (sqft)	Completion Year
12-storey Corporate Office @ Empire Damansara	30,000	
Detached Offices @ Empire Damansara	180,000	
11-storey Office @ Sky Park, One City (Phase 2A)	367,000	
16-storey Corporate Tower @ Sky Park, One City (Phase 2A)	109,000	
Plaza 33	400,000	2013
Menara TSR	152,500	
Garden Office @Encorp Strand	350,000	
The Pinnacle Sunway	580,000	
The Ascent, Paradigm	484,000	
Sunway Nexis Biz suite	297,000	
Centrestage Office Suites	312,000	
Corporate Office @ Cascades Kota Damansara	240,000	
Atria Twin SOF0 Towers	240,000	2014
Jaya One (Phase 2)	165,000	
Empire City - Corporate Office	n/a	
Empire City - Detached Office	n/a	
Tropicana Avenue	172,468	2015
Oasis Corporate Park Centum	n/a	
One City - Corporate Office Tower (Phase 3)	1,500,000	2016
TOTAL	5,578,968	

Source: DTZ Consulting & Research, May 2013

With an estimated GDV of RM350m and offering 580,000 sqft of office space, The Pinnacle is a 27-storey Grade A office tower with MSC status, Green Building Index and Singapore's Building & Construction Authority Green Mark Gold certifications that will complement the other properties in Sunway Resort City upon its opening in 2014.

With the addition of almost 1m sqft of new office space in 2012, average occupancy rate in Petaling Jaya improved by only 1.4% to 76.4%, whilst Subang Jaya registered a decline of 6.6% to 61.3%. Occupancy rate in Bandar Sunway remained stable at 95.0%. With strong demand from local companies and MNCs looking for high quality office space in a vibrant environment, we do not foresee an oversupply situation in Petaling Jaya for the next few years.

Figure 3.5: Office Occupancy Rates in Petaling Jaya, Subang Jaya and Bandar Sunway



Source: DTZ Consulting & Research, May 2013

Average gross rental rates in Petaling Jaya and Subang Jaya remain stable with rental ranging from RM3.50 to RM5.50 psf/m.

DTZ forecasts that office market in Petaling Jaya/Subang Jaya/Sunway is likely to experience greater competition due to the completion of almost 5.5m sqft of office space by 2016. However, with the completion of the extension of LRT Line with two stations in Subang Jaya and the proposed MRT Line with stations in Kota Damansara, Mutiara Damansara, and TTDI, this is expected to enhance accessibility and connectivity to office buildings in these areas. This would then turn these areas into favourable locations for decentralised areas.

4. KUALA LUMPUR

As the prime property hotspot in Malaysia, Kuala Lumpur will continue to attract real estate investors. It has been noted that foreigners mainly from Singapore, China and Hong Kong are buying up properties in Kuala Lumpur, a convincing sign of liquidity.

Among key drivers for KL property market are the Klang Valley Mass Rapid Transit (MRT) network, the construction of new highways and the High-Speed Rail (HSR) link.

Accessible to an estimated 1.7 million population, the network will boost demand not only for residential properties along the MRT line but also for commercial properties, due to the expected appreciation in the future. In Kuala Lumpur, developments in close proximity to MRT stations in Kajang and Cheras will likely to attract more investors. The MRT Corp is expected to announce soon MRT Line 2 (the circle line) and Line 3, which is expected to provide another boost for the city center properties as well as decentralized areas.

DETAILED MARKET REPORT (CONT'D)

The HSR link, feasibility study is expected to be completed in July 2013 and the project is targeted for completion by 2020, in the long-term will have multiplier effects on the economy. The construction of the HSR is expected to add RM6.2b to the Gross National Income, stimulating an additional 0.5% to the nation's GDP per annum during the construction period, benefiting the construction and manufacturing sectors. In the long-term, it would be a big growth driver for Malaysian properties, particularly the KL property market and will fuel growth of "transit-oriented" developments along the HSR route.

4.1 RETAIL

As of Q1 2013, the retail stock in Kuala Lumpur had grown to 25.8m sqft, an increase of 0.8% from the preceding year due to the completion of a retail mall at One Metro Pudu@ Frasers Business Park (off Jalan Sungai Besi and Jalan Loke Yew). It is part of an integrated development on a 6.35 acres of land (former site of F&N factory) consisting of an urban college & hostels, 254 units of serviced apartments, and an IT center.

In the pipeline, there will be a total of 4.18m sqft of retail space to be completed by 2016 in Kuala Lumpur, excluding projects that are still under planning. Nu Sentral will add vibrancy to KL Sentral offering another alternative for shopping destination in the city center. The repositioning and expansion of Sunway Putra Mall with additional retail space is expected to bring more shoppers to this area.

Table 4.1: Proposed Retail Projects in Kuala Lumpur

Completion Year	Project	NLA (sq.ft)
2013	Nu Sentral, Kl Sentral	680,000
2014	Glomac Damansara, Jalan Damansara	350,000
2015	Sunway Putra Place (The Mall expansion)	120,000
	Four Seasons Place, KLCC	120,000
	Datum Jelatek, Kuala Lumpur	180,000
2016	Mall in Taman Melawati	635,000
	Sunway Velocity, Kuala Lumpur	800,000
	Tun Razak Exchange, Jalan Tun Razak	1,300,000
Total		4,185,000

Source: DTZ Consulting & Research, May 2013

The retail sector has continued to enjoy high occupancy rate and investment interest from major local and foreign companies. Average occupancy rate as of Q1 2013 was 91.4%, a marginal increase of 0.8% points Y-O-Y. The steady economic growth in Malaysia has inspired confidence among retailers, especially key players such as Parkson, Giant and Tesco with plan to open more outlets in the next few years.

