



SUNWAY

SUNWAY REAL ESTATE INVESTMENT TRUST



Annual Report 2011 | **A NEW DAWN**

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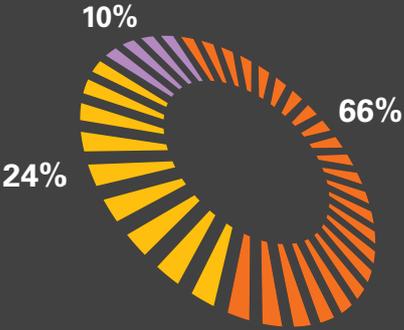
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SNAP SHOT VIEW



Portfolio By Property Value

- █ Retail
- █ Hotel
- █ Office

Property Value

RM **4.379** billion

No. of Assets

11

Market Capitalisation

RM **2.982** billion

Gross Floor Area

10,621,086 sq. ft.



Annualised DPU

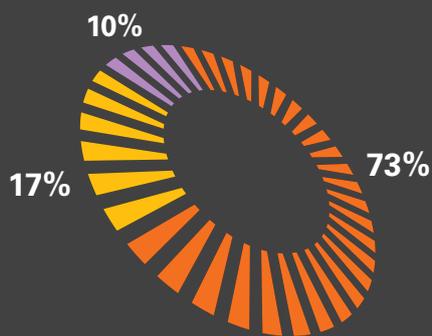
6.7
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Dividend Yield

6.0%

Total Return

29.3%

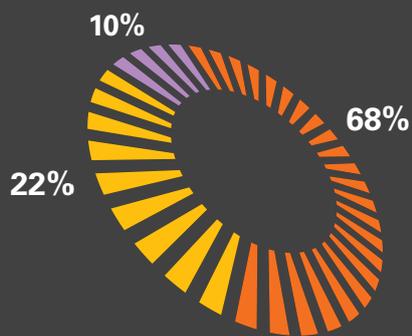


Gross Revenue
FP 2011



Gross Revenue

RM327
million



Net Property
Income FP 2011



Net Property Income

RM244
million



VISION

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

MISSION

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

VALUES

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

Innovation by introducing fresh ideas to improve performance.

Entrepreneurship by constantly seeking opportunities for growth.

Resilience by persevering especially during challenging times.

GROWTH STRATEGIES

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

1. Acquisition growth strategy by acquiring strategic real estate assets that are yield-accretive and have the potential to contribute to long-term growth in distributions per unit and/or net asset value per unit.
2. Organic growth strategy by leveraging on the integrated nature of Bandar Sunway, active management of assets including optimising tenancy mix, proactive leasing initiatives and asset enhancement initiatives to increase net lettable area and rental rates as well as 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 refinancing risk.



JUST AS BIRDS ARE CREATED WITH A SET OF BEAUTIFUL WINGS TO SOAR HIGH, SUNWAY REIT CONTINUES TO TAKE ON INNOVATIVE ENDEAVOURS THAT WILL BRING US TO GREATER HEIGHTS

CORPORATE PROFILE



Sunway REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 8 July 2010. Sunway REIT is currently the largest REIT in Malaysia with a market capitalisation of RM2.982 billion and property value of RM4.379 billion as at 30 June 2011.

Sunway REIT is a retail-focused REIT sponsored by Sunway City Berhad ("SunCity"), one of the leading integrated real estate developers in Malaysia with 28 years of proven track record. Sunway REIT is managed by Sunway REIT Management Sdn Bhd, a wholly-owned subsidiary of SunCity.

Sunway REIT was established with an initial portfolio of 8 assets and has now grown to 11 assets comprising retail assets, hotels and offices spanning across 4 high growth locations in Bandar Sunway, Kuala Lumpur, Penang and Ipoh.

In December 2010, Sunway REIT was officially incorporated as the only REIT in the FTSE-Bursa Malaysia Mid 70 Index.

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

MANAGER'S REGISTERED OFFICE

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

BOARD OF DIRECTORS OF THE MANAGER

Chairman, Non-Independent Non-Executive Director

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

Chief Executive Officer, Non-Independent Executive Director

Dato' Jeffrey Ng Tiong Lip

Non-Independent Non-Executive Directors

Dato' Ngeow Voon Yean
Sarena Cheah Yean Tih

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

INVESTMENT APPRAISAL WORKING GROUP

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

RISK MANAGEMENT WORKING GROUP

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

COMPANY SECRETARIES OF THE MANAGER

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

TRUSTEE

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

PROPERTY MANAGER

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

PRINCIPAL BANKERS

CIMB Bank Berhad
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

AUDITORS

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

REGISTRAR

Sunway Management Sdn Bhd (Company No. 50661-X)
Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan
Tel No : (603) 5639 8889
Fax No: (603) 5639 9507

STOCK EXCHANGE LISTING

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

WEBSITE ADDRESS

www.sunwayreit.com

INVESTOR RELATIONS

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

MESSAGE FROM THE CHAIRMAN



“The continuous pursuit of the best industry standards will contribute in attracting global investors who seek guidance from these international benchmarks for their investment decisions.”

“The success of our IPO was due to the right combination of various factors.”

Dear stakeholders,

The listing of the Sunway Real Estate Investment Trust (Sunway REIT) on the Main Market of Bursa Malaysia Securities Berhad on 8th July 2010 with eight of Sunway City Berhad’s (SunCity or Sponsor) prime assets worth RM 3.73 billion marked a historically significant occasion for the Sunway City Group of companies.

History Making

Prior to the listing of Sunway REIT, the Malaysia Real Estate Investment Trust (M-REIT) market was off investors’ radar due to the lack of breadth and depth of the market.

The listing of Sunway REIT on the Main Market of Bursa Malaysia put M-REIT market in the limelight and radar screen of international investors. The table below depicts Sunway REIT’s dominance in the M-REIT market as at 30 June 2011.

I am heartened to share that this achievement had generated a much welcomed renewed interest in the M-REIT market from both local and foreign investors. We are further galvanized by the encouraging response from the market whose conviction in us is evidenced by the strong support from our institutional investors and we will continue to capitalize on the upswing momentum gained from our good start.

Continued support from foreign investors is underlined by 24% of foreign investors investing in our total units issued as at 30 June 2011. We foresee that the M-REIT market will garner more interest as local and international investors are increasingly paying greater attention to defensive assets as the market is expected to become more volatile in the near term due to global uncertainties.

Sunway REIT’s IPO was certainly a success despite being launched during a period of volatile market sentiments, garnering a total demand of RM2.02 billion (with 50% from foreign investors) and was 1.3 times oversubscribed.

Total IPO funds raised was approximately RM1.487 billion from offered units and RM78.4 million from over-allotment of Sponsor’s units, with foreign investors contributing RM674 million or 43% of total IPO funds. The success of our IPO was due to the right combination of various factors such as quality assets injected into the portfolio, clear visibility of future pipeline assets from the Sponsor, growth potential of the assets, size in terms of total asset value, market capitalisation and free float as well as resilient income with track record. We managed to secure four cornerstone investors namely the Government of Singapore Investment Corporation, Great Eastern Life Assurance (Malaysia) Berhad, Permodalan Nasional Berhad and Employee Provident Fund.

As at 30 June 2011	Absolute amount	Relative to M-REITs industry (%)
Total Asset Value	RM4.453 billion	26.5
Market capitalisation	RM2.982 billion	26.0
Average daily trading volume since listing on 8 July 2010	2.947 million units	46.0
Free float	RM1.299 billion	26.0



Sunway REIT IPO listing ceremony

We appreciate and are grateful to the regulatory authorities for their efficiency and support towards this listing exercise. To remain number one in the M-REIT market in the future, we need to continue raising the bar. Next, let me share with you how we intend to benchmark ourselves in the long term and introduce you to our unique values that differentiate us from the rest.

International Benchmarks

In addition to Sunway REIT's size and liquidity, we attribute the success of Sunway REIT with investors to the application of best practices in its business model, market disclosure and corporate governance practices by its management.

On its debut, Sunway REIT became the first local REIT to subject its IPO to a price adjustment mechanism that enabled Sunway REIT to acquire the initial eight properties at a price based on market principles, including demand for units. We had also adopted a green-shoe option that had functioned as a stabilization mechanism, during its first month stabilising period. To further demonstrate the Manager's conviction towards the REIT's performance, up to 50% of the

Manager's fee is payable in Sunway REIT units. The hotel master lease agreements were also benchmarked against top regional hospitality REITs.

We take corporate governance very seriously and believe a robust system of check and balance is important as well as a set of values, which will be elaborated in the next section, to guide the Board, management team and colleagues to carry out business professionally and ethically at all times. We have taken the right step of issuing a Code of Conduct but we acknowledge that this is a long journey and we will keep on learning from the best practices and adopt them according to our own corporate culture. We will apply the basic principle of substance over form when we implement the Corporate Governance in our business and will keep on re-emphasising this in the long run and embed it into our corporate culture.

In the first year of operation, Sunway REIT was included as the only M-REIT player in the FBM70 (FTSE Bursa Malaysia Mid 70) index since 20 December 2010. Sunway REIT was also named as Best REIT Deal of the Year 2010 in Southeast Asia by Alpha Southeast Asia, as well as 2010 Deal of

the Year Best IPO - Notable Mention by The Edge Malaysia, a leading business publication. We were also polled as the top three nominations for Best Investor Relations for an IPO in 2010, a survey carried out by Thomson Reuters Excel with 700 buy and sell side analysts globally, organised by Malaysian Investor Relations Association.

The continuous pursuit of the best industry standards will contribute in attracting global investors who seek guidance from these international benchmarks for their investment decisions.

Driving Values

We are also in the process of creating our unique Sunway REIT story, underscored by our tagline: "Driving values through sustainable growth." We strongly believe that any growth must be sustainable so that a positive growth cycle can be put in place over the long term and augmented by our own unique corporate culture values. We will continue to strive for sustainable growth over the coming years to ensure that our values are embedded in all that we do.

MESSAGE FROM THE CHAIRMAN (CONT'D)

Let me next elaborate on the values of Sunway REIT. They are derived from the acronym of REIT but in inverse order as we prioritise them according to our own beliefs and unique corporate culture. We call them our TIER values:

Trust **Innovation** **Entrepreneurship** **Resilience**

Trust is one of our main values as we believe it is the foundation of any business and we would like to demonstrate to our stakeholders that Sunway REIT intends to not only grow but grow in a responsible manner. We intend to emphasise the value of trust by ensuring all directors and staff adhere to these main values regardless of circumstances. Trust however has to be earned, and we intend to show stakeholders over time that we conduct ourselves professionally and ethically at all times. We will drive our values from the Board level downwards to permeate the entire organisation. We will also ensure our corporate structure and system are effective to ensure transparency and accountability in all that we do as part of our corporate responsibility principles.

We believe that innovation is one of the key drivers as Sunway REIT moves up the value chain in the property business. Innovation is the catalyst that turns our performance from good to better as we strive to continue to push the boundaries of excellence. Some examples of innovation include better ways of managing our property assets at profit operating level, better ways of portfolio management and better ways of managing our human capital, which we always believe are our biggest assets. Innovation allows us to shift paradigms of minds in addition to achieving incremental improvements. We will continue to leverage our human capital to drive innovation in all our endeavours. The Sunway REIT's story has proven to the market that one plus one is more than two!

Entrepreneurship is essential so that Sunway REIT will continue to look out for opportunities to add value to its growing portfolio. It is also the spirit of taking calculated risks, as the risk-reward tradeoffs must be carefully deliberated and ensure the return of investment exceeds the cost of capital. Entrepreneurship ensures one will turn challenges into opportunities, making best use of the available resources that one has, identify key drivers and execute them effectively. Entrepreneurship is critical if an organisation is to remain relevant in the market place. The Board of Directors will strive to empower the management team to add value to the portfolio with communications of clear strategic boundaries.

Last but not least, resilience is also paramount as we believe that to be successful, one has to face up to all challenges and by doing so will emerge stronger from the experiences and knowledge gained. It is during bad times or challenging moments that one will see the true colour of oneself or an organisation. The listing of Sunway REIT was persevered during a volatile time last year. It has since further strengthened its leadership position in the M-REIT industry. Both the Board and management team have the experience to ride out business cycles.

Inaugural Acquisition

I would like to mention briefly about the first acquisition for Sunway REIT post IPO. We have studied the Putra Place carefully before we acquired it in April 2011. This initial acquisition enabled us to expand our portfolio strategically to Kuala Lumpur from the previous 5.0% of total asset value of RM3,729 million to the current 17.5% of enlarged total asset value of RM4,379 million. We strongly believe that the Economic Transformation Plan will transform Greater Kuala Lumpur to a more vibrant and dynamic geographic region in the long term. We have also renamed the three asset components of retail, hotel and

office to Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower respectively as part of our on-going rebranding exercise. We hope to announce more positive and exciting developments for all stakeholders in the coming years in regards to Sunway Putra Place, formerly known as Putra Place.

In Appreciation

As we come to a full year for Sunway REIT, we can look back with pride upon our accomplishments. I would like to ascribe all our successes to the TIER values which, I believe, have made us what we are today as well as shape our future. In acknowledgement, I would like to thank our employees, tenants, business partners and unitholders, for the privilege of your trust and confidence in us.

I am convinced that we will continue to garner every success possible in the coming years with stable return and continued sustainable growth of Sunway REIT enabled by its strong branding, robust organic growth, healthy balance sheet for new acquisitions and its active capital management policy. Moving forward, the proposed merger of Sunway City Berhad and Sunway Holdings Berhad into a bigger and stronger Sunway Berhad in the second half of year 2011, will create more pipeline opportunities for Sunway REIT.

I will continue to work with all my Board members and provide support and guidance to the CEO who will lead his team to help achieve the goals of Sunway REIT in the long run.

Yours sincerely,



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

Chairman
Sunway REIT Management Sdn. Bhd.
11 August 2011

SALIENT FEATURES

Name Of Fund	Sunway REIT
Type Of Fund	Income and growth
Category Of Fund	Real estate investment trust
Duration Of Fund / Termination Date	The earlier of : <ul style="list-style-type: none"> • 999 years falling on 19 May 3009 • the date on which Sunway REIT is terminated by the Trustee or the Manager, in such circumstances as set out under the provisions of the Deed
Approved Fund Size	2,780,112,300 units
Investment Objective	To provide unitholders with an exposure to a diverse portfolio of authorised investments that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit
Growth Strategies	<ul style="list-style-type: none"> • Acquisition growth strategy • Active asset management strategy • Capital and risk management strategy
Investment Policy	To invest in retail, hospitality, office and other real estate assets, subject to the REIT Guidelines
Distribution Policy	<ul style="list-style-type: none"> • At least 100% of distributable income for financial years ending 30 June 2011 and 30 June 2012 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
FYE	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

15 June 2010



Launching of Prospectus

Sunway REIT launched its prospectus at Sunway Resort Hotel & Spa witnessed by the Minister in the Prime Minister's Department, Tan Sri Nor Mohamed Yakcop and Sunway Group founder and Chairman, Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO. SunCity injected eight of its prime investment properties into Sunway REIT for RM 3.7 billion worth of appraised property value. The eight properties are divided into three industry segments (retail, hospitality and office) at four different strategic locations in Malaysia.

20 December 2010

Inclusion in the FTSE-Bursa Malaysia Mid 70 index

FBM 70 index comprises the next 70 companies in the FTSE Bursa Malaysia EMAS Index (comprises the constituents of the FTSE Bursa Malaysia Top 100 Index and FTSE Bursa Malaysia Small Cap Index) by full market capitalisation.

20 May 2010

Constitution of the Deed

The Deed constituting Sunway REIT was entered into between Sunway REIT Management Sdn Bhd and OSK Trustees Berhad.

8 July 2010



Listing on Main Market of Bursa Malaysia Securities Berhad

SunCity and Sunway REIT Management Sdn Bhd have successfully launched the initial public offering ("IPO") of 1.65 billion units in Sunway REIT, which is the largest REIT in Malaysia in terms of market capitalisation and appraised asset value.



The acquisition of the initial portfolio of 8 properties worth RM 3.7 billion from SunCity was completed.

19 April 2011



Completed 1st acquisition - Putra Place

Sunway REIT successfully bid for Putra Place at a public auction held on 30 March 2011 at the reserve price of RM 513.945 million and the title was registered at the Kuala Lumpur land registry on 19 April 2011 upon full payment on 14 April 2011.

FINANCIAL HIGHLIGHTS

Statement of Comprehensive Income - Key Data & Financial Ratios	FP 2011¹	Forecast²	Variance
	RM'000	RM'000	%
Gross revenue	327,416	322,975	1.4
Net property income	244,015	241,377	1.1
Income available for distribution (realised)	176,813	176,453	0.2
Earnings per unit (sen) ³	20.6	6.2	232.3
Distribution per unit (DPU) (sen) ⁴	6.6	6.6	-
Annualised DPU (sen) ⁵	6.7	6.7	-
Annualised distribution yield ⁶ (%)	6.0	-	-
Management expense ratio ⁷ (%)	0.8	-	-

Statement of Financial Position - Key Data & Financial Ratios	RM'000
Investment properties	4,379,000
Other non-current assets	122
Current assets	73,773
Total asset value	4,452,895
Current liabilities	(127,791)
Non-current liabilities	(1,554,054)
Total liabilities	(1,681,845)
Net Asset Value (NAV)	2,771,050

Total Unitholders' Funds	2,771,050
NAV per unit (before distribution) (RM)	1.0809
NAV per unit (after distribution) (RM)	1.0313
Lowest NAV per unit during the period (RM)	0.9737
Highest NAV per unit during the period (RM)	1.0313
Premium to NAV (%)	7.6
Gearing Ratio (%)	35.3
Debt Service Cover Ratio (times)	3.7

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 financial period from 20 May 2010 to 30 June 2011 (FP 2011).

² Based on the profit forecast for the financial period ending 30 June 2011 as per prospectus, prorated from listing date 8 July 2010 to 30 June 2011.

³ Includes unrealised earnings arising mainly from gain on fair valuation of 14.4 sen per unit.

⁴ Comprising income distributed for the period from 8 July 2010 to 31 March 2011 of 4.96 sen (Forecast: 4.84 sen) and proposed final income distribution of 1.62 sen (Forecast: 1.74 sen).