Overall prime rental for the best malls are in the range of RM11.00 – RM28.00 psf/m. Average gross rental rates at The Mid Valley Megamall and The Gardens are RM11.00 – RM12.00 psf/m and RM9.00 – RM10.00 psf/m respectively. Based on its 2012 Annual Report, The Pavillion achieved higher average rental rate of about RM20.00 psf/m due to 15% rental reversion and other sources of income.

To counter the stiff competition, new retail mall operators not only have to introduce new shopping experience but also to introduce new retailers in the Malaysian market. For existing malls to be relevant, they would have to keep investing on refurbishing the malls as well as introducing new themes to attract shoppers.

4.2 OFFICE

The current stock of purposed built office space in the city is about 67.4m sqft, a growth of 4.0% from the previous year. Majority of the space, approximately 46% is concentrated in the Golden Triangle; 23% in the Central Commercial Area and the remaining 31% is distributed amongst Kuala Lumpur the decentralised areas. Annual completion of office space in Kuala Lumpur has been averaging approximately 2.9m sqft since 2008. The global economic crisis in 2008 seems to dampen the office completion in 2010 with only 1.43m sqft being recorded. However in 2011 there were about 4.31m sqft offices entering the market the highest ever in the 5 years. In the Golden Triangle, new completion in the second half of 2012 includes Menara Darussalam, Menara FELDA, Menara Binjai, and Integra Tower, totalling 2.1m sqft of space. In KL Sentral, Lot G (Tower 1 and 2) was completed with total space of 760,000 sqft.

Potential supply has been strong with a confirmed pipeline of 14.1m sqft up to 2016. There is 3.8m sqft of new completions expected in 2013. Additionally the market is expected to peak in 2014 with substantial pipeline of 4.3m sqft. The significant new supply will likely escalating the existing over-supply situation, as the increase in supply is greater than projected demand growth.

Beside the projects under constructions, there are various projects planned but unconfirmed in terms of completions in some of the major redevelopment sites such as TRX, KL Metropolis, Pudu Jail Redevelopment and Warisan Merdeka. All these will have major landmark office tower components, including a proposed 100 storey office tower at Warisan Merdeka to be developed by PNB. Other potential office proposals include 2 sites forming part of KLCC. Each of these projects will have several million sqft of space albeit to be developed in phases.

In 2012, the continuous substantial addition of office completion with a lower absorption rate had resulted in lower occupancy rate with 84.5% occupied space, compared to 86.1% in 2011. Moreover, the office market activities appeared to be slowing down with major leases only noted in H1 2012. Total absorption in Kuala Lumpur between Q3 2012 and Q2 2013 was at 1.36m sqft.

DETAILED MARKET REPORT (CONT'D)

Table 4.2: Future Office Supply in Kuala Lumpur (2013 – 2016)

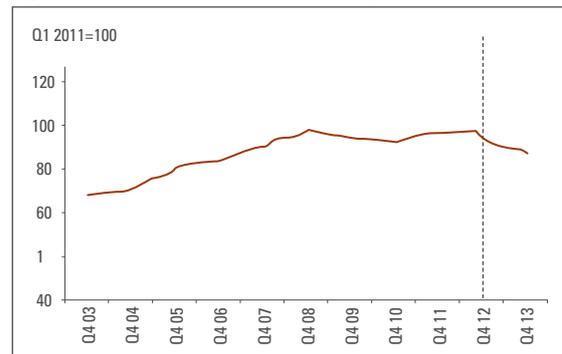
Completion Year	Building name	Address	Net Floor Area
2013	CIMB Mapletree @ Lot A KL Sentral	KL Sentral	609,000
	Glomac Damansara Blk A (HQ)	Jalan Damansara, KL	90,000
	Menara LGB @ The Greens	Jalan Wan Kadir 3, TTDI	414,000
	1 Sentrum	KL Sentral	450,000
	Menara Shell @ KL Sentral	KL Sentral	212,000
	The Crest	Jalan Sultan Ismail	273,000
	Q Sentral @ KL Sentral	KL Sentral	1,100,000
	Glomac Damansara Blk D (Tabung Haji)	Jalan Damansara	255,000
	Menara TH @ Platinum Park	Jalan Binjai/Lorong Kuda	359,000
	Menara Bangkok Bank@Berjaya Central Park	Jalan Ampang	475,000
2014	Menara Hap Seng 2 @ St. Mary	Jalan Tengah	318,000
	Bank Rakyat Twin Towers	Jalan Travers	980,000
	KL Trillion Office Tower	Jalan Tun Razak	300,000
	Public Mutual Tower	Jalan Raja Chulan	400,000
	Ilham Baru Tower (IB Tower)	Jalan Binjai	518,000
	Menara MBMR (Volvo)	Jalan Syed Putra	240,000
	South Point Mid Valley	Mid Valley City	550,000
	Ken TTDI	Taman Tun Dr Ismail	220,000
	Centara Tower	Jalan Tuanku Abdul Rahman	n/a
	2015	Naza Tower @ Platinum Park	Jalan Binjai /Lorong Kuda
KL Eco City, Signature Off (SO) Strata		Jalan Bangsar	560,000
KL Eco City, Signature Off (B0-1)		Jalan Bangsar	240,000
KL Eco City, Signature Off (B0-2)		Jalan Bangsar	224,000
KL Eco City, Signature Off (B0-3)		Jalan Bangsar	208,000
Summer Suites		Off Jalan Sultan Ismail	n/a
2016	Continental City	Jalan Raja Laut	499,000
	Menara Tun Razak 2	Jalan Raja Laut	440,000
	KL Eco City, Co rp Off Twr (COT-1)	Jalan Bangsar	756,000
	KL Eco City, Corp Off Twr (COT-2)	Jalan Bangsar	300,000
Total			11,507,000

Source: DTZ Consulting & Research, May 2013

Looking ahead, it is envisaged that occupancy rate in Kuala Lumpur will trend downwards due to oversupply situation. The increase in supply is more than demand and the pressure to find tenants gather more intensity.

In general, average prime office rents remained stable at RM6.25 psf/m since the first three quarters of 2012 before declining 1.9% q-o-q in Q4 to RM6.13 psf/m. Similarly, top tier office rents fell by 1.8% q-o-q in Q4 2012 after holding firm at RM7.90 psf/m in Q1 - Q3. Whilst asking rental remains the same, landlords are beginning to offer very competitive rents to prospective tenants, which are substantially below asking face rental, reflecting the chase for tenants and occupiers. With the existing oversupply situation the rental will likely continue to decline in the next two to three years, however in more measured movement.

Figure 4.1: Office Rental Trend and Projection



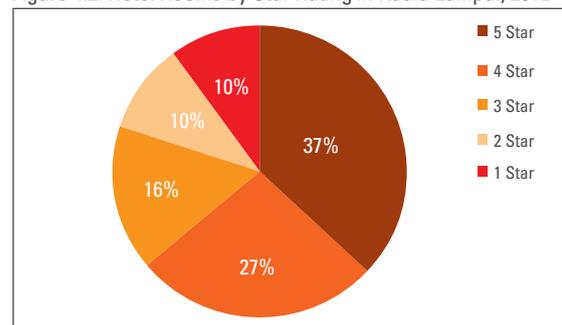
Source: DTZ Consulting & Research, May 2013

Average capital values in Kuala Lumpur were stable in 2012, but rose 3.8% y-o-y per sqft with the increase taking place in Q2. Currently the average capital value for the primary office is at RM838 psf. Among the recent transaction noted were at RM750 psf for Horizon (Phase 2) and Bangsar South Tower 1 sold to UEM Group.

4.3 HOTEL

As at Q4 2012, there are a total of 188 tourist accommodations providing a total of 30,076 rooms in Kuala Lumpur. Out of this, 131 (26,461 rooms) are categorized as hotels, 12 (1,839 rooms) are hotel apartments and 45 (1,776 rooms) are orchid rating tourist accommodations. Out of the 26,461 hotel rooms in Kuala Lumpur, 37% of them are of 5-star category, 27% of 4-star category and 16% are of 3-star category. The remaining 20% are either 2-star or 1-star category.

Figure 4.2: Hotel Rooms by Star Rating in Kuala Lumpur, 2012



Source: Ministry of Tourism, May 2013

In terms of future supply, there are currently eight definitive projects which are currently under construction in Kuala Lumpur offering a total room of 1,884 rooms to be completed by 2015 and the rest of the projects are either still at planning stages or have yet to start construction are tabulated in Table 4.3.

DETAILED MARKET REPORT (CONT'D)

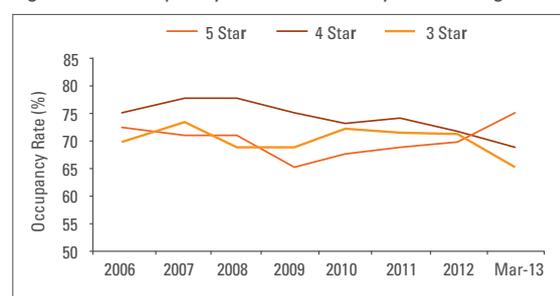
Table 4.3: Proposed Hotels in Kuala Lumpur