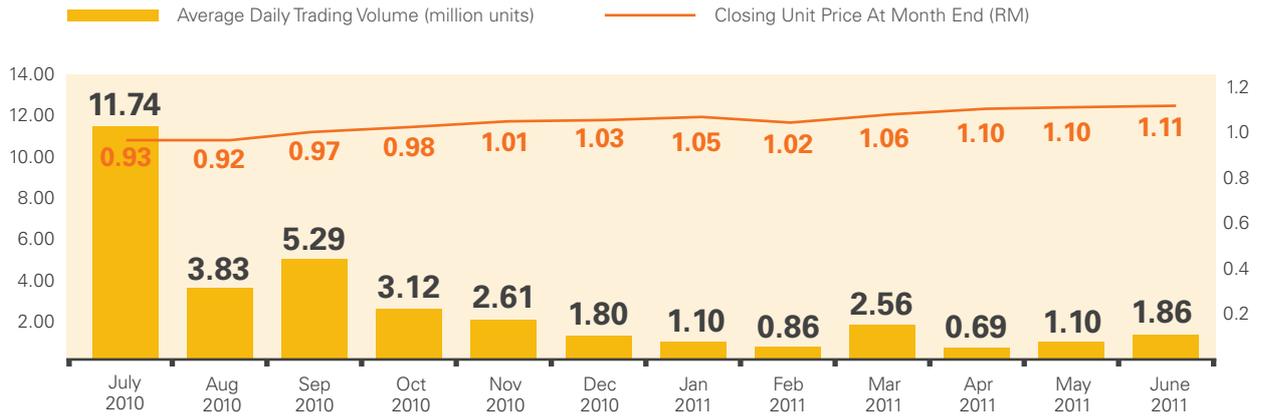
⁵ Based on period from listing date, 8 July 2010 to 30 June 2011.

⁶ Based on annualised DPU of 6.7 sen for the financial period ended 30 June 2011 and the closing unit price as at 30 June 2011 of RM1.11.

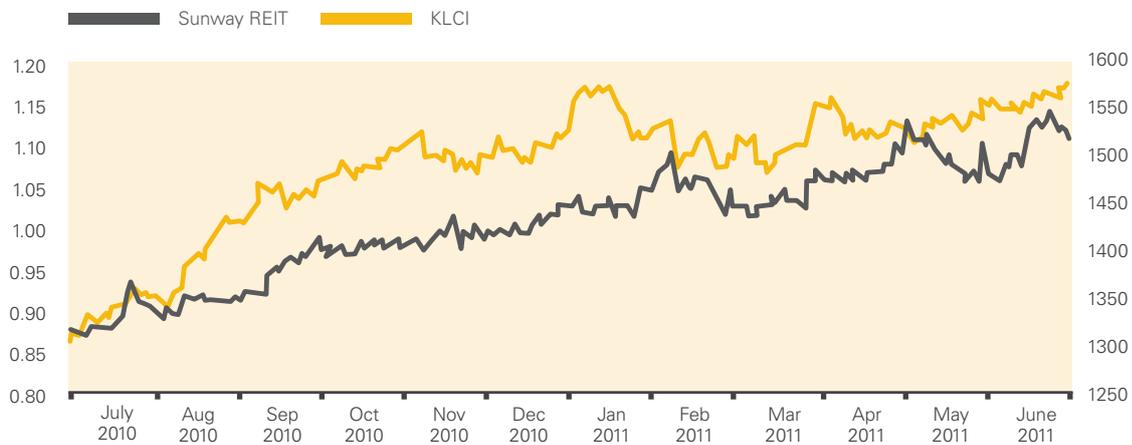
⁷ Ratio of expenses incurred in operating Sunway REIT (excluding property operating expenses and finance costs but including Manager's fee, Trustee's fee and other trust expenses) to the NAV of Sunway REIT.

TRADING PERFORMANCE

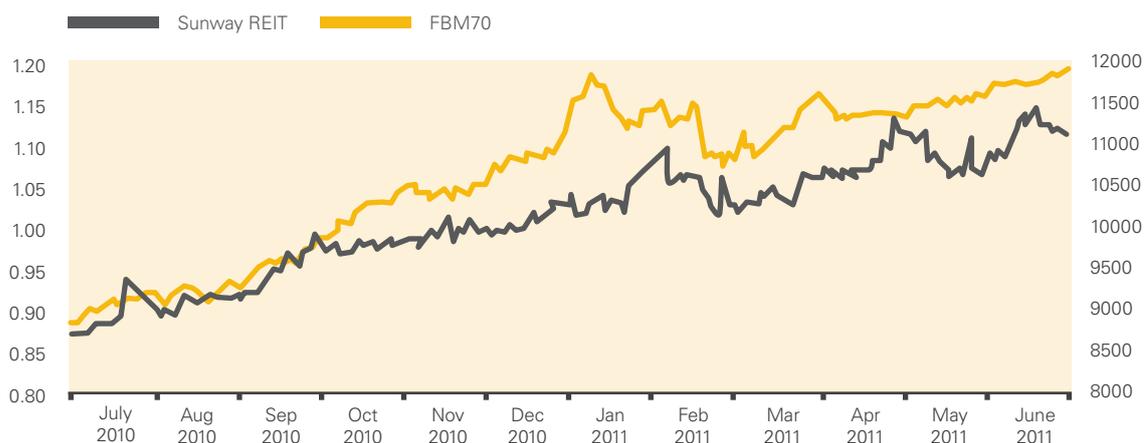
Sunway REIT's Monthly Trading Performance



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



Sunway REIT's Unit Price versus FTSE Bursa Malaysia Mid 70 (FBM70) Index's Performance Benchmark



Comparative Yields as at 30 June 2011 (%)

Sunway REIT's Yield	6.0
10-year Malaysian Government Bond	3.9
12-month Fixed Deposit Rate	3.2
FTSE Bursa Malaysia KLCI Yield	3.5
Employees Provident Fund (EPF) Dividend Yield (2010)	5.8

2.1%
spread from
10 year Malaysian
Government
Bond yield

Source: Sunway REIT Management, Bloomberg and Maybank2u.com

Trading Summary

Unit price as at listing date - 8 July 2010 (RM)	Retail offer price: RM0.88; Institutional offer price: RM0.90
Closing unit price - 30 June 2011 (RM)	1.11
Highest traded price (RM)	1.14
Lowest traded price (RM)	0.875
Capital appreciation (%)	23.3 ¹
Annual total return / Average annual return since establishment (%)	29.3 ²
Number of units in circulation ('000)	2,686,898
Market capitalisation (RM'000)	2,982,457
Free Float (RM'000)	1,298,945

¹ Capital appreciation calculation was based on RM0.90 institutional's IPO subscription price.

² Capital appreciation of 23.3% and distribution yield of 6.0%.

VALUE ADDED STATEMENT

	FP 2011 ¹	Forecast ²
	RM'000	RM'000
Value Added		
Total turnover	327,416	322,975
Purchases of goods and services	(83,401)	(81,598)
Interest & other income / (expense)	384,624	(1,041)
Total Value Added	628,639	240,336
Reconciliation:		
Total comprehensive income for the period	553,663	166,769
Add: Finance costs	55,190	53,389
Manager's fee	19,003	19,367
Trustee's fee	783	811
Total Value Added	628,639	240,336
Value Distributed		
Trust Expenses		
Manager's fee	19,003	19,367
Trustee's fee	783	811
Providers of Capital		
Finance costs	55,190	53,389
Income distribution ³	133,050	129,814
Reinvestment and Growth		
Income retained by REIT		
- realised	34,261	36,955
- unrealised	386,352	-
Total Value Distributed	628,639	240,336

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 Based on the profit forecast for the financial period ending 30 June 2011 as per prospectus of Sunway REIT dated 15 June 2010, pro-rated from listing date 8 July 2010 to 30 June 2011.

³ Excluding proposed final income distribution of RM43.5 million (Forecast: RM46.6 million).

AWARDS & ACCOLADES



2010 Deal of the Year
Best IPO - Notable Mention,
awarded by The Edge Malaysia



Southeast Asia

Best REIT Deal of the Year 2010
in Southeast Asia,
recognised by Alpha Southeast Asia



Inclusion as THE ONLY M-REIT player
in FBM70 (FTSE Bursa Malaysia Mid 70)
index since 20 December 2010



Polled as top 3 nominations for Best Investor Relations
for an IPO in 2010, survey carried out by Thomson Reuters Extel
organised by Malaysian Investor Relations Association



INSPIRING LEADERSHIP & COMMITMENT

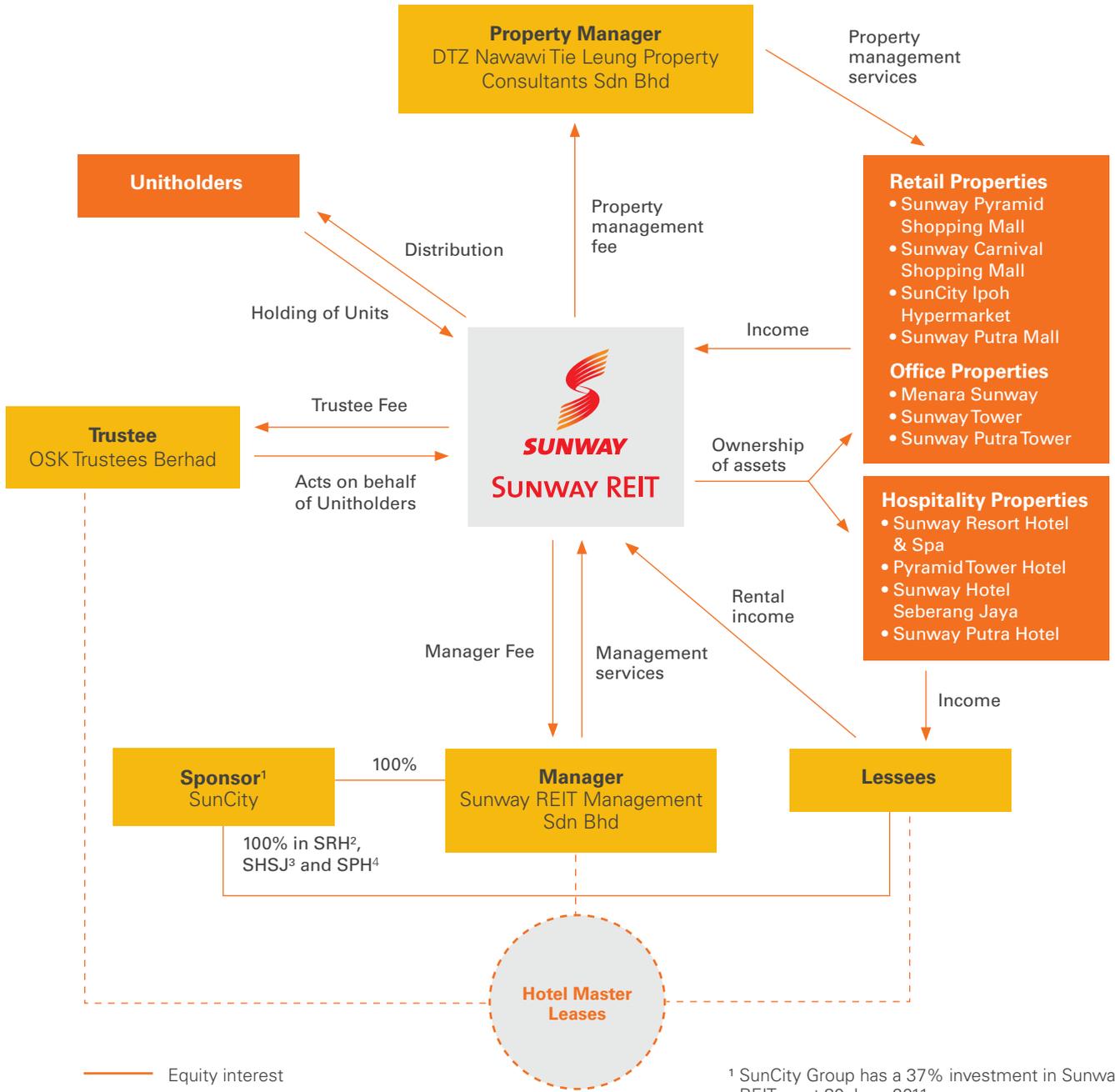
Trust Structure	20
Organisation Structure	21
Board of Directors	22
Management Team	27



STRUCTURE

Representing the structure of Sunway REIT is the bird's nest, having created a firm structure of its organisation.

TRUST STRUCTURE



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

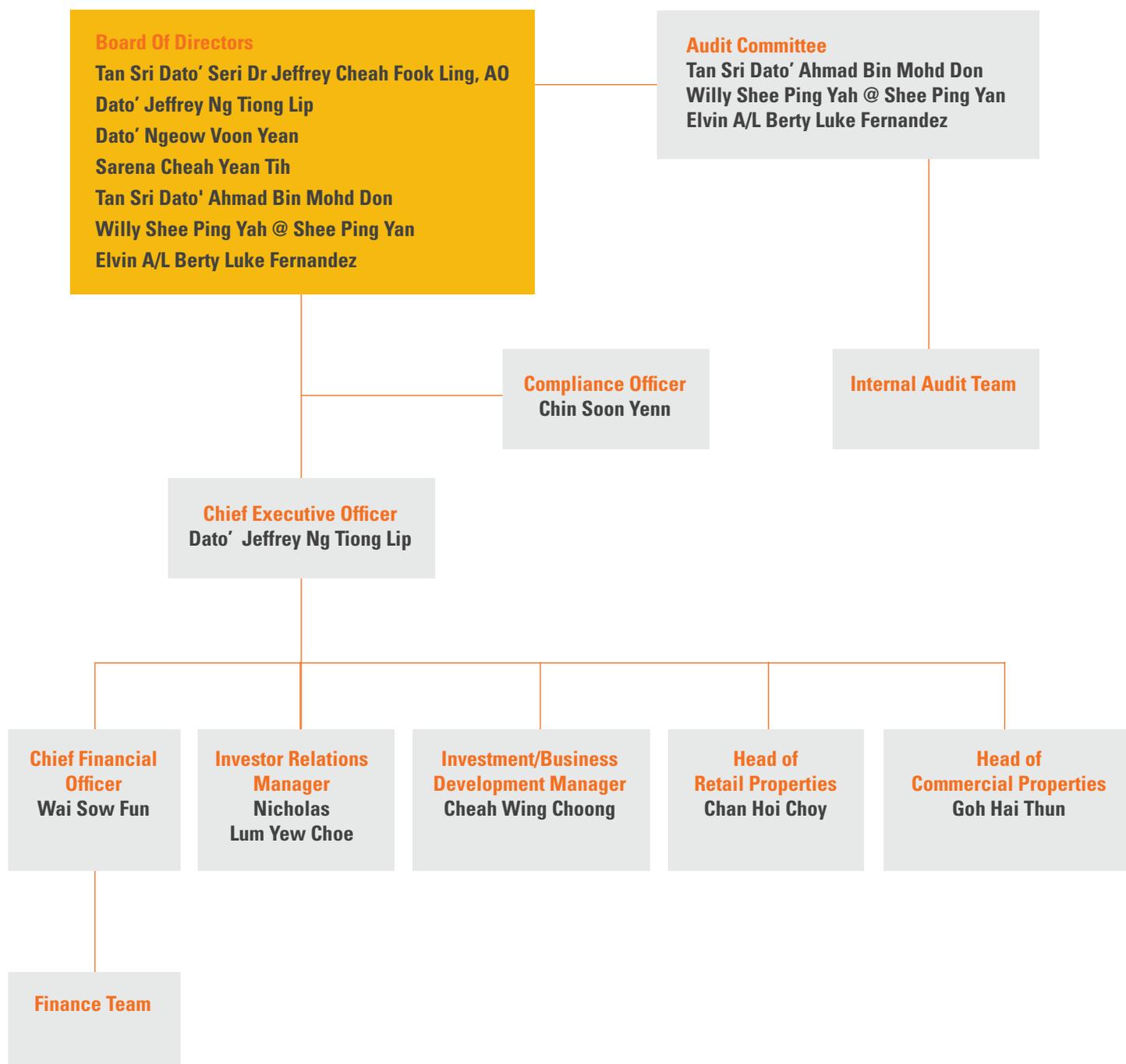
¹ SunCity Group has a 37% investment in Sunway REIT as at 30 June 2011.

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

³ Sunway Hotel Seberang Jaya Sdn Bhd is the lessee for Sunway Hotel Seberang Jaya.

⁴ Sunway Putra Hotel Sdn Bhd (formerly known as Wisdom Achievers Sdn Bhd) shall be the lessee for Sunway Putra Hotel.

ORGANISATION STRUCTURE



BOARD OF DIRECTORS



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

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, aged 65, is a business graduate of Victoria University in Melbourne, Australia. He began his career as an accountant at a motor assembly plant in Malaysia. In 1974, he founded and started the Sunway Group.

He has been conferred 8 honorary doctorates by leading universities worldwide. In 2007, he formed his namesake foundation, "Jeffrey Cheah Foundation" and in 2009, he transferred the entire ownership of Sunway Education Group Sdn Bhd together with its subsidiaries to HSBC (Malaysia) Trustee Berhad, which holds in trust for Jeffrey Cheah Foundation. Sunway Education Group Sdn Bhd comprises, inter alia, Sunway University, Monash University Sunway Campus, Jeffrey Cheah School of Medicine and Health Sciences and Sunway International School. Jeffrey Cheah Foundation, to which he pledged a personal contribution of RM20 million, was officially launched by Dato' Seri Mohd Najib Bin Tun Abdul Razak, the Prime Minister of Malaysia on 18 March 2010 in the presence of the Foundation's Patron, His Royal Highness Sultan of Selangor.

He is among Malaysia's leading givers who made Forbes Asia's Heroes of Philanthropy list 2009. He is also Trustee to the Board of Mahathir Science Award Foundation and Razak School of Government.

In 2008, he was appointed Officer of the Order of Australia ("AO") by the then Prime Minister of Australia, Kevin Rudd. 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 the Malaysia Crime Prevention Foundation's Selangor Chapter by the Minister of Unity, Culture, Arts and Heritage. He is also the Chairman and Co-Founder of Asian Strategy & Leadership Institute.

His other achievements are listed below:-

- 2007 - The prestigious Monash University School of Medicine and Health Sciences was named after Tan Sri Jeffrey Cheah in appreciation of his immense contribution to Monash University Sunway Campus and Malaysia-Australia bilateral ties.
- 2006 - His Royal Highness Sultan of Selangor installed him as the Foundation Chancellor of Sunway University.
- 2002 - Deputy President of National Kidney Foundation of Malaysia.
 - First non-Malay Honorary Member of Kuala Lumpur Malay Chamber of Commerce.
- 1999 - Founding Trustee of Malaysian Liver Foundation.
- 1997 - President of Malaysian Hakka Association (until 2004).
 - Council Member of Financial Reporting Foundation.
- 1996 - Appointed by the Minister of Education to the Higher Education Council of Malaysia.
 - Appointed Chairman of Malaysian Industry-Government Group for High Technology for Construction and Housing.
 - EXCO member of Malaysian Tourism Action Council.
- 1990 - Appointed Director of National Productivity Centre.

Other awards bestowed upon him 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.

He was appointed to the Board of the Manager on 24 March 2010.

His current directorships in public companies are Sunway Berhad (formerly known as Alpha Sunrise Sdn Bhd), Sunway City Berhad, Sunway Holdings Berhad, Sunway Medical Centre Berhad, ASLI Foundation, Jeffrey Cheah Foundation, Mahathir Science Award Foundation and Razak School of Government.

He attended all of the three Board Meetings held in the financial period.



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

Dato' Jeffrey Ng Tiong Lip, aged 54, 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 27 years of extensive experience in finance, corporate planning and executive management in the property and hotel industry in both Malaysia and Australia.