Expected Completion	Hotel & Serviced Apartment	Location	Star	No. of Rooms
2013	Wolo Hotel	Jln Bukit Bintang	Boutique Hotel	120
	188 Suites Serviced Apartments	Jln Ampang (Behind Renaissance Hotel)	Service Apartment	446
	Ascott Sentral Kuala Lumpur	KL Sentral	Service Apartment	157
	The Aloft Kuala Lumpur Sentral	KL Sentral	Hotel	482
2014	IB Tower	Jln Conlay	Service Apartment	228
	The St. Regis Kuala Lumpur	Jln Bukit Bintang	Hotel	200
2015	Banyan Tree Signatures Pavilion Kuala Lumpur	Jln Sultan Ismail	Hotel cum Serviced Apartment	101
	Holiday Inn Express Bukit Bintang	Jln Bukit Bintang	Hotel	200
	Redevelopment of Hotel Equatorial	Jln Sultan Ismail	Hotel	452
	Refurbishment and upgrading of the Yayasan Selangor Building	Jln Bukit Bintang	Boutique Hotel	NA
2016	Angkasa Raya	Jln Ampang/Jln P. Ramlee	Luxury Hotel	200
	W Kuala Lumpur, Hotel & Residences	Jln Ampang (Ex. Bok House Land)	Hotel cum Serviced Apartment	150
	Arcoris Hotel @ Arcoris Mon't Kiara	Mon't Kiara	Boutique Hotel	275
2017	Bangunan MAS Redevelopment	Jln Sultan Ismail	6-star Hotel	NA
	Four Seasons Place Kuala Lumpur	Jln Ampang	Hotel + Hotel Apartment + Serviced Residences	231
2018	Harrods Hotel	Bukit Bintang (Chulan Square & Seri Melayu Rest Site)	Hotel	300
	Menara Warisan Merdeka	Merdeka Stadium	Luxury Hotel	NA
2020	Tradewinds Centre (Redevelopment of Crowne Plaza Hotel)	Jln Sultan Ismail	6-star Hotel	120
	Yayasan Selangor Land	Jln Kampung Pandan	Luxury Hotel	NA
Planning	Holiday Villa KLCC	Jln Mayang Off Jln Yap Kwan Seng	4-star Hotel	203
	Platinum Park Hotel	Jln Binjai	5-star Hotel	350
	Mixed Development on top of Dang Wangi LRT Station	Jln Ampang	5-star Hotel	NA
	Bangsar Trade Centre	Bangsar	Soho Service Suite	224
Total				4,439

Source: DTZ Consulting & Research May 2013

Over the last five years (2008 - 2012), the average occupancy rate for 3 to 5 star hotels in Kuala Lumpur, in general, hovered above 50%, that is between 65% and 77% despite global economic crisis. The 5-star hotels have seen an increasing trend in the occupancy rate since 2009 and with the increasing trend in arrival statistics; we forecast that occupancy will improve in tandem with visitor arrivals.

Figure 4.3: Occupancy Rate of Hotels by Star Rating in Kuala Lumpur

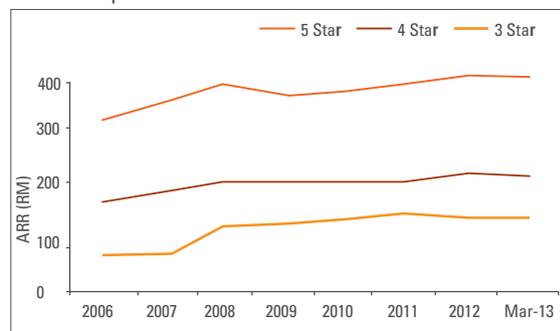


Source: MIHR

Average occupancy rates for Q1 2013 was noted to be higher for the 5-star category and lower for the 3 & 4-star rating as the first quarter of the year is the low peak of travelling season, which will peak again by June.

Overall, the Average Room Rate (ARR) of hotels in Kuala Lumpur has been experiencing improvement for the last five years (2008 – 2012). From an average of about RM394 per room night (for 5-star hotels) in 2008, this has grown by 1.3% compounded per annum to RM420 per room night in 2012. In the case of 3-star and 4-star hotels, the ARR has grown by 2.4% and 1.7% to RM151 and RM253 respectively in 2012.

Figure 4.4: Average Room Rate (ARR) by Star Rating for Hotels in Kuala Lumpur



Source: MIHR

5 PENANG (MAINLAND)

Penang, where Seberang Perai is part of, is one of the dynamic real estate markets in Malaysia. As an export-dependent state, its economy tends to be more vulnerable to the external economic climate compared with Malaysia as a whole because its major earnings come from the export of manufacturing goods, which is highly dependent upon global demand.

With the strong effort of Penang Development Corporation to promote the 1,500 acres of technology industrial park in Batu Kawan, new investments are now shifting from manufacturing towards value-added activities. Notable investments concluded in Penang in 2012 included:

- Honeywell's UOP has opened its gas processing membrane manufacturing centre in Seberang Perai in

DETAILED MARKET REPORT (CONT'D)

May 2012 to produce natural gas membrane elements and support the growing natural gas market.

- Malaysia Automotive Lighting (Alma), a leading automotive lighting manufacturer, is moving its operations to Batu Kawan. Construction of its new facility was completed in January 2013.
- VAT, the world-renowned vacuum valves manufacturer from Sweden, signed on to produce precision vacuum valves in Batu Kawan, and the plant started its operation in April 2013 with an investment of RM100m.
- Bose Corp, the audio specialist, is setting up manufacturing plants in Batu Kawan Industrial Park, and is expected to start operations in mid-2013.
- Construction of Boon Siew Honda's RM222m one-stop motorcycle production plant was completed early this year and is now fully operational.
- Phison Electronics Corp, a NAND flash application solution provider, announced in March 2012 that it planned to establish its engineering development and design centre in Penang with an initial investment of US\$1m to US\$3m.

With the completion of the Second Bridge in Q4 2013, it will provide greater linkage between the mainland from Batu Kawan and the Island (Batu Maung) and enable spill over effects to be captured on the mainland, especially in Batu Kawan.

5.1 RETAIL

With current total retail space of 15,134,830 sqft (island and mainland) and population of 1,526,324, retail space per capita for the state of Penang is 9.92, which is an indication of oversupply, compared to 7.77 in the Klang Valley. There was no new completion in 2012, however NAPIC's data shows 8 shopping malls are coming on-stream with total net lettable area of 1.58m sqft by 2014-2015. Our survey indicates that the future supply will include AEON Mall Bayan Baru, Penang Times Square Phase 3, a mall planned by IJM next to the Penang Bridge, a mall at Southbay Plaza in Batu Maung, and a mega mall in Perai by the Belleview Group. New mall developments near the existing bridge and the new bridge will offer more potential as they can draw shoppers from the mainland as well as residents from northern region of Peninsular Malaysia.

The state experienced a slight decline in occupancy, at 69.0% in 2012 compared to 69.3% in the previous year. Within the catchment market of Sunway Carnival, occupancy rate remained stable for all 3 major areas with Butterworth recorded the highest rate at 96.9%, followed by Seberang Jaya at 84.8% and Perai at 60.3%. Located in Seberang Jaya, Sunway Carnival has been able to maintain its occupancy above 90.0% since June 2009 and currently is at 97.4% for FY2013.

Table 5.1: Supply of Retail Space and Occupancy

Location	Total Space (sqft)	Occupancy Q1 2012	Occupancy Q1 2013
Butterworth	294,761	96.9%	96.9%
Seberang Jaya	914,036	84.8%	84.8%
Perai	1,402,904	60.3%	60.3%
Penang	15,134,830	69.0%	69.4%

Source: NAPIC, Q1 2013

The strong performance of Sunway Carnival has also been supported by the strong population growth, where Seberang Perai Utara District, where the mall is located, is expected to experience population growth from 336,400 (2012) to 360,400 in 2015, growing by 7.0%.

In general, in the mainland, rental is stable 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 highest rental with a high of RM17.81 psf/m. On the island, for a contractual period of 3 years with an option to renew for another 3 years, monthly rent in prime shopping malls starts from RM20.00 – RM35.00 psf/m for retail lots on the ground floor and from RM10.00 – RM30.00 psf/m for the first floor.

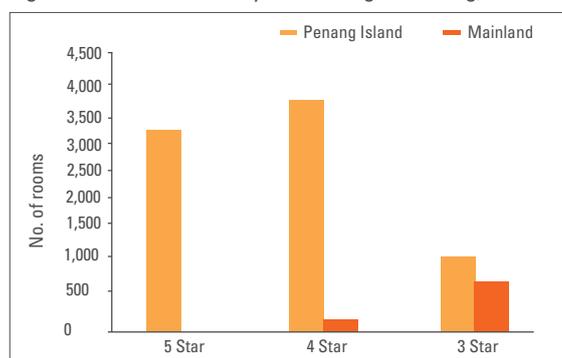
Overall, retail prospect remains bullish though most of the main retail activities are concentrated on the island rather than on the Mainland. With the completion of new malls, competition is expected to become stronger, which will then put pressure on occupancy and rental rates. On the positive side, the opening of the Second Bridge in Q4 2013 is likely to spur stronger population growth and industrial activities in Seberang Perai and this could boost retail sales.

5.2 HOTEL

There are currently a total of 8,920 hotel rooms in Penang provided by hotels ranging from 3-star to 5-star. All seven 5-star hotels are located in Penang offering a total of 3,180 rooms. A total of 4,122 rooms are provided by ten 4-star hotels, of which only one, Sunway Hotel Seberang Jaya, is located in the mainland. Some of the 4-star hotels in the island are the newly refurbished Sunway Hotel Georgetown (252 rooms), Royal Hotel Penang (237 rooms), Berjaya Georgetown Hotel (323 rooms) and Cititel Hotel (451 rooms). Out of seven 3-star hotels, two are located in the mainland offering 299 rooms.

DETAILED MARKET REPORT (CONT'D)

Figure 5.1: Hotel Rooms by Star Rating in Penang, 2013



Source: NAPIC, DTZ Consulting & Research, May 2013

Table 5.2: Selected Hotels and Number of Rooms, Seberang Jaya

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

Source:DTZ Consulting & Research, May 2013

The hotel market in Seberang Perai has benefitted 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.

Sunway Hotel Seberang Jaya has been undergoing a comprehensive refurbishment work with an estimated cost of RM17.4m and was completed in May 2013.

As the location of Sunway Hotel is within the Northern Corridor Economic Region, it will continue to benefit from the investment activities in the coming years, especially in Batu Kawan. The completion of the Second Penang Bridge in Q4 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.

6 PERAK

Under the Perak Amanjaya Initiative, Perak's economy will be transformed to knowledge-based industries in the next 5 – 10 years. The initiative encompasses seven main thrusts, namely balanced distribution and development; building a skilled and knowledgeable workforce and a society with integrity; using the state and government as a catalyst for growth; enhancing the social unity network; enabling youth empowerment; fostering a sustainable private sector; and adopting environment-friendly practices. Several major transformations have been carried out including improving the delivery system, re-structuring the GLCs, improving transparency in project awards and increasing access to people. The initiative is expected to attract more investments to the State, especially green technology projects.

6.1 RETAIL

The current total stock of retail space in Ipoh is approximately 5.8m sqft offered by 27 shopping centers of various classifications including hypermarkets. The 29th AEON shopping center, AEON Ipoh Station 18 Shopping Center was opened in June last year with 165 retailers offering various lifestyle products and services.