He was the former Executive Director of Sunway City Berhad, a company 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, he is a member of the Malaysian Institute of Certified Public Accountants and the Institute of Chartered Accountants, Australia. In 1999, he was conferred a fellowship by the Malaysian Institute of Directors and accorded the 'Entrepreneur of the Year' by MABC in 2003. In 2008, he was advanced to fellowship member of the Institute of Chartered Accountants, Australia. In 2009, he was conferred the patron of REHDA.

Prior to joining Sunway Group, he was the former Managing Director of AP Land Berhad. He is currently a Director of Urban Hallmark Properties Sdn Bhd.

He was appointed to the Board of the Manager on 24 March 2010.

He has no directorships in public companies.

He attended all of the three Board Meetings held in the financial period.



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

Dato' Ngeow Voon Year, aged 59, holds a Bachelor of Commerce Degree majoring in Business Studies and Economics from University of Auckland, New Zealand. He is a Council Member of the Malaysian Association of Hotel Owners (MAHO) and an Honorary Advisor to the Malaysian Association for Shopping and Highrise Complex Management.

He has 30 years of working experience in property development and investment, and management industry. He was the Founder President of the Shopping and Highrise Buildings Association in both Malaysia and Singapore. He has wide experience in the development and management of mixed-use developments. He began his career with Landmarks Holdings Bhd, the developer owner of Sungei Wang Plaza, Regent Hotel and Metroplex Holdings Sdn Bhd, the developer of The Mall. He subsequently moved to Singapore to join Marina Centre Holdings Pte Ltd, the developer and manager of Marina Square, a mixed-use waterfront development comprising 3 international class hotels, shopping mall and offices in Singapore. He later joined Suntec City Development Pte Ltd as part of the pioneering team in the development of one of Singapore's largest private mixed-use projects comprising convention, exhibition, shopping and offices. He currently manages the investment portfolio which includes retail, commercial, hospitality, leisure and other asset management components of Sunway City Berhad.

He was appointed to the Board of the Manager on 24 March 2010.

His current directorships in public companies are Sunway City Berhad, Sunway Medical Centre Berhad and Sunway International Vacation Club Berhad.

He attended all of the three Board Meetings held in the financial period.



SARENA CHEAH YEAN TIH
Non-Independent Non-Executive Director
Malaysian

Sarena Cheah Yean Tih, aged 36, graduated from University of Western Australia with a Bachelor of Commerce (Accounting and Finance) Degree in year 1994. She also obtained a Master Degree in Business Administration from Melbourne Business School in year 2001.

She has been with the 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. Upon her return, she joined the education and healthcare divisions as Business Development Manager. In year 2003, she rejoined the corporate finance division to lead the asset-backed securitisation exercise for Sunway City Berhad. In 2006, she became the Sales and Marketing General Manager in the property development division. She holds the position as the Director of Strategic and Corporate Development of Sunway City Berhad in 2009.

She was appointed to the Board of the Manager on 25 August 2010.

Her current directorships in public companies are Sunway Berhad (formerly known as Alpha Sunrise Sdn Bhd), Sunreit Capital Berhad and Sunway Lagoon Club Berhad. She is also an Alternate Director in Sunway Medical Centre Berhad.

She attended all of the three Board Meetings held in the financial period.



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

Tan Sri Dato' Ahmad Bin Mohd Don, aged 63, holds an Honours Degree in Economics and Business from University of Wales, Aberystwyth, United Kingdom in 1969. He is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a Member of the Malaysian Institute of Certified Public Accountants.

He started his career with the Corp of Accountants, Government of Malaysia from 1972 to 1973 before joining the private sector. He served as the Financial Controller from 1973 to 1980 in companies such as Syarikat Jengka Sdn Bhd, Mansfield Berhad and Pernas Securities Sdn Bhd where he was also the Company Secretary. In November 1980, he joined Permodalan Nasional Berhad as the Deputy General Manager and was involved in the planning and launching of the National Unit Trust Scheme in 1981. Subsequently in April 1982, he joined Malayan Banking Berhad as the General Manager of Treasury. During his service with Malayan Banking Berhad, he rose through the ranks of Senior General Manager and Board Member, then as Executive Director and in January 1991, he was appointed the Group Managing Director and Chief Executive Officer, a position which he held until 1994.

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

He was appointed to the Board of the Manager on 25 August 2010 and also serves as Chairman of the Audit Committee.

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

He attended all of the three Board Meetings held in the financial period.

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 City Berhad, which is a major unitholder of Sunway REIT.

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



WILLY SHEE PING YAH @ SHEE PING YAN

Independent Non-Executive Director
Singaporean

Willy Shee Ping Yah @ Shee Ping Yan, aged 62, graduated from University of Auckland, New Zealand. He is an Associate Member of the New Zealand Property Institute, a Fellow Member of the Singapore Institute of Surveyors and Valuers (FSISV) and a Fellow Member of the Association of Facilities & Property Management. He is an Honorary Advisor (Valuation) of the Real Estate Developers' Association of Singapore (REDAS).

He is currently the Chairman (Asia) of CB Richard Ellis (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, Lafa (Emerald Hill) Development Ltd, Mercatus Co-operative Ltd, SLF Properties Pte Ltd, Bund Center Investment Ltd, Shanghai Golden Bund Real Estate Ltd, CB Richard Ellis Management (Pte) Ltd and Proper Investment Pte Ltd.

He was appointed to the Board of the Manager on 24 March 2010 and also serves as a Member of the Audit Committee.

He has no directorships in public companies in Malaysia.

He attended two out of the three Board Meetings held in the financial period.



ELVIN A/L BERTLY LUKE FERNANDEZ

Independent Non-Executive Director
Malaysian

Elvin A/L Bertly Luke Fernandez, aged 61, 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 and is the immediate Past President of the Royal Institution of Surveyors Malaysia (Session 2010/2011) and is the current Secretary-General of the ASEAN Valuers Association (2010/2014). He was a former member of the Board of Valuers, Appraisers & Estate Agents Malaysia (1993-2007) and is a Past President of the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (2000/2002).

Internationally he was the Chairman of the International Valuation Standards Council (2007/2008) and is a Member/Honorary Member of the Institution of Valuers India, Institute of the Philippine Real Estate Appraisers, the National Association of Valuers in Romania, China Appraisal Society and the Practising Valuers Association India. 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 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 Iktisas Malaysia on 21 May 2011.

He was appointed to the Board of the Manager on 24 March 2010 and also serves as a Member of the Audit Committee.

He has no directorships in public companies.

He attended all of the three Board Meetings held in the financial period.

NOTES:

2. Conflict of Interest

There was no conflict of interest during the financial period, save for the Directors' interest 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 been convicted for offences within the past 10 years other than traffic offences, if any.

BOARD OF DIRECTORS

INSPIRING LEADERSHIP

Vision, conviction and courage depict the extraordinary

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



MANAGEMENT TEAM

COMMITMENT

Our united relentless pursuit to deliver the best to our stakeholders: **1Team, 1Vision, 1Heart**

From left to right:
Nicholas Lum Yew Choe
Chin Soon Yenn
Cheah Wing Choong
Goh Hai Thun
Dato' Jeffrey Ng Tiong Lip
Chan Hoi Choy
Wai Sow Fun



MANAGEMENT TEAM

ROLES OF THE KEY PERSONNEL OF THE MANAGER

CHIEF EXECUTIVE OFFICER (CEO)

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 will plan and set clear strategic directions, which are approved by the Board, and help ensure long term sustainability of Sunway REIT.

CHIEF FINANCIAL OFFICER (CFO)

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

INVESTOR RELATIONS MANAGER (IRM)

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

INVESTMENT / BUSINESS DEVELOPMENT MANAGER (IBDM)

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 will also be carried out continuously to maximize 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 will also ensure effective execution of the asset management strategies of Sunway REIT.

COMPLIANCE OFFICER (CO)

To ensure that the operations and conduct of the Manager are in compliance with the Deed and the relevant guidelines and regulations governing real estate investment trusts in Malaysia.

MANAGEMENT TEAM

PROFILE OF KEY PERSONNEL OF THE MANAGER

Wai Sow Fun

Chief Financial Officer

Wai Sow Fun was appointed as the CFO of the Manager 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 and investment, leisure and hospitality. She started her career in Arthur Andersen & Co prior to joining SunCity Group in 1994 as an Assistant Finance Manager. She rose through the ranks and was the General Manager of Finance of the Sponsor prior to joining the Manager. Ms Wai graduated from the University of Malaya, Malaysia with a Bachelors Degree (Hons) in Accounting and is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountant (MICPA).

Chin Soon Yenn

Compliance Officer

Chin Soon Yenn was appointed as the CO of the Manager on 20 May 2010. He is and has been the Legal Manager of SunCity Group since 2007 managing all legal affairs with core emphasis on the property development and investment divisions. Prior to that, he was the Legal Manager and subsequently Personal Assistant to the CEO of a public listed company. Earlier, he spent 6 years with Allworth Real Estate where he was responsible for the firm's legal matters and community outreach programmes (property conservation and performing arts). He has sat on the Board of Governors of Montfort's Youth Centre, Melaka since 2004. Mr Chin holds a LLB (Hons) from the University of Buckingham, UK.

Nicholas Lum Yew Choe

Investor Relations Manager

Nicholas Lum was appointed as the IRM of the Manager on 16 May 2010. Prior to joining the Manager, he was the Head of the Australian MBA programme at Sunway University College and has more than 15 years of finance industry and academic experience. Mr Lum received the Australian Government's Merit Scholarship and graduated with a Bachelor of Commerce (Hons) specialising in Economics and Master of Commerce (Hons) specialising in Economics and Econometrics from the University of Melbourne, Australia. Mr Lum is currently a Fellow member of Financial Services Institute of Australasia (FINSIA) and also a Fellow member of Global Association of Risk Professionals (GARP). Mr Lum has been appointed as the Director of GARP Malaysia chapter since 2005.

Cheah Wing Choong

Investment/Business Development Manager

Cheah Wing Choong was appointed as the IBDM of the Manager on 20 May 2010, where he is responsible for the investment and business development for the Manager. He is also the Chief Operating Officer (COO) of Property Investment Division of the Sponsor since 2009. He started his career in 1982 with Rahim & Co Chartered Surveyors Sdn Bhd undertaking property consultancy, valuation and property management work before joining Peat Marwick Consultants in 1990 to rehabilitate housing schemes under the Central Bank's Revival of Abandoned Housing Scheme Fund. In 1992, he joined Tan & Tan Developments Berhad and subsequently IGB Corporation Bhd serving as the Senior General Manager; dealings with asset and property management, property development and investment projects (including Mid Valley City), marketing and leasing of group's properties including Mid Valley City. He joined Tradewinds Corporation Berhad as COO in 2008. Mr Cheah holds a Bachelors of Science (Hons) Estate

Management Degree from Heriot Watt University, Scotland and MBA from the University of Bath, England. He is a Chartered Surveyor with the Royal Institution of Chartered Surveyors, UK and a Registered Valuer and a Fellow of the Institution of Surveyors, Malaysia.

Chan Hoi Choy

Head of Retail Property

Chan Hoi Choy was appointed as the Head of Retail Property of the Manager on 20 May 2010. He is also currently the CEO of Sunway shopping malls including Sunway Giza and Sunway Velocity. He oversees Sunway Lagoon and Lost World of Tambun, Ipoh. He started his career in Sg Wang Plaza in 1983 and spent 11 years in operations, general and marketing management. He was then appointed as General Manager of Berjaya Times Square overlooking its development from 1994 to 1999. He is currently the President of Malaysian Association for Shopping & Highrise Complex Management (PPK) prior to serving as Honorary Secretary and Vice-President for the past 20 years. Mr Chan holds a Bachelor of Science (Hons) in Managerial and Administrative Studies from the University of Aston, Birmingham, UK.

Goh Hai Thun

Head of Commercial Properties

Goh Hai Thun was appointed as the Head of Commercial Properties of the Manager on 20 May 2010. He is also currently the General Manager of the Sponsor 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 building and condominiums.

Mr Goh holds a MBA (Real Estate) Degree from the University of Western Sydney, Australia.

DRIVING SUSTAINABLE GROWTH

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BOUNTIFUL

Representing the bountiful nature of the investments of Sunway REIT are the field of golden sunflowers, portraying a profitable return over the long-term.

MESSAGE FROM THE CEO



“Majority of Sunway REIT assets are situated in townships master-planned and developed by the Sponsor.”

“Our asset portfolio has generated double digit rental reversion of 14.4%.”

“Price wise, Putra Place is an opportunistic buy.”

Dear stakeholders,

I am pleased to share with you our key achievements for the past one year and some of the plans and strategies that we will be implementing over the next few years.

What Is Our Game Plan?

Over the past one year, we have been busy fine-tuning the solid foundation to ensure efficient operation of the Sunway Real Estate Investment Trust (Sunway REIT) and ensuring progressive implementation of best practices in corporate governance. An audit committee has been formed with three independent directors who will act as a strong check and balance mechanism. We have also established an internal audit team (outsourced), risk management and investment working groups to help augment the business performance of Sunway REIT. Key performance indicators and monitoring systems have been put in place to track the progress of business operations.

We are the first REIT in Malaysia to implement the E-dividend payment system so as to achieve a more efficient dividend payment channel to our investors.

We consistently benchmark ourselves against various international best practices in terms of financial reporting, corporate governance, risk management and other business processes.

We continuously engage with global and local professional associations to learn and share experiences. We are currently a Board member for Malaysia REIT Managers Association (MRMA) and member of Asia Pacific Real Estate Association (APREA). We will continue to work hard to ensure all resources are aligned with business objectives to boost the future growth of Sunway REIT's portfolio as well as to lead and contribute to the community and society.

We have consciously decided to be more pro-active in investor relations initiatives as part of our strategic plans so that the market can better understand our strategies and performance. We have participated in many major investment conferences in the region as well as teleconferencing with foreign institutional investors. We organised numerous property tours for investors and analysts and also ensured our senior management team was available to investors or media community. We not only managed to articulate our Sunway

REIT story to investors but also gathered invaluable information and feedback on how we can continue to excel in the future. We will continue to engage with both the local and foreign investment community to promote better understanding of our growth strategies.

Tactically, we have been leveraging on the diversity of our resources and our unique TIER values as outlined by our Chairman to source for more synergistic opportunities. We will continue to do so in the future.

How Have We Fared In The Past One Year?

We have delivered a total return of 29.3% for the financial period ended 30 June 2011. The portfolio registered a revenue of RM327.4 million and net property income of RM244.0 million. Total comprehensive income was RM553.7 million comprising net realised income of RM167.3 million and unrealised income of RM386.4 million mainly arising from fair value gain. Total distributable income including 50% manager's fee paid/payable in units amounted to RM176.8 million or 6.58 sen per unit, of which 4.96 sen per unit has been paid to date.

We have met our forecast of 6.7 sen per unit on an annualised basis.

We are very proud of the fact that our rental reversions in our portfolio of assets achieved double digit reversion of 14.4% locked in for the next three years. This strong rental growth reversion is superior to other competitors in the market and is mainly due to the quality of assets and management efforts. Continued positive economic conditions and vibrancy of the Sunway Integrated Resort City (SIRC), where 74.4% of Sunway REIT's assets are located, were important factors that contributed to the robust performance of these assets. Sunway Pyramid Shopping Mall secured a 16.3% rental reversion during the period whereby 1.1 million square feet or 65.4% of total NLA involving 421 tenancies were renewed.

The Manager had incurred RM13.4 million to refurbish a restaurant and pool area at the Sunway Resort Hotel & Spa, to ensure that the properties continue to perform well and remain relevant and competitive in the market place.

In March 2011, we successfully bid in a public auction for Putra Place for a total cash consideration of RM513.9 million. The title was registered in favour of the Trustee at the Kuala Lumpur land registry on 19 April 2011 pursuant to full payment. Putra Place is a 3-in-1 mixed use development comprising retail, hotel and office, is an opportunistic buy with great potential for asset enhancements which will translate to significant future growth in capital appreciation and income.

Pursuant to the ongoing litigations by the previous owner which had prevented the Manager from gaining full possession and control, Sunway Putra Place has suffered a net loss after interest of RM4.8 million for FP 2011 and we do not expect significant contribution from this property for FYE 2012.

This however has not affected the overall results for FP 2011 underpinned by the **strong performance of the initial portfolio of eight assets which generated net realised income of RM172.1 million exceeding forecast by RM5.3 million or 3.2%**. Once we gain full control of Sunway Putra Place, we expect full income contribution which will enhance the existing portfolio of assets. Based on the written advice of our lawyers, we are confident that the outcome of these law suits will be in our favour. Furthermore, mesne profit are expected to be recoverable from the previous owner from 19 April 2011 up to date of possession as ordered by the High Court on 28 June 2011.

How Do We See The Market Over The Next One Year?

The Government has identified 12 National Key Economic Areas (NKEAs) under the Economic Transformation Programme (ETP) which aims to transform the country into a high-income nation by 2020. Five of the NKEAs, namely Greater Kuala Lumpur, wholesale and retail, tourism, education and healthcare, are expected to have positive impact on SIRC. Amongst others, the various initiatives include the following:

- More international and regional multinational corporations are encouraged to set up global or regional headquarters in Greater Kuala Lumpur.
- A massive transportation project to be undertaken within Greater Kuala Lumpur will boost value of properties.
- New attractions to draw foreign tourists and high yielding business tourists.
- Acceleration of urbanisation.
- Expanding education and healthcare sectors aim at attracting more students locally and internationally as well as new growth area of medical tourism.

The above initiatives will drive retail spending, demand for hospitality services and office space and provide the impetus for growth for these three sectors which Sunway REIT operates in. SIRC being the key location for Sunway REIT properties will expect to benefit as it has the various components emphasized in the above initiatives, further boosting growth and vibrancy of this location.

What We Intend To Do In The Future?

Organic growth

We will remain focused on enhancing our portfolio of assets so as to generate sustainable return over time. As the majority of Sunway REIT assets are situated in townships that are master-planned and developed by the Sponsor, continued growth and development of these townships are important to the success of Sunway REIT. When deemed necessary, capital expenditure will be allocated to properties for asset enhancement initiatives in realising the full potentials of the properties.

Organic growth will be generated from the four key assets located within the SIRC. We foresee approximately 10% growth in customers' visitation to these assets over the next three years

due to the following development and expansion plans undertaken by Sponsor:

- The expansion of Sunway University and Monash University Sunway Campus to cater for increasing demand for quality tertiary education will result in an addition of approximately 5,500 students.
- Development of the 123 acres of residential enclave at Sunway South Quay with 4,000 mid to high end units estimated to be occupied by 20,000 residents when completed in the next eight years. In the next three years, 1,000 units will be completed with an estimated 4,700 residents.

MESSAGE FROM THE CEO (CONT'D)

- two commercial developments in progress are The Pinnacle (a 500,000 square feet office project) and Sunway Pyramid 3 (retail and office project) forming the missing link to the commercial precinct of SIRC. The above projects, especially The Pinnacle with its office workers and related business associates, when completed and tenanted will further contribute to the growth of Bandar Sunway's population catchment and will provide the critical mass to boost businesses at Sunway Resort Hotel & Spa, Pyramid Tower Hotel and Sunway Pyramid Shopping Mall.