Average occupancy increased by 2.8% points from 89.3% in 2011 to 92.1% in 2012. Rentals have remained generally stable in the center town prime area, where popular malls like Ipoh Parade, Kinta City Jaya Jusco and Greentown Mall are located. The ground floor rental range from RM3.90 psf/m to RM14.00 psf/m at Ipoh Parade, whilst at Kinta City, the rate was at RM16.50 psf/m. In the secondary area, the ground floor rent for Tesco Station 18 range from RM1.70 psf/m to RM6.20 psf/m. The rental rate for ground floor space at AEON Station 18 ranges from RM3.20 psf/m to RM21.00 psf/m.

ANALYSIS OF UNITHOLDINGS AS AT 30 JUNE 2013

Distribution Of Unitholdings

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units Held	% of Unit holdings
Less than 100	83	1.16	7,630	#
100 - 1,000	963	13.42	859,401	0.03
1,001 - 10,000	4,056	56.51	21,392,000	0.73
10,001 - 100,000	1,654	23.05	52,447,100	1.80
100,001 to less than 5% of issued units	415	5.78	1,484,333,314	50.84
5% and above of issued units	6	0.08	1,360,383,955	46.60
	7,177	100.00	2,919,423,400	100.00

Negligible

Thirty Largest Unitholders As Per Record Of Depositors

Name of Unitholders	No. of Units	%
Sunway Reit Holdings Sdn Bhd	420,634,000	14.41
Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	229,639,000	7.87
Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	200,218,800	6.86
HSBC Nominees (Asing) Sdn Bhd - Exempt AN For JPMorgan Chase Bank, National Association (U.S.A.)	193,704,899	6.64
Tan Sri Dato' Seri Dr Cheah Fook Ling	161,668,220	5.54
Cartaban Nominees (Tempatan) Sdn Bhd - Standard Chartered Bank Malaysia Berhad - Sunway Reit Holdings Sdn Bhd	154,519,036	5.29
HSBC Nominees (Asing) Sdn Bhd - Exempt An For The Bank Of New York Mellon (BNYM AS E&A)	136,074,600	4.66
Bank Of Tokyo - Mitsubishi UFJ (Malaysia) Berhad - Sunway Reit Holdings Sdn Bhd	130,675,000	4.48
CIMB Group Nominees (Tempatan) Sdn Bhd - The Bank Of Tokyo - Mitsubishi UFJ, Ltd For Sunway Reit Holdings Sdn Bhd (SunwayCityBhd)	130,323,000	4.46
Public Nominees (Tempatan) Sdn Bhd - Sunway Reit Holdings Sdn Bhd (BSY)	100,000,000	3.43
Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	87,153,800	2.99
Amanahraya Trustees Berhad - Amanah Saham Malaysia	64,890,700	2.22
Cartaban Nominees (Tempatan) Sdn Bhd - Exempt An - Eastspring Investments Berhad	56,594,700	1.94
Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	47,620,400	1.63
Amanahraya Trustees Berhad As 1Malaysia	46,637,100	1.60

ANALYSIS OF UNITHOLDINGS (CONT'D)

AS AT 30 JUNE 2013

Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	46,303,200	1.59
RHB Capital Nominees (Tempatan) Sdn Bhd - Sunway Reit Holdings Sdn Bhd (Sunway)	31,883,149	1.09
Kumpulan Wang Persaraan (Diperbadankan)	22,926,700	0.79
Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (HDBS)	22,867,000	0.78
Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An For AIA Bhd	19,676,300	0.67
ValueCap Sdn Bhd	19,118,900	0.65
Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)	18,980,000	0.65
RHB Nominees (Tempatan) Sdn Bhd - Industrial And Commercial Bank Of China (Malaysia) Berhad For Sunway Reit Holdings Sdn Bhd	18,600,000	0.64
Amsec Nominees (Tempatan) Sdn Bhd - Amtrustee Bhd For Amgeneral Insurance Berhad - Shareholders' Fund	18,000,000	0.62
Sunway Berhad	17,760,000	0.61
Sunway Education Group Sdn Bhd	14,850,000	0.51
HSBC Nominees (Asing) Sdn Bhd - Liechtensteinische Landesbank Aktiengesellschaft	14,772,000	0.51
Citigroup Nominees (Tempatan) Sdn Bhd - Allianz Life Insurance Malaysia Berhad (P)	14,323,100	0.49
Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	14,217,200	0.49
HSBC Nominees (Asing) Sdn Bhd - BNYM SA/NV For Fmm- Fonds (Frankfurt-Tst)	11,900,000	0.41
	2,466,530,804	84.52

Category of Unitholders by Nationality and incorporation Type	No. Of Holders			No. Of Units			%		
	Local		Foreign	Local		Foreign	Local		Foreign
	Bumi	Non - Bumi		Bumi	Non - Bumi		Bumi	Non - Bumi	
Individual	111	5,207	51	1,261,800	238,251,328	2,367,600	0.0432	8.1609	0.0811
Body corporate									
a. Bank/Finance Companies	21	2	3	427,540,200	2,853,600	131,170,000	14.6447	0.0977	4.4930
b. Trust/Foundation/Charity	0	3	0	0	102,000	0	0	0.0035	0
c. Private/Limited Company	21	68	1	8,647,200	457,151,000	90,000	0.2962	15.6589	0.0031
Government Agencies/ Institution	2	0	0	300,000	0	0	0.0103	0	0
Nominees	909	648	130	279,442,822	905,754,736	464,491,114	9.5718	31.0251	15.9104
Total	1,064	5,928	185	717,192,022	1,604,112,664	598,118,714	24.5662	54.9462	20.4876