Both The Pinnacle and Sunway Pyramid 3 projects will incorporate additional car parking facilities of approximately 1,000 and 900 bays respectively. In order to meet demand for parking bays by shoppers and hotel patrons, we will seize the opportunity to incur necessary capital expenditure estimated at RM60 million to develop new connectivity and linkages between these new car parks with Sunway REIT's properties. Upon completion, we expect further increase in footfall and ultimately additional sales to tenants of Sunway Pyramid Shopping Mall. We also target to finalise our proposed renovation plan and timing for implementation at Sunway Putra Place by the next financial year ending June 2012.

We will continue to review our existing asset portfolio and look for new opportunities to further enhance income and cost savings potentials so that these assets remains competitive and the boundaries of financial performance can be expanded over time. On this note, we have identified the need to conduct a major renovation at Sunway Hotel Seberang Jaya costing RM7.7 million, which will take place from August 2011 to June 2012. Replacement of chillers worth RM4 million will also take place at Sunway Pyramid Shopping Mall. It aims to reduce energy consumption and is estimated to start work from March 2012 and is expected to be completed by June 2012.

Acquisition growth

We see asset acquisitions as our main growth driver and hence will actively seek yield-accretive acquisitions with asset enhancement opportunities to boost the performance of the REIT portfolio in the long run.

We target to increase our portfolio size to more than RM7 billion in five to seven years, with a combination of pipeline assets from Sponsor and external acquisitions.

We do not and will not buy assets for the sake of adding to our portfolio. We have set our investment strategies for the next five years and established clear and transparent investment criteria to ensure objective evaluation of all investment opportunities. Our main investment criteria are yield-accretive acquisitions, big ticket assets in fast growing strategic locations, with potential to value add, complement and help generate business synergies to our existing portfolio. We will ensure firm financial disciplines are employed ahead of any future growth plans and weave effective strategic risk management into all investment strategies.

Sunway REIT is the largest REIT and largest retail-focused REIT in Malaysia and moving forward, the asset portfolio will remain retail-focused with at least 60% of the enlarged portfolio. We will ensure Sunway REIT's portfolio will be represented at key cities throughout Malaysia because when investors invest in Sunway REIT, they are investing in the future growth of our country.

Capital and risk management

We will actively manage our capital structure to optimise our cost of capital as we monitor the macroeconomic environment over the coming months. We are planning to launch a medium term note programme to manage our cost of funds and refinancing risk as part of our on-going active capital management initiative.

Business sustainability

Business sustainability will become more important in building solid foundation for future growth. We will be looking into more initiatives which will address the issue of sustainability in the coming years in addition to what we are currently doing. At operational level, we have taken necessary steps in this area by taking initiatives to recycle, reduce and reuse our resources, using energy saving lights, waterless urinals, launching various sustainability events and activities to help create awareness for our stakeholders. We intend to drive this initiative further by generating new ideas that will improve sustainability in the long run. We hope to provide meaningful updates to all stakeholders in this area, which we feel will not only help drive business but also help to positively impact the society, in our next annual report.

We now look forward to another exciting year where strategies will be executed efficiently and effectively and we invite more stakeholders who share our TIER values to join us and be part of our journey of value creation.

Yours truthfully,

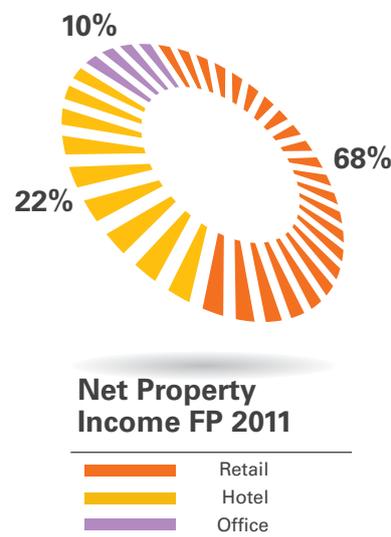


Dato' Jeffrey Ng Tiong Lip
CEO

Sunway REIT Management Sdn. Bhd.
11 August 2011

FINANCIAL REVIEW

	FP 2011 ¹ RM'000	Forecast ² RM'000	Variance %
Gross revenue	327,416	322,975	1.4
Net property income	244,015	241,377	1.1
Total comprehensive income for the period	553,663	166,769	221.0
Net income (realised)	167,311 ³	166,769	0.3
Income available for distribution (realised)	176,813	176,453	0.2
EPU⁴ (sen)	20.6	6.2	222.6
DPU⁵ (sen)	6.6	6.6	(0.2)
Annualised DPU⁶ (sen)	6.7	6.7	-



By Property	Gross Revenue		
	FP 2011 ¹ RM'000	Forecast ² RM'000	Variance %
Initial portfolio			
Sunway Pyramid Shopping Mall	208,181	203,453	2.3
Sunway Carnival Shopping Mall	24,632	25,702	(4.2)
SunCity Ipoh Hypermarket	4,120	4,073	1.2
Sunway Resort Hotel & Spa	30,557	31,184	(2.0)
Pyramid Tower Hotel	20,034	21,889	(4.1)
Sunway Hotel Seberang Jaya	5,069	5,531	(8.4)
Menara Sunway	15,561	15,145	2.7
Sunway Tower	16,962	16,998	(0.2)
Total for initial portfolio	325,116	322,975	0.7

By Property	Net Property Income		
	FP 2011 ¹ RM'000	Forecast ² RM'000	Variance %
Sunway Pyramid Shopping Mall	148,363	145,064	2.3
Sunway Carnival Shopping Mall	13,372	13,702	(2.4)
SunCity Ipoh Hypermarket	3,824	3,744	2.1
Sunway Resort Hotel & Spa	29,371	30,170	(2.6)
Pyramid Tower Hotel	19,659	20,215	(2.8)
Sunway Hotel Seberang Jaya	4,865	4,975	(2.2)
Menara Sunway	10,726	11,056	(3.0)
Sunway Tower	13,636	12,451	9.5
Total for initial portfolio	243,816	241,377	1.0

Acquisition during FP2011⁷			
Sunway Putra Mall	634	-	-
Sunway Putra Hotel	-	-	-
Sunway Putra Tower	1,666	-	-
Total for Sunway Putra Place	2,300	-	-
Total Portfolio	327,416	322,975	1.4

Sunway Putra Mall	(364)	-	-
Sunway Putra Hotel	(740)	-	-
Sunway Putra Tower	1,303	-	-
Total for Sunway Putra Place	199	-	-
Total Portfolio	244,015	241,377	1.1

By Segment	FP 2011 ¹ RM'000	Forecast ² RM'000	Variance %
Retail	237,567	233,228	1.9
Hotel	55,660	57,604	(3.4)
Office	34,189	32,143	6.4
Total	327,416	322,975	1.4

By Segment	FP 2011 ¹ RM'000	Forecast ² RM'000	Variance %
Retail	165,195	162,510	1.7
Hotel	53,155	55,360	(4.0)
Office	25,665	23,507	9.2
Total	244,015	241,377	1.1

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 Based on the profit forecast for the financial period ending 30 June 2011 as per Sunway REIT prospectus dated 15 June 2010, prorated from listing date 8 July 2010 to 30 June 2011.

³ Comprising net realised income from initial portfolio of eight assets amounting to RM172.1 million and net loss from Sunway Putra Place of RM4.8 million.

⁴ Including unrealised earnings of 14.4 sen per unit, arising mainly from fair value gain on investment properties.

⁵ Comprising income distributed for the period from 8 July 2010 to 31 March 2011 of 4.96 sen (Forecast: 4.84 sen) and proposed final income distribution of 1.62 sen (Forecast: 1.74 sen).

⁶ Based on period from listing date, 8 July 2010 to 30 June 2011.

⁷ Acquired on 19 April 2011.

FINANCIAL REVIEW

Gross Revenue for the financial period ended 30 June 2011 (FP 2011) was RM327.4 million, approximately RM4.4 million or 1.4% above the forecast of RM323.0 million. Net property income was RM244.0 million exceeding forecast of RM241.4 million by 1.1% or RM2.6 million. Sunway Pyramid Shopping Mall had outperformed the forecast mainly due to the 16.3% (including step up rent for total of 3-year term) rental reversion secured for 65.4% of its total NLA which was due for renewal in FP 2011. Sunway Tower managed to deliver a higher net property income mainly contributed by charging of additional air-conditioning hours to tenants. Sunway Carnival Shopping Mall's occupancy declined from an average of 90.6% to 86.3% as at 30 June 2011 following the closure of Metrojaya which exited from the northern region and downsizing of several tenants. However, the occupancy is expected to improve to approximately 91% by October 2011 with the introduction of several new tenants such as Studio, Toys R Us and Payless Shoes. Sunway Resort Hotel & Spa and Pyramid Tower Hotel fell behind budget following cancellation of events and rooms by Japanese corporates after the earthquake and tsunami in March 2011, competition from a new 4-star hotel in the neighbouring suburb which offered introductory packages and higher operating expenses resulting mainly from costlier contract staff.

Sunway REIT successfully bid for Putra Place at a High Court of Malaya

public auction on 30 March 2011 at the reserve price of RM513.945 million. The acquisition of Putra Place was completed on 19 April 2011 pursuant to full payment and registration of title with the Kuala Lumpur land registry. The property comprising a retail mall, a hotel and an office tower will be renamed as Sunway Putra Place and the respective components will be renamed as Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower. Our asset managers are in the process of executing new tenancy agreements with the existing tenants as the change of ownership under the circumstance has rendered all existing tenancies with the previous owner cease to be valid. As at 30 June 2011, most of the tenants at the office tower occupying 98.7% of the NLA and 55 tenants or 17.6% of the estimated monthly gross income of RM1.84 million at the shopping mall have agreed to enter/entered into new tenancies with Sunway REIT. As at 11 August 2011, the asset manager managed to secure 86.6% comprising 143 tenants. The Manager had sought amicable solutions to gain full possession and control of Putra Place including the hotel from the former owner but after a number of failed attempts, the Trustee and the Manager had proceeded to institute legal proceedings against the previous owner. On 28 June 2011, the High Court of Malaya has ordered the previous owner to deliver possession of each and every part of Putra Place to Sunway REIT by 1 July 2011. However the previous owner had filed an appeal to the Court of Appeal

and had obtained a stay of execution of the High Court order on 1 July 2011, pending disposal of the appeal. (Refer to Note 36 of the Financial Statement for full disclosure of the litigation). Hence as at 30 June 2011, Sunway Putra Place merely contributed a net property income of RM0.2 million and a net realised loss of RM4.8 million after interest expense, provision for legal fees and other trust expenses.

The initial portfolio of eight assets generated realised total comprehensive income of RM172.1 million compared to the forecast of RM166.8 million resulting in a positive variance of RM5.3 million. Despite Sunway Putra Place recording a net realised loss of RM4.8 million, the realised total comprehensive income for the portfolio was RM167.3 million, ahead of forecast by RM0.5 million due to the strong performance of the initial portfolio of eight assets.

Together with an unrealised income of RM386.4 million contributed mainly by fair value gain on investment properties, total comprehensive income for FP 2011 was RM553.7 million. Total income available for distribution was RM176.8 million being realised total comprehensive income of RM167.3 million and surplus cash arising from the 50% manager's fee paid / payable in units of RM9.5 million translating to DPU of 6.6 sen, in line with forecast. As at 30 June 2011, the Manager has distributed 5.0 sen and the balance 1.6 sen shall be distributed in September 2011.

Performance Benchmark

	FP 2011	Narration
Management expense ratio (%) ¹	0.8	Management expense ratio of 0.8% is comparable to the top five M-REITs (in terms of total asset value) which ranges from 0.7% to 1.1%.
Annual total return / Average annual return (%) ²	29.3	Total return for the period was 29.3% whereby capital gain since listing on 8 July 2010 (based on institutional price) was 23.3% plus annualised distribution yield of 6.0%. Since Sunway REIT does not have any distribution yield and capital appreciation history other than pertaining to FP 2011 there is no difference between the total return and average annual return.
Distribution yield (%) ³	6.0	Annualised distribution yield has compressed from 7.5% as at listing to 6.0% with the steady increase in price from RM0.90 (institutional price as at listing) to RM1.11 as at 30 June 2011. At a yield of 6.0%, investment in Sunway REIT remains attractive due to its positive attributes of biggest market capitalisation, asset size, liquidity, free float and growth prospects.
NAV per unit (RM) ⁴	1.03	NAV per unit was RM1.03, a marginal increase of 5% since listing arising from revaluation of the properties.

¹ The ratio of expenses incurred in operating Sunway REIT of RM22.8 million to the NAV of Sunway REIT of RM2,727.5 million.

² Annual total return represents the change in unit price (based on institutional price) from listing date of 8 July 2010 to 30 June 2011 plus distribution yield for the period. Average annual return is the sum of the return rates of Sunway REIT over a given number of years divided by that number of years.

³ Based on annualised DPU of 6.7 sen divided by its closing price as at 30 June 2011 of RM1.11.

⁴ NAV of Sunway REIT as determined by deducting the value of all Sunway REIT's liabilities from the total asset value, divided by total units issued.

Fair Value Gain

RM **385.6**
million

Fair Value of Investment Properties

By property	Acquisition cost RM'000	Capital expenditure RM'000	Appraised value RM'000	Fair value gain RM'000
Initial IPO assets				
Sunway Pyramid Shopping Mall	2,132,025	979	2,345,000	211,996
Sunway Carnival Shopping Mall	231,742	46	250,000	18,212
SunCity Ipoh Hypermarket	46,348	-	50,000	3,652
Sunway Resort Hotel & Spa	444,944	13,410	495,000	36,646
Pyramid Tower Hotel	250,281	-	280,000	29,719
Sunway Hotel Seberang Jaya	51,910	-	56,000	4,090
Menara Sunway	127,921	97	138,000	9,982
Sunway Tower	171,489	114	189,000	17,397
Total for initial portfolio	3,456,660	14,646	3,803,000¹	331,694
Acquisition during FP2011				
Sunway Putra Mall	222,991	-	246,000	23,009
Sunway Putra Hotel	217,552	-	240,000	22,448
Sunway Putra Tower	81,582	-	90,000	8,418
Total for Sunway Putra Place	522,125³	-	576,000²	53,875
Total Portfolio	3,978,785	14,646	4,379,000	385,569
By segment				
Retail	2,633,106	1,025	2,891,000	256,869
Hotel	964,687	13,410	1,071,000	92,903
Office	380,992	211	417,000	35,797
Total	3,978,785	14,646	4,379,000	385,569

¹ Appraised value based on valuation carried out by an independent professional valuer, Knight Frank on 30 June 2011.

² Appraised value based on valuation carried out by an independent professional valuer, Knight Frank on 16 March 2011.

³ The acquisition cost of Sunway Putra Place of RM522.1 million comprise the purchase consideration of RM513.9 million, acquisition fee payable to the REIT Manager of RM5.1 million and other incidental costs on acquisition of RM3.1 million.

Status of Utilisation of Proceeds

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation RM'000	Deviation RM'000	%
Part funding for the acquisition of properties	1,416,992	1,416,992	Within 1 month from listing date	-	-
Defray listing expenses	69,800	64,179		5,621	8.1
Total	1,486,792	1,481,171		5,621	0.4

Sunway REIT raised a total of RM1,486.8 million during the IPO of which RM1,417.0 million was utilised to part finance the acquisition of the initial portfolio of 8 properties at a consideration of RM3,456.7 million. The balance purchase consideration was funded by borrowings of RM1,118.7 million and RM921.0 million was in the form of consideration units. RM64.2 million out of total allocation of RM69.8 million was utilised to defray listing expenses and the surplus of RM5.6 million was used as working capital.

OPERATIONS REVIEW

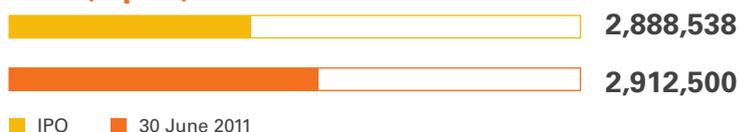
ORGANIC GROWTH & KEY OPERATION DATA

Asset Enhancement Initiatives

The Manager had undertaken three asset enhancement initiatives during the financial period ended 30 June 2011 (FP 2011) to increase revenue and to maintain competitiveness of the properties.

Net lettable area of the retail and office properties (excluding Sunway Putra Place) have been increased by 23,962 sq. ft. from 2,888,538 sq. ft. to 2,912,500 sq. ft. by the creation of additional or new rental space from common areas. The increase in net lettable area which was attributable to Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Menara Sunway will contribute additional revenue of RM2.9 million annually.

NLA (sq. ft.)



NLA Increase (excluding acquisition)

23,962

sq. ft.

Property	NLA at IPO sq. ft.	NLA at 30 June 2011 sq. ft.	Increase in NLA sq. ft.
Sunway Pyramid Shopping Mall	1,685,568	1,699,552	13,984
Sunway Carnival Shopping Mall	484,364	487,178	2,814
Menara Sunway	268,978	276,142	7,164
Total	2,438,910	2,462,872	23,962

In conjunction with the rental renewal exercise undertaken at Sunway Pyramid Shopping Mall during FP 2011, the property manager took the opportunity to reconfigure and rationalize some of the space. A total of 40,582 sq. ft. had been reconfigured or rationalized which resulted in 67% increase in ARR of these areas from RM3.50 per sq.ft. to RM5.83 per sq. ft. generating incremental annual revenue of RM1.1 million. Further, the property manager had introduced new tenants such as Coach, Salabianca, Dressing Paula, Marry Merry, Daiso, Brands Outlet and many more to improve the tenant mix of the mall and to provide customers with a new shopping experience.

Sunway Resort Hotel & Spa had completed the renovation of its coffee house to rejuvenate and reposition itself to maintain competitiveness. The coffee house is now rebranded as Fuzion, providing a new dining concept. The hotel has also upgraded its pool area to blend in with the new coffee house concept and to provide a wider range of facilities to guests. These two enhancements were completed at a total cost of approximately RM13.4 million.

Rental Renewals

A total of 519 tenancies representing 47.0% of the total NLA of the retail and office portfolio had been renewed with a rental increase of 14.4¹%, mainly attributable to Sunway Pyramid Shopping Mall which recorded an increase of 16.3¹%.

Rental Rate Increase

14.4¹%

Property	Number of renewed tenancies	NLA Renewed sq. ft.	% of total NLA of respective property	Total Rental Increase (For 3 Years) %
Sunway Pyramid Shopping Mall	421	1,111,830	65.4	16.3 ¹
Sunway Carnival Shopping Mall	64	230,510	47.3	3.9
SunCity Ipoh Hypermarket	1	181,216	100.0	10.0
Menara Sunway	32	223,732	81.0	8.5
Sunway Tower	1	9,937	3.7	5.0
Total Portfolio²	519	1,757,225	47.0	14.4¹

¹ Increase for 3 years including step-up rent and include reconfigured space.

² Excludes hotel properties which are under 10-year hotel master lease due in July 2020. Hotel master lease for Sunway Putra Hotel has not commenced.

Lease Expiry Profile

The portfolio enjoys a well-spread lease expiry profile with 12.0%, 12.1% and 27.3% of NLA expiring in FYE 2012, 2013 and 2014 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 FY 2012 are monthly tenancies occupying 0.8% of the total NLA.

The hotel master leases are for a term of 10 years expiring in July 2020 with the option to renew for another 10 years.

The WALE as at year end was 3.01 years compared to 2.87 years as at listing date upon conclusion of renewal at Sunway Pyramid Shopping Mall covering more than 1 million sq. ft. in the FP 2011.

Weighted Average Lease Expiry (WALE)

3.01_{years}

WALE (No. of Years)

Retail		1.83 years
Hotel		9.03 years
Office		1.59 years

Expiring tenancies as % of Retail & Office NLA and Hotel GFA

FY 2012		12.0%
FY 2013		12.1%
FY 2014		27.3%
After FY 2014		39.1%

OPERATIONS REVIEW

ORGANIC GROWTH & KEY OPERATION DATA (CONT'D)

Top 10 Tenants

Sunway REIT has a diverse tenant mix comprising 966 tenancies and two hotel master leases. The 10 largest tenants accounted for approximately 16.6% of total revenue.

Top 10 Tenants

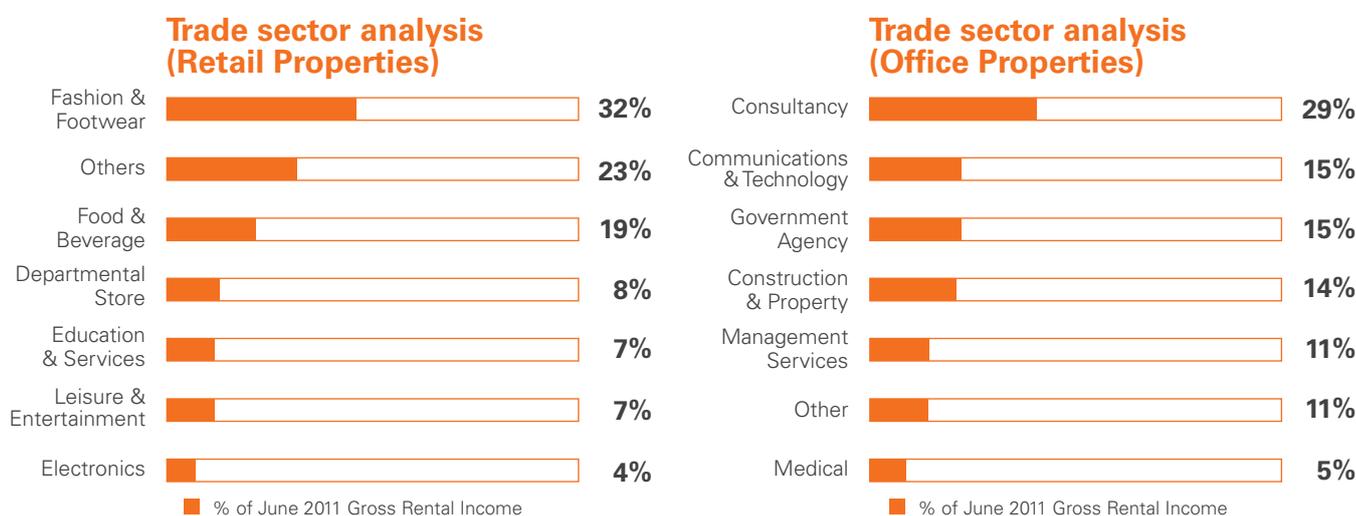
16.6
% of total revenue

Tenant	Trade	Tenancy Expiry Date	% of Total Revenue ¹
Sunway Leisure Sdn Bhd	Carpark Operator	30-Sep-12	3.6
Ranhill Worley Parsons Sdn Bhd	Consultancy (Oil & Gas)	30-Jun-12	3.2
GCH Retail (M) Sdn Bhd (GIANT)	Supermarket	5-May-14	1.9
Parkson Corporation Sdn Bhd	Departmental Store	18-Jul-13	1.8
AEON Co (M) Berhad (JUSCO)	Departmental Store	29-Sep-13	1.4
Suruhanjaya Koperasi Malaysia	Government Agency	30-Jun-13	1.3
TGV Cinemas Sdn Bhd	Cinema	22-Jul-12	1.0
Alcatel-Lucent Malaysia Sdn Bhd	Communication	31-May-12	0.8
Sunway Resort Hotel & Spa Sdn Bhd	Convention Centre	31-Dec-13	0.8
Sunway City Bhd	Property	30-Nov-12	0.8
Total			16.6

¹ Based on total gross rental income for the month of June 2011, excluding hotel master lease rental income.

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



OPERATIONS REVIEW ACQUISITION GROWTH

Acquisition

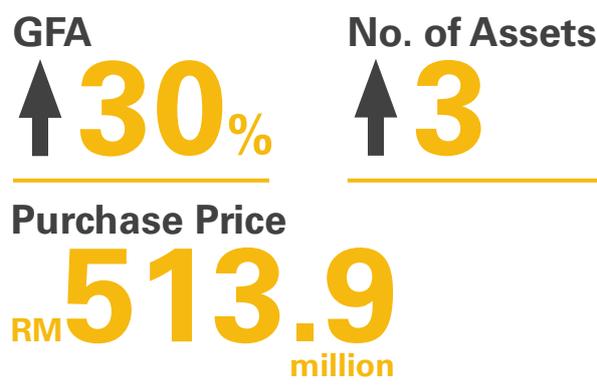
The Trustee with the assistance of the Manager acquired a property known as Putra Place for a total cash consideration of RM513.9 million (valued at RM576 million) via a public auction on 30 March 2011. The acquisition was completed on 19 April 2011 upon registration of the Certificate of Sale (National Land Code Form 16F) with the Kuala Lumpur Land Registry. The property is a freehold mixed-use development located in Kuala Lumpur comprising: -

- An 8-level podium retail/shopping complex known as "The Mall"
- An office tower known as "100 Putra Place"
- A 25-storey 5-star rated hotel, service apartments and penthouses known as "The Legend"
- 1,323 parking bays

Pursuant to the acquisition, Sunway REIT portfolio has been enlarged as follows: -

"The auction, held yesterday, is believed to be the largest public auction in Malaysia."

Business Times article titled, "Putra Place finally sold for RM514 million." dated 31 March 2011



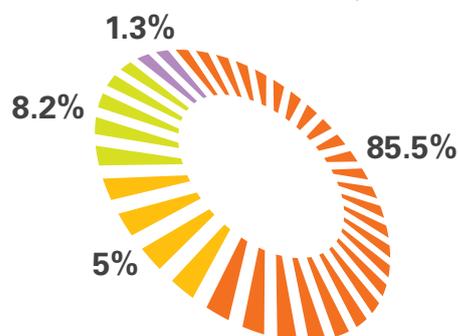
Number of assets	As at IPO	Acquisition	Movement during FP 2011	As at 30 June 2011	Growth % (Arising from Acquisition)
- Retail	3	1	-	4	33
- Hotel	3	1	-	4	33
- Office	2	1	-	3	50
Total	8	3		11	
Asset value (RM million)	3,456.7	522.1 ¹	400.2 ²	4,379.0	
GFA (sq. ft.)	8,147,025	2,474,061	-	10,621,086	30
NLA (sq. ft.)	2,888,538	824,244	23,962 ³	3,736,744	29
Number of hotel rooms	1,193	631	-	1,824	53
No. of carpark bays	7,484	1,323	-	8,807	18

¹ The acquisition cost of Sunway Putra Place of RM522.1 million comprise the purchase consideration of RM513.9 million, acquisition fee payable to the REIT Manager of RM5.1 million and other incidental costs on acquisition of RM3.1 million.

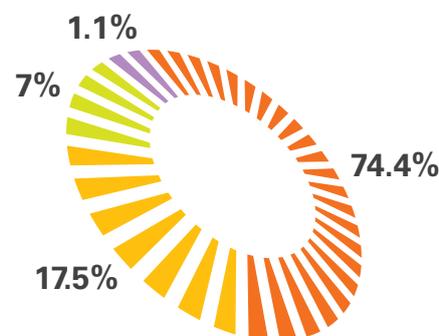
² Comprises fair value gain of RM385.6 million and capital expenditure of RM14.6 million.

³ Being additional NLA created from asset enhancement initiatives for the initial portfolio of eight assets.

Further, the acquisition also enhanced the geographical diversification of the asset portfolio (by value) whereby the asset concentration at Bandar Sunway has been reduced from 85.5% to 74.4%.



IPO



30 June 2011



CAPITAL & RISK MANAGEMENT

CAPITAL MANAGEMENT

Total Borrowings

RM **1.573** billion

Gearing

35.3%

Debt Service Cover Ratio

3.7 times

Average Cost of Debt

4.54%

The Manager aims to optimize 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 gearing level and adopting an active interest rate management strategy to manage the risks associated with interest rates.

The Manager intends to implement this strategy by:

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

As part of the capital structure at listing on 8 July 2010, Sunway REIT had a term loan facility of RM1 billion with tenure of 2 years (RM300 million), 3 years (RM400 million) and 4 years (RM300 million). The Manager had drawdown RM600 million on a floating rate basis and RM400 million

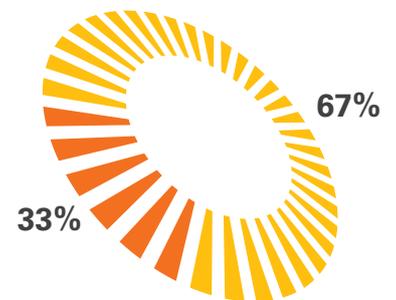
on a fixed rate basis to balance the opportunity from the lower floating rate and potential exposure to rates escalation. The Manager further entered into an interest rate swap to convert RM100 million from floating to fix rate thereby resulting in an initial portfolio with 50% fixed and 50% floating rate. The Manager had further borrowed a 5-year term loan of RM514 million on a floating rate basis in April 2011 to finance the acquisition of Sunway Putra Place thus altering the mix to 67% floating rate and 33% fixed rate. Sunway REIT also has a revolving credit facility of RM150 million of which RM59.4 million had been utilized as at year end.

In order to remove uncertainties in interest rates for the floating rate portion amounting to RM 1.014 billion, refinancing risk and to facilitate funding of future acquisitions, the Manager will be establishing a 20-year RM3 billion Medium Term Note programme in the next financial year. This programme will further enhance the matching of long term assets with long term financing.

	Term Loan Maturity Schedule		RM million
2 year	240	60	300
3 year	160	240	400
4 year	100 ¹	200	300
5 year	514		514

■ Fixed rate ■ Floating rate

¹ Arising from RM100 million interest rate swap from floating to fix rate.



Fixed vs. Floating Rate Mix (Term Loan)

■ Fixed rate
■ Floating rate

CAPITAL & RISK MANAGEMENT

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 on 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 risk 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 manages such risk by evaluating potential acquisitions against an approved investment criteria.

- **Valuation risk**

Risk that assets may suffer a decline in value thus affecting profitability and gearing. Such a situation may occur if the asset suffers a decline in occupancy and rental rates. The Manager ensures that all the assets under management maintains its high occupancy level and rental rates by adopting various asset management strategies such as developing strong relationships with tenants, providing value-added property related services to tenants, improving tenancy mix, reducing reliance on major tenants, organizing promotional activities to attract customers to the properties etc.

- **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 embarked on an alternative financing arrangement to establish a 20-year RM3 billion Medium Term Note (MTN) programme. This programme will enable Sunway REIT to better manage its refinancing and interest rate risks as the notes can be issued at longer tenure at fixed rate.

- **Liquidity risk**

Risk that funds are inadequate to meet obligations. The Manager, working together with the property manager actively and continuously monitor the debtors ageing record of tenants. The property manager shall promptly engage with tenants who are slow in making payments and will take necessary actions against such tenants. As at 30 June 2011, debtors turnover is approximately 10 days and do not pose any significant risk to Sunway REIT.

- **Interest rate risk**

Risk that adverse movements in floating interest rates will affect financial performance. The 20-year RM3 billion MTN programme will be able to alleviate this risk as interest shall be on fixed rate basis for such issuances.

- **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 property manager collaborates closely with the sponsor, Sunway City 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 Integrated Resort City by its strategy to acquire properties at other key growth cities throughout Malaysia.

INVESTOR & MEDIA RELATIONS

Key objective:

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



Q&A session with media for prospectus launch on 15 June 2010

We had attended 11 Investors conferences during the financial period ended 30 June 2011:-

Date	Investors Conferences	Location
17 Jul 2010	ShareInvestor's Investor Expo	Kuala Lumpur
29 Jul 2010	ASLI 13th National Housing & Property Summit	Selangor
11 Aug 2010	Citi ASEAN Investor Conference	Singapore
1 Sep 2010	UBS ASEAN & India Conference	Singapore
23 Oct 2010	Malaysia REIT Managers Association Malaysia REIT Retail Roadshow	Johor Bahru
19 Jan 2011	BNP Paribas ASEAN Conference	Singapore
25 Jan 2011	In the Spotlight @ Bursa Malaysia	Kuala Lumpur
4 Mar 2011	BNP Paribas ASEAN Conference	Hong Kong
21-22 Mar 2011	Credit Suisse 14th Asian Conference	Hong Kong
5 May 2011	Citi Asia Pacific Property Conference	Singapore
23 May 2011	Deutsche Bank Access Asia Conference	Singapore

Coverage by Research Institutions and Analysts during the financial period ended 30 June 2011

Research Institutions	Date of initiation	Target price (RM)	Recommendation
JP Morgan Securities (Malaysia) Sdn Bhd	16 Aug 2010	1.10	Buy
Credit Suisse Securities (Malaysia) Sdn Bhd	21 Sep 2010	1.15	Buy
Maybank Investment Bank Berhad	21 Sep 2010	1.15	Buy
RHB Research Institute Sdn Bhd	23 Sep 2010	1.05	Hold
SJ Securities Sdn Bhd	11 Nov 2010	1.09	Hold
OSK Research Sdn Bhd	19 Nov 2010	0.98	Hold

Meetings and Property Visits Statistics:-

Institutional Investors	Local	Foreign	Total
Meetings	35	70	105
Property Visits	3	6	9

Sunway REIT's official website was launched on 8 July 2010

We have strategically designed our web page based on few key criteria, including simplicity and ease of reference. We have also ensured the presentation style of our website is consistent with our investor presentation materials to present a consistent brand image to the market. We posted presentation materials and other relevant information including videos and radio interview on the website to reach the widest stakeholders in the most efficient manner to ensure material information are accessible by all stakeholders anywhere and anytime.

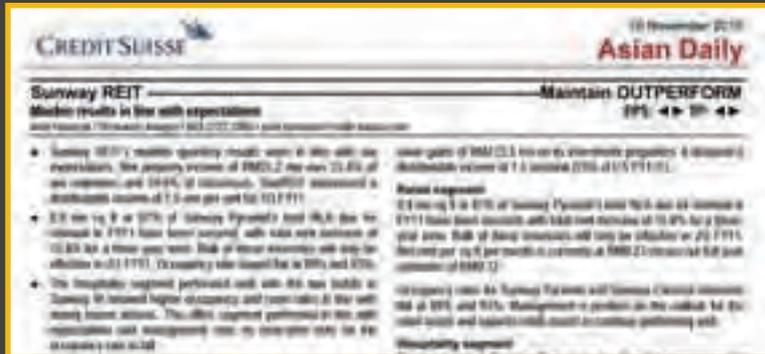
Website: www.sunwayreit.com
Email: irsunreit@sunway.com.my



Birth of largest REIT in Malaysia on 8 July 2010



Panel discussion at the retail roadshow in Johor Bahru on 23 October 2010



INVESTOR &
MEDIA RELATIONS
MAKING THE HEADLINES

CREDIT SUISSE
31 December 2010
Asia Pacific Research
Equity Research
REITs

Sunway REIT

Malaysia's largest and most liquid REIT

- Income with capital growth:** The steady earnings of Sunway REIT (SREIT) are underpinned by a diversified portfolio of assets, including commercial, residential and industrial properties. SREIT is currently the largest REIT in Malaysia by market cap and asset size, and its high yield, with an average daily trading volume of RM2.1 million, Sunway REIT ranks 20th of SREITs, and most recently a premium of 10% that can potentially be realized into the long-term dividend yield of 6.6% (vs. 5.6% for SREITs) over a 12-month period of 1.4%.
- Robust organic growth:** The steady track record of SREIT's occupancy income will grow by 5.7%, 6.5% and 6.6% in FY11, FY12 and FY13, respectively, largely driven by retail properties in Sunway Pyramid. The future development of Sunway REIT is also underpinned by the fact that the total of fully occupied assets to reach supply stage increases in the medium term.
- Highly rated and attractive:** Sunway REIT has been rated as a 'BBB+' by Moody's, and is the first of a Sunway Finance Shipping trust which accounts for 60% of SREIT's total asset value. It has also been rated as 'A' by Standard & Poor's and the price is below a value that reflects its underlying business.
- Further yield compression:** With government interest rates and government bonds at 4.0%, Sunway REIT's yield will be 2.6% (vs. 2.0% for SREITs) over a 12-month period of 1.4%.

Maybank IB Research
31 December 2010

Sunway REIT

Initiating Coverage

Treasures of the Pyramid

Buy

Share price: RM2.00
Target price: RM2.15

Strong dividend yield of 6.6% (vs. 5.6% for SREITs)

Strong dividend yield of 6.6% (vs. 5.6% for SREITs)

Strong dividend yield of 6.6% (vs. 5.6% for SREITs)

OSK
MALAYSIA EQUITY

Sunway REIT

Initiate Coverage

Size Does Matter

Sunway Real Estate Investment Trust (Sunway REIT) is the largest Malaysian REIT (SREIT) with an asset size of RM3.7bn and a free float of 48.1%. Providing investors with exposure to the retail, residential and office sub-sectors, Sunway REIT is a defensive REIT that offers a long-term growth catalyst. Given its low dividend yield of 6.7% (vs. the sector's 6.4%) and the fact that it is trading at 1.8x PNAV, Sunway REIT may likely to appeal to only certain classes of investors, especially those with a defensive investment strategy. We initiate our coverage on Sunway REIT at RM2.58 based on 1.5x PNAV with a 'Hold' call.