ANALYSIS OF UNITHOLDINGS (CONT'D)

AS AT 30 JUNE 2013

SUBSTANTIAL UNITHOLDERS (5% and above)

Name of Unitholders	Direct interest		Deemed interest	
	No. of Units	%	No. of Units	%
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling	161,668,220	5.54	1,004,394,185 (i)	34.40
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	1,166,062,405 (ii)	39.94
Sarena Cheah Yean Tih	-	-	1,166,065,405 (iii)	39.94
Evan Cheah Yean Shin	-	-	1,166,062,405 (iv)	39.94
Active Equity Sdn Bhd	-	-	1,004,394,185 (v)	34.40
Sungai Way Corporation Sdn Bhd	-	-	1,004,394,185 (vi)	34.40
Sunway Berhad	17,760,000	0.61	986,634,185 (vii)	33.80
Sunway REIT Holdings Sdn Bhd	986,634,185	33.80	-	-
Employees Provident Fund Board	306,434,600	10.50	-	-
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	203,218,800	6.96	-	-
Capital Income Builder	189,500,000	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
- (ii) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway Berhad, Sunway REIT Holdings 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, 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 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
- (vi) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway Berhad and Sunway REIT Holdings Sdn Bhd
- (vii) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway REIT Holdings Sdn Bhd

DIRECTORS' INTERESTS

Name of Directors	Direct interest		Deemed interest	
	No. of Units	%	No. of Units	%
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	161,668,220	5.54	1,004,394,185*	34.40
Dato' Ngeow Voon Yean	-	-	200,000**	0.01
Sarena Cheah Yean Tih	-	-	1,166,065,405***	39.94
Elvin A/L Berty Luke Fernandez	50,000	#	-	-

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
- ** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through spouse and 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, spouse and parent

Negligible

NOTICE OF 1ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the First Annual General Meeting (“1st AGM”) of Sunway Real Estate Investment Trust (“Sunway REIT”) will be held at Grand Caymans, Level 10, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 25 September 2013 at 3.30 p.m. for the following purposes:-

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 30 June 2013 of Sunway REIT together with the Trustee’s and Auditors’ Reports thereon.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolution:-

- ORDINARY RESOLUTION:
PROPOSED UNITHOLDERS’ MANDATE TO ALLOT AND ISSUE NEW UNITS OF UP TO 10% OF THE APPROVED FUND SIZE OF SUNWAY REIT PURSUANT TO CLAUSE 14.03 OF THE GUIDELINES ON REAL ESTATE INVESTMENT TRUSTS ISSUED BY SECURITIES COMMISSION MALAYSIA (“REIT GUIDELINES”)**

“THAT pursuant to the REIT Guidelines, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant regulatory authorities, where such approval is required, approval be and is hereby given to the Directors of Sunway REIT Management Sdn Bhd, the Manager for Sunway REIT (“the Manager”), to issue and allot new units in Sunway REIT (“New Units”) from time to time to such persons and for such purposes as the Directors of the Manager may in their absolute discretion deem fit and in the best interest of Sunway REIT, provided that the aggregate number of New Units issued, when aggregated with the number of units in Sunway REIT issued during the preceding 12 months must not exceed 10% of the approved fund size of Sunway REIT for the time being comprising 3,650,888,858 units (“Proposed Mandate”).

THAT such approval shall continue to be in force until:

- the conclusion of the next Annual General Meeting of the unitholders at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- the expiration of the period within which the next Annual General Meeting of the unitholders is required by law to be held; or
- revoked or varied by resolution passed by the unitholders in a unitholders’ meeting, whichever is the earlier.

THAT the New Units to be issued pursuant to the Proposed Mandate shall, upon allotment and issue, rank *pari passu* in all respects with the existing units of Sunway REIT, except that the New Units will not be entitled to any income distribution, right, benefit, entitlement and/or any other distributions that may be declared prior to the date of allotment and issue of such New Units.

THAT authority be and is hereby given to the Directors of the Manager and RHB Trustees Berhad (formerly known as OSK Trustees Berhad) (“the Trustee”), acting for and on behalf of Sunway REIT, to give effect to the Proposed Mandate with full powers to assent to any condition, modification, variation and/or amendment as they may deem fit in the best interest of Sunway REIT and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Manager and the Trustee, acting for and on behalf of Sunway REIT, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds, things in relation to the Proposed Mandate.”

**By Order of the Board of Directors of
SUNWAY REIT MANAGEMENT SDN BHD**
(Manager for Sunway REIT)

Tan Kim Aun (MAICSA 7002988)
Chin Soo Ching (MAICSA 7042265)
Company Secretaries

Petaling Jaya
28 August 2013

Notes:

- A Unitholder who is entitled to attend and vote at a meeting, may appoint not more than 2 proxies to attend and vote instead of the Unitholder at the meeting. A proxy may but need not be a Unitholder.
- If a Unitholder has appointed a proxy to attend a meeting and subsequently he attends such meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the said meeting.
- Where a Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”), it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account.
- Where a Unitholder is an exempt authorised nominee which holds units for multiple beneficial owners in 1 securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a Unitholder or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of unitholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Management Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507. In the case where the Unitholder is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- In respect of deposited securities, only Unitholder whose names appear in the Record of Depositors on 17 September 2013 shall be entitled to attend, speak and vote at the Unitholders’ Meeting.