The synergy factor. The complete set of properties and structures in Sunway Pyramid

JP Morgan
Sunway REIT

Strong dividend yield of 6.6% (vs. 5.6% for SREITs)

Strong dividend yield of 6.6% (vs. 5.6% for SREITs)

Strong dividend yield of 6.6% (vs. 5.6% for SREITs)

RHB
Malaysia

Sunway REIT

Initiate Coverage

Corporate Highlights

12 December 2010

RM2.00

RM2.15

RM2.30

RM2.45

RM2.60

RM2.75

RM2.90

RM3.05

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RM4.70

RM4.85

RM5.00

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RM11.15

RM11.30

RM11.45

RM11.60

RM11.75

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RM12.05

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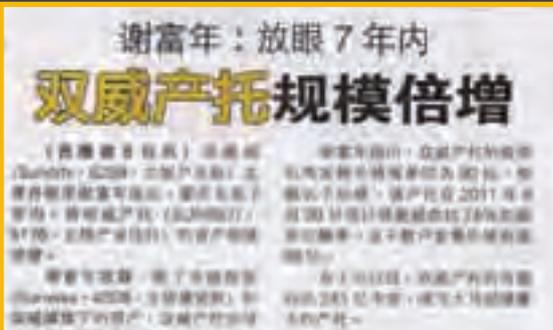
RM20.00

Bank Negara
Sunway REIT

Strong dividend yield of 6.6% (vs. 5.6% for SREITs)

Strong dividend yield of 6.6% (vs. 5.6% for SREITs)

Strong dividend yield of 6.6% (vs. 5.6% for SREITs)



INVESTOR &
MEDIA RELATIONS
MAKING THE HEADLINES



MARKET REPORT

Dated : 31 July 2011

1.0 Economic Overview

The economy grew by 4.6% in Q1 2011, supported by domestic demand and exports, principally higher commodity prices and non-electrical and electronic exports. It is marginally lower than the 4.8% achieved in Q4 2010 reflecting regional and global uncertainties on economic recovery in the major economies in the West and Japan. Domestic investments remain strong spurred by the implementations

of Entry Points Projects under the Economic Transformation Plan (ETP), whilst foreign direct investments continue to flow in. Some of the key entry point projects are shown in Table 1.1.

Inflation rose to a high of 3.3% in May 2011 compared to 2.2% in 2010 (Chart 1.1). To curb liquidity over concerns on inflation and a perceived overheated property market, Bank Negara raised the key Benchmark Overnight Policy Rate, four times

since March 2010 to a current of 3.0%, and increased the Statutory Reserve Requirement to 4% on 16 July 2011. Inflation is expected to be 3.6% for the year, declining to 2.8% in 2012. Restriction on margin to a maximum of 70% also imposed on the purchase of the third residential property owned.

Table 1.1

Entry Points Projects (EPPs) under the Economic Transformation Plan (ETP)

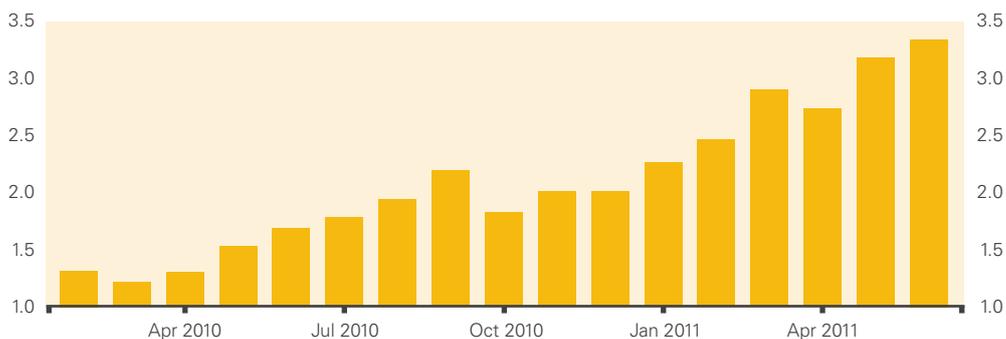
Entry Point Projects (EPPs)	Gross Development Value (GDV)	2020 Gross National Income (RM million)	Jobs
The proposed Mass Rapid Transit (MRT) in Kuala Lumpur	RM54 billion	21,266	20,000
The International Financial Centre in Kuala Lumpur	RM26 billion	3,140	2,010
Redevelopment of Rubber Research Institute land at Sungai Buloh	RM10 billion	ND	ND
The 100 storey Permodalan Nasional Berhad (PNB) office tower in Kuala Lumpur	RM6.5 billion	ND	5,000
Malaysia Truly Asia Centre	RM60 million	223	1,700

Source: Performance Management and Delivery Units (PEMANDU), July 2011

*ND: Not Determined

Chart 1.1

Malaysia Inflation Rate Trend



Source: Department of Statistics, July 2011



Consumer sentiment remains high as can be seen from Chart 1.2, but with expected higher inflation continuing the rest of the year due to the rising petrol price, the recent 7.12% hike in power rate and the planned staged reductions in subsidies in key foodstuffs, there will be an erosion of disposal household income as salary increases has not matched inflation.

Headline Consumer Price Index (CPI) rose by 3.5% year-on-year (YoY) for June 2011 as rising consumer prices take effect. Core inflation is trending higher to above 3% YoY, the highest level since November 2008. This is due to cost-push price pressure, as well as rising food prices.

Early data on the 2010 Census indicated that the total population was 28.58 million, showing a growth

rate of 2.17% per annum over the last decade. This reflected a slowing trend in population growth when compared to the 2.6% for the period 1991-2000. Selangor has the highest population and fastest population growth rate in Malaysia. Chart 1.3 shows the total population of Malaysia and the average growth rate over the last decade.

Table 1.2

Trend in CPI and its Constituents

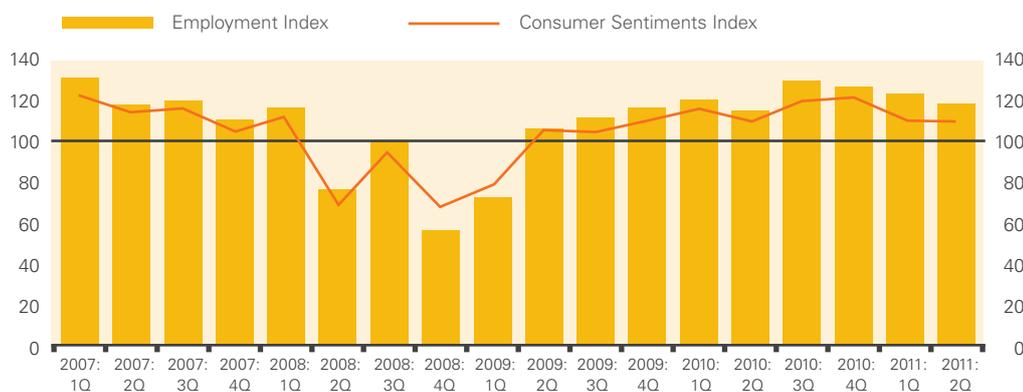
Month-on-Month Change	November 2010	December 2010	January 2011	February 2011
CPI	2.0	2.0	2.4	2.9
Food & Non Alcoholic Beverages	3.0	2.8	3.6	4.7
Housing / Utilities / Fuel	1.4	1.5	1.4	1.5
Transport	2.0	3.6	4.3	4.5
Non-Food	1.5	1.9	1.9	2.1
Liquidity (seasonally adjusted)	11.0	11.1	13.2	NA
Real Returns (%)	0.8	0.6	0.4	(0.2)

Source: Department of Statistics Malaysia, 2011, DTZ Consulting & Research, July 2011

*NA: Not Applicable

Chart 1.2

Consumer Sentiment Index (CSI)



Source: Malaysia Institute of Economic Research, April 2011

MARKET REPORT (CONT'D)

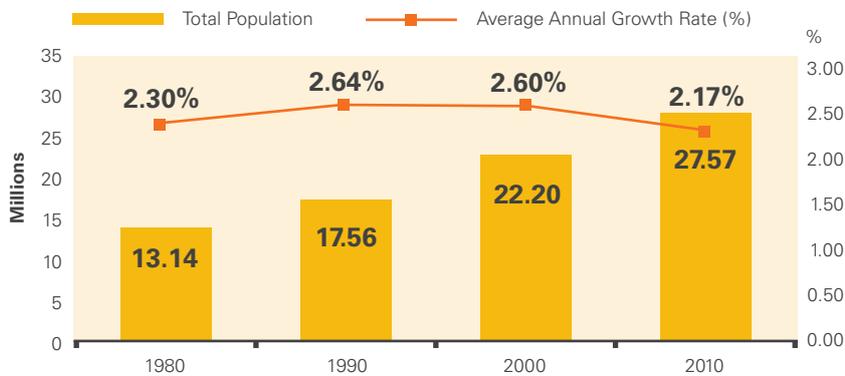
The latest 2009 survey indicated that the mean national household income is RM4,025, and grew by 4.4% per annum over the period 2004-2009. This is higher than the previous survey which registered 4.1% per annum in the period 2000-2004. In general, urban household have an income of RM4,705 which is higher by 85% above rural households. Nevertheless, rural household income is growing at a faster pace to urban households at 6.3% due to lower base.

Table 1.3 shows the household income in Malaysia, Selangor has the highest average income at RM5,962, followed by Kuala Lumpur, Penang and Johor.

Unemployment rate hovers below 3.5%, with the latest April unemployment rate at 3.0%, which was unchanged from February. The unemployment rate is trending downward since the high of 2009, when it peaked at 4.1% in February 2009. Chart 1.4 shows the unemployment rate in Malaysia for the past ten years.

Graduate unemployment due to the inability to fit to industry and labour market requirements is a continuing issue that the Malaysian Government is aware of and trying to rectify. The continuing import and dependence on unskilled foreign labour in the manufacturing, construction and agriculture sectors is a concern that needs to be addressed in the longer term. There is currently an estimated three million migrant workers in Malaysia.

Chart 1.3
Total Population and Average Growth Rate



Source: Department of Statistics Malaysia, July 2011

Table 1.3
Household Income in Malaysia

	Mean Household Income (RM)		Annual Growth Rate (%)
	2004	2009	2004 - 2009
Selangor	5,157	5,962	2.9
Kuala Lumpur	5,011	5,488	1.8
Penang	3,531	4,407	4.5
Johor	3,076	3,835	4.5
Perak	2,207	2,809	4.9
Malaysia	3,249	4,025	4.4
Urban	3,956	4,705	3.5
Rural	1,875	2,545	6.3

Source: Department of Statistics, Malaysia, DTZ Consulting & Research, July 2011

With the ETP projects creating 63,531 new jobs, the job market is expected to continue to be tight with unemployment rate projected to decline to 2.4% by the end of the year, and 2.0% in 2012.

Tourist arrivals are expected to grow by about 4.2%, with a target of 25 million arrivals. There is a slight dip in the first quarter of the year but this is expected to pick up during the mid year summer season. Tourist spending totalled RM56.5 billion last year which reflected a 12.6% growth per annum over the last decade and a substantial part of this is on accommodation and shopping.

Retail sale was up by 7.8% in 2010, and is estimated to grow at a slower pace of 5% this year with retailers expressing caution. This is fuelled by increase in personal consumption as well as growth in personal debt which has been increasing strongly.

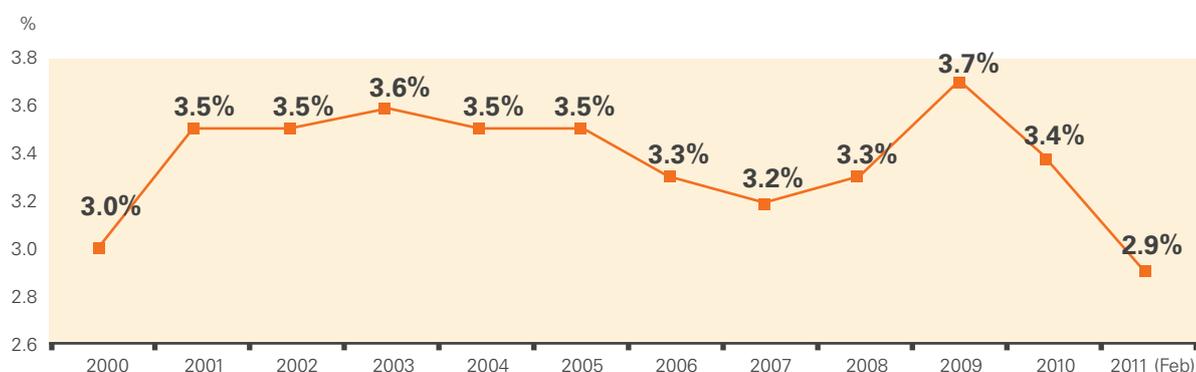
In line with regional currency trend, the Ringgit appreciated against the US Dollar since last year, hovering around the RM3 mark for much of 2011 and this will make Malaysian exports less competitive. External uncertainties such as the political uncertainties in the Middle East, Europe and the United States debt crisis cast a shadow over global economic growth, and have a direct

impact on tourist arrivals for the peak summer period from the Middle East and Japan into Malaysia.

Growth in the second half is likely to trend lower as export and industrial production indicators slow down. Bank Negara nevertheless remains convinced that this will not hamper the country's competitiveness and continue to remain optimistic that the target GDP growth of 5.5% to 6% will be achieved for the year but analysts are revising downward initial projections. Chart 1.5 shows the Malaysian GDP growth for the past ten years and forecast number for year 2011.

Chart 1.4

Unemployment Rate, Year 2000 – February 2011



Source: Department of Statistics Malaysia, July 2011

Table 1.4

Labour and Employment Statistics

Principal Statistics	Total	Male	Female
Working age population ('000)	18,373.200	9,341.500	9,031.700
Labour force ('000)	11,517.200	7,351.800	4,165.400
Employed persons ('000)	11,129.400	7,112.100	4,017.300
Number of unemployed	387.900	239.700	148.100
Outside labour force ('000)	6,855.900	1,989.700	4,866.300
Labour force participation rate (%)	62.7	78.7	46.1
Unemployment rate (%)	3.4	3.3	3.6

Source: Department of Statistics Malaysia, July 2011

MARKET REPORT (CONT'D)

Chart 1.5

Malaysian GDP Growth, Year 2001-2011 (forecast)



Source: Department of Statistics, Malaysia, DTZ Consulting & Research July 2011

1.1 Impact of the Economic Transformation Plan (ETP) on Sunway REIT's assets

The ETP initiated by the government will expect to have strong positive impact on the Malaysian economy and for Sunway REIT's assets. Already 131 Entry Point Projects (EPPs) valued at RM795 billion have been identified which will create 3.3 million new jobs.

Under this Plan, Greater Kuala Lumpur area will be one of the twelve focus areas. Some of the major projects announced here include:

- i) The New Low Cost Carrier Terminal at Kuala Lumpur International Airport

This project will generate significant spin off for tourist arrivals to Malaysia. With a capacity to handle 30 million passengers, the project is scheduled for completion in April 2012. In preparation for this to be its principal hub, AirAsia has recently signed off the purchase of 300 aircrafts with Airbus Industries. This will have a strong impact on the hotel, retail and theme park at Sunway Integrated Resort City (SIRC).

- ii) Establishing Malaysia as a leading business tourism destination

Under the Economic Transformation Programme, Malaysia targets to grow business tourism arrivals from 5% to 8% of the overall tourist arrivals, which translates to an increase from 1.2 million to 2.9 million by year 2020. In addition, the business tourism industry is expected to contribute RM3.9 billion in incremental Gross National Income (GNI) and 16,700 additional jobs to the nation by year 2020.

Having integrated six different components: live, work, shop, play, study and wellness, SIRC is one of the major master-planned townships promoting business tourism. Thus, the SIRC development is expected to benefit from this initiative.

- iii) Mass Rapid Transport (MRT)

This approximately RM54 billion project will commence this year and expected to generate strong spin off for the construction industry, and business/professional services directly linked to it such as in the engineering profession, architecture and other services.

There will be direct impact on hotel and office demand, as well as on retail as flows of consumers accelerate. As an integrated asset with retail, hotel and office components, the newly acquired Putra Place will benefit from this initiative as it is strategically located in between the existing and proposed public transportation route.

It is believed that the impact on potential growth of property prices will be greater for areas furthest from the city centre. Better accessibility, provided by the MRT, will raise the attractiveness of the location(s) and should drive prices higher due to increasing demand. Consequently, SIRC will be positively affected by this initiative as the new MRT line will be the chosen mode of transport for those living in Subang Jaya. Map 1.1 shows the proposed MRT route map and various connectivities to SIRC and Putra Place.

iv) Expanding education and healthcare sectors

These initiatives aim to significantly increase individual willingness to pay for high-quality education course offerings as well as to export education by developing Malaysia as a regional education hub. It will also help attract more students locally and internationally as well as new growth area of medical tourism where there are two top-tier Universities (Sunway University and Monash University), an award-winning Sunway Medical Centre and other educational facilities such as Sunway College and Sunway International School, which are all located within Bandar Sunway. Retail and business services will also be indirectly boosted by the development of education and healthcare sectors. Furthermore, demand for residential as well as hospitality sectors will also increase which will complement the Sunway South Quay development and help increase dynamic synergies with SIRC.

v) Malaysia Truly Asia Centre

This project will enhance the reputation of Malaysia as a tourist destination, and complement the existing Sunway Lagoon. There will be direct positive impacts on hotels and retail spending when the project is completed.

In addition, RM50 million will be allocated each year for the promotion of MICE to enhance the business tourism sector, which currently comprises 5% of tourist arrivals. Putra Place is also expected to be positively impacted in terms of its hospitality and retail sector due to the excellent location next to Putra World Trade Centre (PWTC), one of the top convention centres in Kuala Lumpur.

vi) Population boom and acceleration of urbanization in the Greater Kuala Lumpur

The government is aiming for a population boom in Greater Kuala Lumpur (Greater KL), with numbers increasing from the

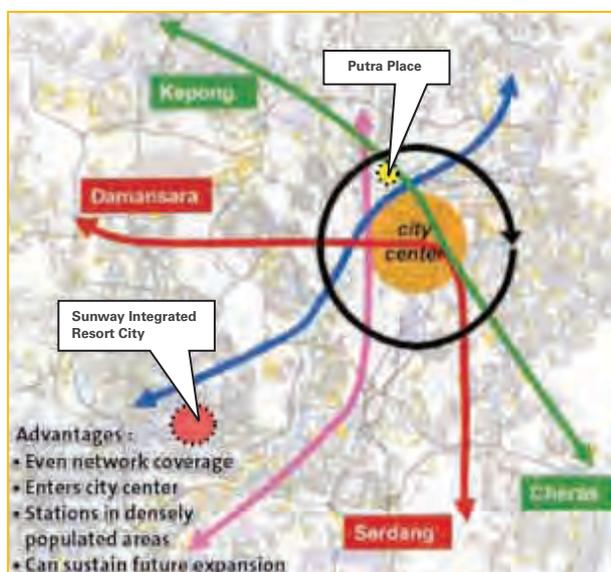
current six million to ten million by 2020, with foreigners comprising some 20% of the population. The additional 1.6 million foreigners expected in Greater KL by 2020 from the current 540,000 will likely help increase demand and boost property sales.

Developers with high exposure to the Greater KL property market would be the beneficiaries of this development. Sunway REIT has a large exposure to the Greater KL markets with more than 90% of total asset value contributed from this strategic location.

To date, 50% or 65 of the 131 EPPs have taken off, represented by 87 initiatives. Cumulatively, these initiatives recorded RM169.78 billion investments, RM220.15 billion GNI and 362,396 new jobs. The initiatives are now in various stages of progress.

Overall, the ETP targets of income growth, inclusiveness and sustainability will be good for the property market in the long run.

Map 1.1
Proposed MRT Route Map



LEGEND

Existing

-  Kelana Jaya Line extension of 17km with 13 new stations that passes through Subang Jaya and ends at Putra Heights
-  Ampang Line extension of 17.7km with 13 new stations passes through Kinrara and Puchong and ends at Putra Heights

Proposed MRT

-  Damansara - Serdang
-  Kepong - Cheras
-  City Circle Line

Source: The Star, June 2010

MARKET REPORT (CONT'D)

1.2 Meetings, Incentives, Conferencing and Exhibitions (MICE)

In 2007, MICE tourists contributed RM3.17 billion or 6.9% of tourists receipts in Malaysia. The average per capita expenditure of MICE tourists was RM3,133 compared to the average per capita spent of RM2,196 by leisure tourists. The figure for 2009 was 1.18 million MICE tourists' arrivals contributing RM12.0 billion to total tourists' receipts. Acknowledging that MICE tourism is a potential revenue generator, the Ministry of Tourism established a one-stop body called the Malaysia Convention and Exhibition Bureau (MyCEB) in 2008 to intensify the promotion of MICE.

Malaysia leaped by a notable three spots to the 28th position in the latest International Congress and Convention Association (ICCA) in 2010. In the Asia-Pacific region, Malaysia was ranked 7th for the same year. The closest competitors are Singapore and Thailand which were ranked 5th and 6th

respectively in the region. In terms of ranking by cities, Kuala Lumpur and Penang were ranked 27 and 234 respectively. The number of meetings hosted grew 24 percent, from 96 meetings in 2009 to 119 meetings in 2010. Chart 1.6 shows the trend of International Association Meetings Held in Malaysia and Kuala Lumpur for the last eleven years and is on an uptrend.

In 2010, Malaysia welcomed 1.3 million international business event visitors, contributing an estimated RM17.6 billion in economic impact.

Within the next five years, the business tourism industry will be further supported by new facilities which offer international and regional associations and meeting planners more venue options to host their meetings and events in Malaysia.

Key developments in the pipeline include the expansion of the Kuala Lumpur Convention Centre by an additional 107,640 sq. ft. by end 2013, the Penang International

Convention and Exhibition Center by 2014 and the proposed development of the MATRADE Centre (1 million sq. ft.) by 2014.

Other new infrastructure to support the growing industry include the upcoming Kuala Lumpur International Airport (KLIA) Low Cost Terminal 2, an integrated urban Mass Rapid Transit (MRT) system and the construction of a series of pedestrian walkways throughout the capital city as part of the Greater Kuala Lumpur plan.

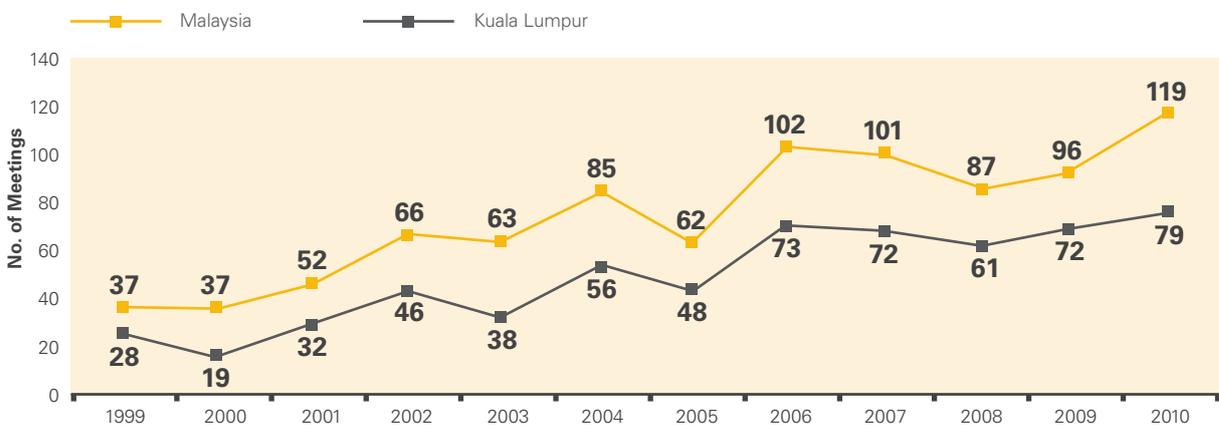
Table 1.5
MICE (Meetings, Incentives, Conventions and Exhibitions) tourist's arrivals to Malaysia

Year	MICE Tourist Arrivals
2006	0.82 million
2007	1.01 million
2008	1.04 million
2009	1.18 million

Source: Malaysian Tourism Promotion Board, April 2010

Chart 1.6

Number of International Association Meetings Held in Malaysia and Kuala Lumpur



Source: International Congress and Convention Association (ICCA) 2010, Malaysia Convention & Exhibition Bureau (MyCEB)

2.0 Malaysian REIT Overview

The Real Estate Investment Trust (REIT) market has seen tremendous growth and maturity over the last six years when the first REIT was listed, with a current 14 listed REITs with a total capitalization value of approximately RM10 billion as at end June 2011.

With the improvement in sentiment in Bursa Malaysia, REIT share value has risen in tandem with the FTSE Bursa Malaysia KLCI Index, with most counters now trading above their Net Asset Values, and average yield is 7.35%. With the

continued low interest environment, investment in REIT has gathered more interest due to the relatively attractive yield rate with the ability to hedge against rising inflation. This has also triggered a few proposed new REIT listings on the Main Market of Bursa Malaysia Securities Berhad, in the pipeline for this year which includes:

- i) Pavilion
- ii) PKNS
- iii) AXIS Global Industrial

REITs are one of the most active players in the property market, and continue to acquire assets both

within and increasingly outside the country. Major acquisitions completed in the last six months include Queenbays Mall by CapitaMall Trust Malaysia and Putra Place by Sunway REIT.

The prospect for the continued growth in the REIT segment remains good, as rentals and occupancy rates of property assets remain stable whilst capital values are generally increasing. There is also potential growth for more Shariah compliance REIT, as seen in the proposed AXIT Global Industrial REIT. Table 2.1 shows the Malaysia REIT financial data as at 30 June 2011.

Table 2.1

Summary of Malaysia REIT Financial Data – 30 June 2011

REIT	Period	Market Cap (RM Mil)	Total Asset Value (RM Mil)	Average Daily Trading Volume (Units)	Free Float (RM Mil)	DPU (sen)	Price (RM)	Yield (%)	NAV (RM)	NAV Premium (%)	Assets Type
Sunway	Q3 - Mar11	2,982	4,305	2,947,096	1,299	1.70	1.110	6.07	1.0149	9.37	Retail-focused
CMMT	Q3 - Jul11	1,854	2,278	1,324,012	793	3.40	1.240	5.63	1.0333	20.00	Retail
StarHill	1H - Dec10	1,043	1,619	268,696	343	3.29	0.885	7.44	1.1580	(23.58)	Hospitality
Axis	Q1 - Mar11	921	1,209	178,535	736	4.20	2.450	6.86	2.0020	22.38	Industrial
Al-Hadharah Boustead	2H - Dec10	909	844	106,630	194	6.20	1.450	8.49	1.4242	1.81	Diversified
Al-AQAR KPJ	2H - Dec10	685	1,011	300,650	47	3.30	1.180	5.69	1.0800	9.26	Plantation
UOA	Q1 - Mar11	596	555	65,043	384	2.46	1.410	6.93	1.4247	(1.03)	Office
AmanahRaya	Q1 - Mar11	527	896	186,839	243	1.81	0.920	7.96	0.9746	(5.60)	Diversified
AmFirst	2H - Mar11	506	1,045	426,996	317	4.94	1.180	8.30	1.4125	(16.46)	Diversified
Hektar	FY10 - Dec	432	998	114,698	124	10.30	1.350	7.74	1.3200	2.27	Retail
Quill Capita	2H - Dec10	421	782	187,659	1628	4.18	1.080	7.81	1.2800	(15.63)	Office
Tower	2H - Dec10	351	606	178,998	279	5.50	1.250	8.73	1.6800	(25.59)	Office
Atrium	Q1 - Mar11	133	184	91,367	84	2.15	1.090	7.89	1.0500	3.81	Industrial
AHP	June11	106	159	23,614	57	7.10	1.070	6.73	1.5200	(29.61)	Diversified

Source: Bloomberg, DTZ Consulting & Research, July 2011

¹ Starting date of average daily trading volume for all M-REIT's since 8 July 2010 while CMMT was from 16 July 2010, and ending date was 30 June 2011

MARKET REPORT (CONT'D)

3.0 Selangor - Petaling Jaya

3.1 Overview

Selangor is Malaysia's most populous state with 5.41 million and recorded a growth rate of 3.17% per annum over the last decade. This reflected a slowing trend in population growth when compared to the 6.03% for the period 1991-2000. The state share of the total population of Malaysia is 19.63%. Selangor's geographical position in the centre of Peninsular Malaysia contributed to the state's rapid development as Malaysia's transportation and industrial hub. This created jobs and attracted migrants from other states as well as overseas. Chart 3.1 shows the total population and average growth rate for Selangor.

3.2 Retail

Overall, the retail sector in Selangor is still healthy with overall occupancy of 88%, which is unchanged from the previous

year (refer Table 3.2). However with continuing new supply coming into the market, share fragmentation will take place at the expense of rental growth. As a result, only the most prime centres will experience reasonable rental growth with most of the other centres scrambling for diminishing market share.

Within the primary catchment area of Petaling Jaya, Sunway Pyramid and One Utama are the major regional malls in Selangor. There is however no major threat of another new regional mall in the shorter term due to the challenge of securing the right positioning and key anchor tenants' support as well as experienced management team.

However, new proposed supply in terms of smaller neighbourhood malls continue to be planned and launched, as shown in Table 3.1.

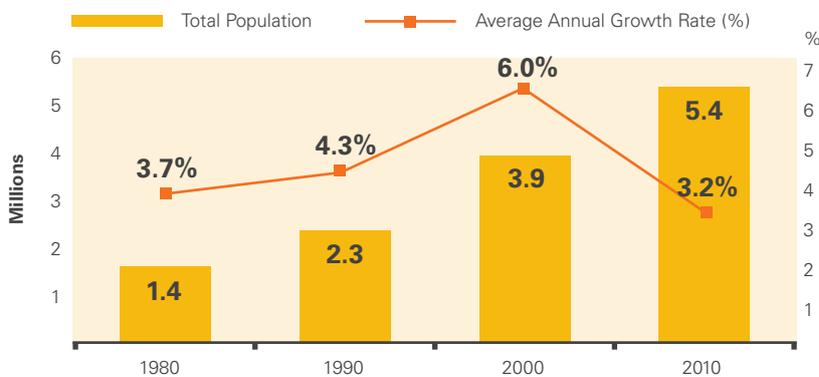
In Table 3.3, Selangor has an existing retail space provision of 4.54 sq. ft. per head of population which is lower than the average for

other major cities in Malaysia such as Kuala Lumpur (13.03 sq. ft. per head) and Penang (9.85 sq. ft. per head). However, it is higher than the national average of 4.13 sq. ft. per head.

Chart 3.2 shows that there is a relative undersupply of retail space in Selangor, given the estimated household income of RM5,962 per month and the current retail space of 4.54 sq. ft. per person.

Bandar Sunway primary trade area lies within a 15 minute drive radius of the centre. This primary trade area encompasses approximately 75% of the centre's customers. It comprises the following townships, with total population of 1.55 million according to Department of Statistics: Subang Jaya and USJ, Petaling Jaya, Puchong and Shah Alam. Within the primary catchment of Bandar Sunway, the average gross household monthly income is estimated at RM9,800 which is about 64% higher than the state's average.

Chart 3.1
Total Population and Average Growth Rate - Selangor



Source: Department of Statistics Malaysia, July 2011

Table 3.1
New and Proposed Retail Projects - Petaling Jaya and Surroundings

Completion	Project	Location	NLA (sq. ft.)
2011	Citta Mall	Ara Damansara	424,467
2012	Setia Alam Mall (phase 1)	Shah Alam	700,000
	The Paradigm	Kelana Jaya	500,000
	Jaya Supermarket Sect 14	Sect 14 PJ	260,000
2013	Encorp Mall	Kota Damansara	278,000
proposed	Damansara Uptown	Damansara	250,000

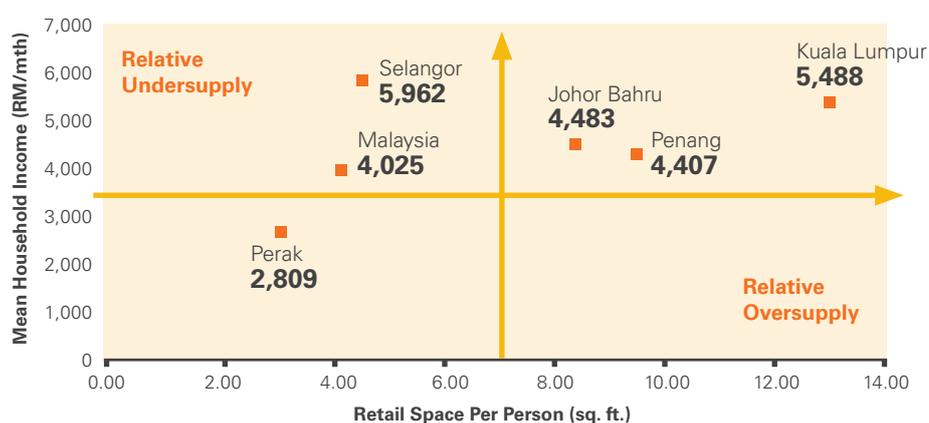
Source: DTZ Consulting & Research, June 2011

Table 3.2
Supply and Occupancy of Retail Projects in Petaling Jaya and Other Parts of Selangor

Review Period	Location	NLA (sq. ft.)	Occupied Space (sq. ft.)	Number of Buildings	Average Occupancy Rate (%)
Q1 2011	Subang Jaya/Bandar Sunway	6,108,365	5,559,391	10	90.4
	Shah Alam	3,345,268	3,095,942	16	92.5
	Damansara	3,239,232	3,198,716	5	98.7
	Petaling Jaya	1,580,769	1,310,883	11	82.9
	Kelana Jaya	196,346	191,610	2	97.6
	Other Areas	12,432,012	10,345,227	52	83.3
	Selangor	26,901,992	23,701,769	96	88.1

Source: Property Market Report, 2011

Chart 3.2
Retail Space Per Person and Mean Household Income



Source: Source: DTZ Consulting & Research, June 2011

MARKET REPORT (CONT'D)

Table 3.3
Retail Space Monthly Household Comparison

Location	Mean Monthly Household Income (2009)	Total NLA (sq. ft.)	Population in 2010	Retail Space Per Person (sq. ft.)
Selangor	RM5,962	26,839,214	5,411,324	4.54
Kuala Lumpur	RM5,488	21,198,519	1,627,172	13.03
Penang	RM4,407	14,972,025	1,520,143	9.85
Johor	RM3,835	11,041,878	1,345,191	8.21
Perak	RM2,809	5,767,728	2,258,428	2.55
Malaysia	RM4,025	113,976,268	27,565,821	4.13

Source: DTZ Consulting & Research, June 2011

3.3 Hotel

Hotels in Selangor had increased its occupancy rate by 4.2% at 62.7% in 2010 from 60.3% in 2009 with the improved economic conditions. Selangor, in particular Petaling Jaya and Bandar Sunway, has benefited from the growth in business travellers and tourists as the result from being one of the main focuses of Foreign Direct Investment in Malaysia.

The recent increased business activities in Cyberjaya have also

benefitted the two Sunway hotels at SIRC, due to its proximity and surrounding supporting attractions arising from medical and education related activities.

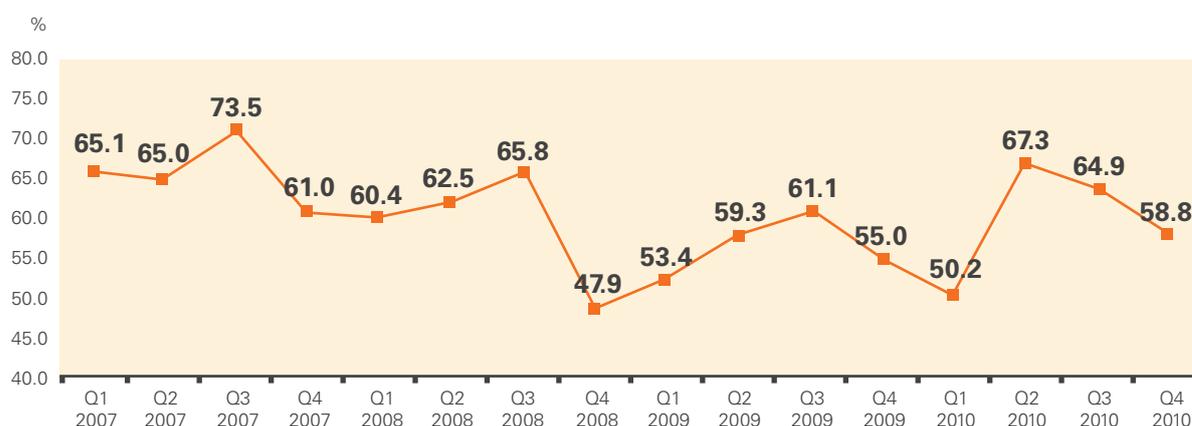
The occupancy and Average Room Rates (ARR) for 3 to 5 star hotels remained relatively stable for the past four years. Chart 3.2 shows the average occupancy rate for 3 to 5 star hotels in Selangor.

The ARR achieved for 4 or 5 star hotels in Petaling Jaya and Bandar Sunway in 2010 was about RM269

per night. In Q1 2011, Sunway Resort Hotel & Spa achieved an average occupancy rate of 71.6% with average daily rate of RM453 which showed increment of 14% compared to 2010. Meanwhile, Pyramid Tower Hotel has an average occupancy rate of 79.9% with average daily rate of RM272 which also increased by 7% compared to 2010.

The hospitality sector is expected to continue to perform well, barring major external shocks.

Chart 3.3
Average Occupancy Rate for Hotels in Selangor (3 to 5 star)



Source: Property Market Report, 2011

Table 3.4
Average Occupancy Rates and ARR of 4 to 5 Star Hotels in PJ/Sunway

Year	Hotels	No of Rooms	Occupancy Rate (%)	ARR (RM)
2008	6	2,514	71	274
2009	6	2,514	64	270
2010	6	2,715	70	269

Source: MIHR, DTZ Consulting & Research, June 2011

3.4 Office

The office market in Petaling Jaya, Subang Jaya and Bandar Sunway has been active over the past year with new launches and major planned developments. The sale of stratified office has been relatively brisk.