Explanatory Notes on Special Business

Proposed Mandate

The proposed ordinary resolution, if passed, will give a mandate to the Manager of Sunway REIT to issue units of Sunway REIT from time to time provided that the aggregate number of the new Units to be issued, when aggregated with the number of Units issued during the preceding 12 months must not exceed 10% of the approved fund size of Sunway REIT for the time being. The Proposed Mandate, unless revoked or varied at a Unitholders’ Meeting, will expire at the conclusion of the next AGM of Unitholders of Sunway REIT.

The Proposed Mandate will allow the Manager the flexibility to allot and issue new Units to raise funds to finance future investments, acquisitions and capital expenditure to enhance the value of Sunway REIT and/or to refinance existing debt as well as for working capital purposes, subject to the relevant laws and regulations. With the Proposed Mandate, delays and further costs involved in convening separate general meetings to approve such issue of Units to raise funds can be avoided.



SUNWAY REAL ESTATE INVESTMENT TRUST

(Established in Malaysia under a deed dated 20 May 2010 and a supplemental deed dated 10 June 2010 entered into between Sunway REIT Management Sdn Bhd and RHB Trustees Berhad (formerly known as OSK Trustees Berhad), both companies incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

SUNWAY REIT MANAGEMENT SDN BHD

(Company No. 806330-X)

Manager of Sunway Real Estate Investment Trust

Registered Office:

Level 16, Menara Sunway, Jalan Lagoon Timur

Bandar Sunway, 46150 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel : (603) 5639 8855 / 5639 8832

Fax : (603) 5639 9507

Number of units held	
CDS Account No.	

*I/We (Full Name) *NRIC No./Passport No./Company No.

Tel./Mobile No. of

being a Unitholder of SUNWAY REAL ESTATE INVESTMENT TRUST and entitled to vote hereby appoint:-

1st PROXY 'A'

Full Name	Tel./Mobile No.	Proportion of unitholdings represented	
Address	NRIC No./Passport No.	No. of Units	%

and/or failing *him/her,

2nd PROXY 'B'

Full Name	Tel./Mobile No.	Proportion of unitholdings represented	
Address	NRIC No./Passport No.	No. of Units	%

100%

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the 1st Annual General Meeting of the Company to be held at Grand Caymans, Level 10, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 25 September 2013 at 3.30 p.m. and at any adjournment thereof.

In the case of a vote taken by a show of hands, *1st Proxy 'A' / *2nd Proxy 'B' (one only) shall vote on *my/our behalf.

** Strike out whichever not applicable*

My/our proxy/proxies shall vote as follows:-

Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO.	ORDINARY RESOLUTION	1 st PROXY 'A'		2 nd PROXY 'B'	
		FOR	AGAINST	FOR	AGAINST
1.	Proposed Mandate				

Dated this day of 2013

Signature of Unitholder



NOTES:

- A Unitholder who is entitled to attend and vote at the Meeting, may appoint not more than 2 proxies to attend and vote instead of the Unitholder at the Meeting. A proxy may but need not be a Unitholder.
- If a Unitholder has appointed a proxy to attend the Meeting and subsequently he attends such Meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the said Meeting.
- Where a Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account.
- Where a Unitholder is an exempt authorised nominee which holds units for multiple beneficial owners in 1 securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- Where a Unitholder or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of unitholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Manager at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507. In the case where the Unitholder is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
- In respect of deposited securities, only Unitholders whose names appear in the Record of Depositors on 17 September 2013, shall be entitled to attend, speak and vote at the Meeting.

PLEASE FOLD HERE

STAMP

SUNWAY REAL ESTATE INVESTMENT TRUST
LEVEL 16, MENARA SUNWAY
JALAN LAGOON TIMUR
BANDAR SUNWAY
46150 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

PLEASE FOLD HERE

GLOSSARY

AEI	Asset enhancement initiatives
ARR	Average rental rate
bps	Basis point
CAGR	Compounded annual growth rate
CP	Commercial paper
Capex	Capital expenditure
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	Distribution per unit
EPU	Earnings per unit
FP	Financial period
FY	Financial year ended or ending
GE	General election
GFA	Gross floor area
IPO	Initial public offering
MER	Management expense ratio – ratio of expenses incurred in operating Sunway REIT to its NAV
MICE	Meetings, incentives, conferences and exhibitions
MTN	Medium Term Note
NAV	Net asset value
NBV	Net book value
NPI	Net property income
NLA	Net lettable area
REIT	Real estate investment trust
ROFR	Right of first refusal dated 26 May 2010 granted by Sunway City Bhd (SCB) to the Trustee to, amongst others, acquire properties that SCB or its wholly owned subsidiaries intend to sell
ROI	Return on investment
Sq.ft.	Square feet
TAV	Total asset value
WALE	Weighted average lease expiry

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.

SUNWAY REIT MANAGEMENT SDN BHD (Company No. 806330-X)

Manager of Sunway REIT

Level 15, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway,
46150 Petaling Jaya, Selangor Darul Ehsan.

Tel : (603) 5639 8888

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E-mail : irsunreit@sunway.com.my