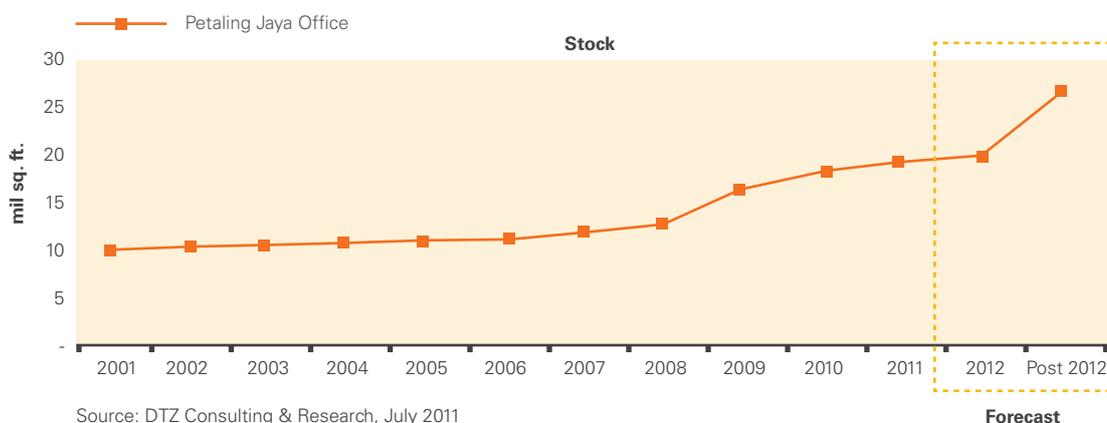
However, the demand side has not kept pace with new supply and due to increased competition with new completions, rental has stabilized

with downward pressure expected in the near future. Overall occupancy is not particularly healthy for the first two sub-areas of Petaling Jaya and Subang Jaya, with average occupancy for Petaling Jaya recorded at 72.4%, Subang Jaya at 75% but is still healthy at Bandar Sunway at 96.8% due to restricted supply as well as niche demand.

With recently completed buildings such as PJ Trade Centre, Surian

Tower, 8 First Avenue, PJ8 and PJX and major planned projects such as Icon City, Paradigm and 8trium, the leasing up is likely to take longer going forward and overall occupancy expected to tread downward in the short term. Projected supply is rather substantial and estimated to be about 8.3 million sq. ft. over the next 5 years. Some of the major projects are listed in Table 3.5 and supply trend of office space in Petaling Jaya is shown in Chart 3.4.

Chart 3.4
Supply Trend of Office Space – Petaling Jaya



Source: DTZ Consulting & Research, July 2011

MARKET REPORT (CONT'D)

Table 3.5
New and Proposed Office Projects in PJ and Surroundings

Expected completion	Name of building / Developer	Area	NLA (sq. ft.)
2011	VSQ (Tower 1 & 2)	PJ New Town	319,314
	PJX	PJ New Town	304,000
	Point 92	PJU	159,000
	VSQ (Tower 4 & 6)	PJ New Town	46,740
	VSQ (Tower 5)	PJ New Town	ND
2012	Oasis The Capital Blks C, D, E	PJU	500,000
	PJ City Development	PJ Sect 51	160,000
	Mudajaya	PJU	100,000
2013	The Pinnacle	Bandar Sunway	560,000
	Garden Office @ Encorp Strand	PJU	350,000
	Nexis Biz suite and flex suite	PJU	297,000
	Cascade	PJU	270,000
	Dataran Prima (former Baywatch site)	PJU	ND
	Tropicana Avenue	PJU	ND
2014	Oasis Corporate Park	PJU	ND
2015	Puncakdana Group	PJU	2,000,000
	The Escalade, Paradigm	Kelana Jaya	1,400,000
	Jaya One (Phase 2)	PJ	800,000
	Jaya 33 (Phase 2)	PJ Sect 13	400,000
	The Ascent, Paradigm	Kelana Jaya	350,000
	Glomac Al-Bahtia	PJU	150,000
NA	U-ni Magna Sdn Bhd (TSR Bina)	PJU	162,000
Total			8,328,054

Source: DTZ Consulting & Research, June 2011

*ND: Not Determined

Table 3.6
Asking Rental of Selected Office Buildings in Petaling Jaya/Subang Jaya Area

Building	Asking Rent (RM psf)
Heitech Village	RM3.30
Wisma UEP	RM3.50
Wisma Consplant	RM3.80
Empire Subang	RM3.50-RM3.80
Menara Summit	RM2.00-RM3.00
Subang Square	RM3.50
1 First Avenue	RM5.00-RM8.50
Surian Tower	RM4.50
Menara Jaya 33	RM4.00-RM4.50
PJ Trade Centre	RM3.00-RM4.50
Tropicana City Office Tower	RM5.00
Peremba Square	RM3.50

Source: DTZ Consulting & Research, June 2011

MARKET REPORT (CONT'D)

Prime rental in Petaling Jaya has in recent years come close to catching up with the level of Kuala Lumpur rentals. Average rental of the newly completed buildings are between RM4.00 and RM4.50 per sq. ft., with the maximum at RM6 per sq. ft. for 8 First Avenue in Bandar Utama which is the current benchmark for Petaling Jaya. The rental has however been affected by the Global Financial Crisis

in 2008 and lower demand, and is thus stable with downward pressure as new competitive supply are being completed.

The office market in Petaling Jaya is likely to mirror the situation in Kuala Lumpur, and is likely to see a period of potential weakness in the next two years as supply overtake demand, and give rise to

competition for limited tenants. This will see a downward pressure on rental in the short to medium term. The occupancy of offices in Petaling Jaya and other parts of Selangor are tabulated in Table 3.7.

Table 3.7

Supply and Occupancy of Offices in Petaling Jaya and Other Parts of Selangor

Review Period	Location	NLA (sq. ft.)	Occupied Space (sq. ft.)	No. of Buildings	Average Occupancy Rate (%)
Q1 2011	Petaling Jaya	10,384,408	7,706,195	43	74.2
	Shah Alam	4,180,791	3,879,130	24	92.8
	Kelana Jaya	1,940,480	1,665,524	14	85.8
	Subang Jaya	1,540,737	1,145,225	11	74.3
	Puchong	766,117	611,901	2	79.9
	Bandar Sunway	256,764	243,923	1	95.0
	Bandar Utama	246,829	246,829	1	100.0
	Other Areas	5,962,329	4,679,336	53	78.5
	Selangor	25,278,457	20,178,065	149	79.8

Source: Property Market Report, 2011

4.0 Kuala Lumpur

4.1 Overview

Kuala Lumpur is the capital and the largest city in Malaysia by population with a total population of 1.63 million in 2010. Average annual growth rate for last decade is 2.2% which increased from 1.5% for year 1991-2000. Chart 4.1 shows the total population and average growth rate for Kuala Lumpur.

4.2 Retail

The retail sector continues to exhibit strength with retail sale showing strength driven by domestic consumption. With consumer sentiment on a high note over much of last year, the retail sale for the whole of 2010 exceeded initial projection, with a growth of 8.4 % for the whole year and 8.5% for Q4 2010.

Occupancy remains at a high and stable level of 82.5% whilst no

substantial movements were noted for rental rates of most malls. No new space was added in the quarter with the existing stock staying at around 21.89 million sq. ft. for Kuala Lumpur and the potential supply of 6.4 million sq. ft. within Kuala Lumpur and surrounding areas.

In terms of retail space per head of population, Kuala Lumpur has an existing retail space provision of 13.03 sq. ft. per head of population which is higher than the national average of 4.13 sq. ft. per head (refer Table 3.3).

Chart 3.2 shows that there is a relatively oversupply of retail space in Kuala Lumpur, given the estimated average household income of RM5,488 per month and the current retail space provision of 13.03 sq. ft. per person. This however has not factored in tourist spending.

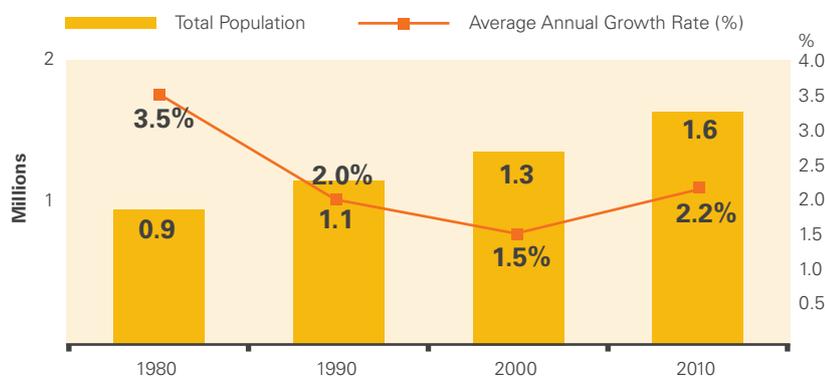
The Malaysian Government's continued effort to control credit card

delinquency and tighten issuance will also impose a negative impact on retail sales, whilst expected slower tourist flow from the Middle East and Japan recent events will have adverse impact in the coming months.

The performance of malls is likely to be mixed going forward, with selective prime malls continuing to out perform although at a slower pace than before. We expect established prime malls such as Suria KLCC and Pavilion will continue to do well given their strategic locations, their attractions to tourists and their complementary integrated components such as office, conference, and other facilities are all within the local vicinity. The rest of the other malls, especially suburban malls with poor management, will be subject to stronger competitive forces fragmenting their market shares and resulting in flattish rental growth.

Chart 4.1

Total Population and Average Growth Rate - Kuala Lumpur



Source: Department of Statistics Malaysia, July 2011

MARKET REPORT (CONT'D)

Table 4.1
New and Proposed Retail Projects in Kuala Lumpur

Completion	Project	Location	NLA (sq. ft.)
2011	Viva Home	Jalan Loke Yew	688,000
	Festival Mall	Jalan Genting Klang	450,000
	1 Shamelin Shopping Mall	Cheras	420,000
	Solaris 2	Duta Mas	300,000
	Suria KLCC extension (Lot C)	KLCC	140,000
2012	Nu Sentral	Brickfields	700,000
2013	Sunway Velocity	Jalan Peel	600,000
Planning	Vision City	Jalan Sultan Ismail	750,000
	Pudu Jail Redevelopment	Jalan Pudu	500,000
	Solaris 3	Duta Mas	500,000
	Four Seasons KLCC	KLCC	260,000
	Sentul Raya	Jalan Sentul	160,000
Stalled	Plaza Rakyat	Jalan Pudu	995,000

Source: DTZ Consulting & Research, June 2011

Table 4.2
Supply and Occupancy of Retail Projects in Kuala Lumpur

Review Period	Location	NLA (sq .ft.)	Occupied Space (sq .ft.)	Number of Buildings	Average Occupancy Rate (%)
Q1 2011	Bukit Bintang/Jalan Raja Chulan	6,108,602	5,091,307	16	83.3
	Central Commercial Area	3,679,178	3,307,056	29	89.9
	Lebuhraya Persekutuan	2,086,451	1,923,947	2	92.2
	Jalan Ampang	2,089,239	1,930,932	7	92.4
	Mukim Batu	1,959,446	1,639,389	5	83.7
	Mukim Petaling	1,599,681	1,041,891	6	65.1
	Cheras	827,999	374,867	3	45.3
	Jalan Loke Yew	724,019	470,613	1	65.0
	Mukim Setapak	637,821	430,808	3	67.5
	Bangsar	607,531	513,141	4	84.5
	Pudu Area	534,842	513,034	3	95.8
	Mukim Ampang/Ulu Kelang	493,303	493,303	2	100.0
	Mukim Kuala Lumpur	165,001	160,061	1	97.0
	Jalan Ipoh	100,934	45,413	1	45.0
	Brickfields	85,574	77,027	1	90.0
	Damansara	77,049	69,342	1	90.0
	WP Kuala Lumpur	18,171,591	14,994,263	53	82.5

Source: Property Market Report, 2011

4.3 Hotel

The hotel market continues to be bullish and benefited from the growth in tourist arrivals which reached 24.6 million in 2010, which represent a growth of 4.2%. Occupancy for Kuala Lumpur has also improved with

overall occupancy of 62.7% in 2010 compared to 60.3% in 2009.

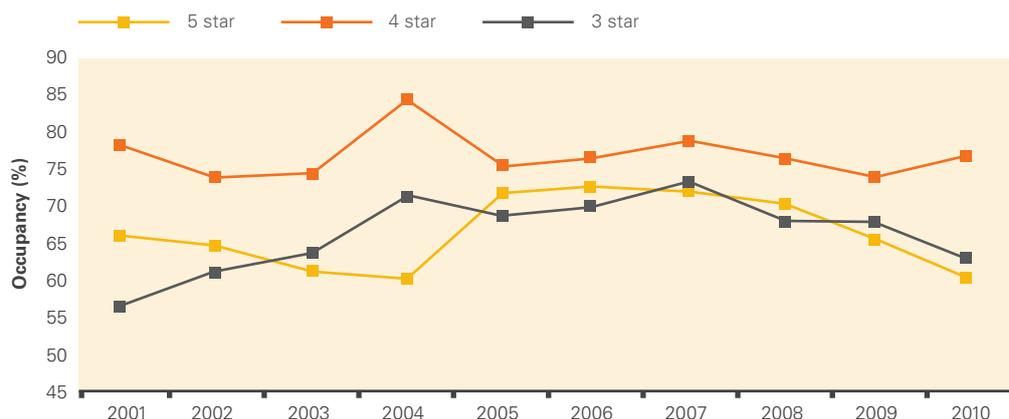
In 2010, the Average Room Rate (ARR) for five-star hotels in Kuala Lumpur was RM369 per night, whilst the three and four star hotels achieved RM226 per night, with growth of 5 to 10% above

preceding year. With relatively limited new projects and the continued promotion of Malaysia internationally, as well as the implementation of major EPPs, hotels in Kuala Lumpur will likely benefit from the healthy demand from both business travellers and tourists.

MARKET REPORT (CONT'D)

Chart 4.2

Occupancy Rate of Rated Hotels – Kuala Lumpur



Source: DTZ Consulting & Research, June 2011

Table 4.3

Average Occupancy Rates and ARR of 4 to 5 Star Hotels in Kuala Lumpur

Year	Hotels	No. of Rooms	Occupancy Rate (%)	ARR (RM)
2008	37	16,125	72	358.7
2009	39	16,407	68	354.5
2010	39	17,355	77	331.5

Source: MIHR, DTZ Consulting & Research, June 2011

4.4 Office

The office market continues to exhibit a degree of resiliency with relatively stable rental and capital value maintaining or even increasing marginally. Average rental is holding at around RM6.12 per sq. ft. per month, whilst capital value for prime office is at RM802 per sq. ft. However with a significant bulk of new completions amounting to some 15.8 million sq. ft. coming on stream over the next four years, we expect rental will continue to be under pressure as demand is not expected to match supply in the next two to three years.

Besides supply from the Golden Triangle, as the main commercial location, significant supply will be coming in from KL Sentral and its surrounding areas such as Mid Valley (and KL Eco-City) and Bangsar South. This new decentralized location will grow in stature and rival the city centre as a prime office location. The new and proposed office projects in Kuala Lumpur is listed in Table 4.4.

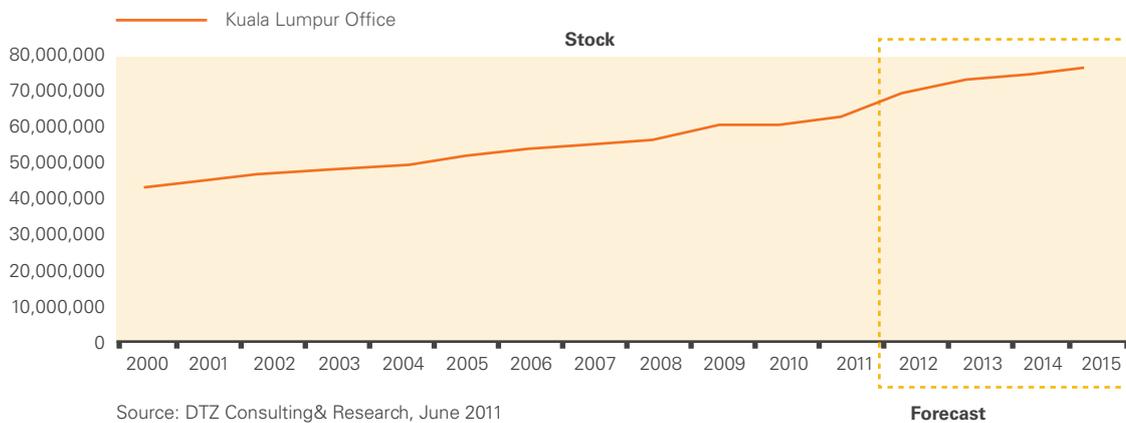
The sale of stratified office has been well received with several projects successfully launched in the last six months. The pricing of such units were comparative to prices of prime offices transacted on an en-bloc basis.

On the demand side, with the implementation of projects under the Economic Transformation Plan, we anticipated that office demand will grow stronger given the emphasis on the service sectors such as Islamic Finance, and the Oil and Gas industry. Nevertheless, overall prospect for the office sector is expected to experience weaknesses in the coming two to three years given the anticipated decline in overall occupancy rate and is pressured by competitions from lower cost locations such as Petaling Jaya.

Chart 4.3
Rental Trend of Prime Office and Projection - Kuala Lumpur



Chart 4.4
Supply Trend of Office Space - Kuala Lumpur



MARKET REPORT (CONT'D)

Table 4.4

New and Proposed Office Projects in Kuala Lumpur

Expected Completion	Name of Building/Developer	Location	NLA (sq. ft.)
2011	Lot E @ KL Sentral - SMIDEC	KL Sentral	450,000
	D'tiara Amanahraya Corp Office	Jalan Tun Sambanthan	420,000
	Crest	Jalan Sultan Ismail	273,000
2012	Bangsar South - Phase 2	Bangsar South	1,500,000
	Bank Rakyat Twin Towers	Jalan Travers	980,000
	Menara Carigali - Lot C KLCC	KLCC	760,000
	Lot G @ KL Sentral - Tower 1	KL Sentral	750,000
	Integra Tower	Jalan Tun Razak	736,000
	CIMB Mapletree Lot A KL Sentral	KL Sentral	609,000
	348 Sentral	KL Sentral	567,000
	Glomac Tower	Jalan P Ramlee / Jalan Pinang	500,000
	Lot G @ KL Sentral - Tower 2	KL Sentral	450,000
	Menara Binjai	Jalan Binjai	334,000
	Menara Darulsalam	Jalan Pinang	170,000
	2013	Q Sentral	KL Sentral
Menara Felda @ Platinum Park		Jalan Binjai / Lorong Kuda	689,000
Naza Tower @ Platinum Park		Jalan Binjai / Lorong Kuda	532,000
38-storey office tower @ Platinum Park		Jalan Binjai / Lorong Kuda	450,000
Hap Seng Tower @ St. Mary		Jalan Tengah	355,000
2014	KL Eco City, SO	Jalan Bangsar	560,000
	Trillion Kuala Lumpur	Jalan Tun Razak	400,000
	Public Mutual Tower	Jalan Raja Chulan	400,000
	KL Eco City, COT-2	Jalan Bangsar	300,000
2015 onwards	KL Eco City, COT-1	Jalan Bangsar	756,000
	Quill Vision City	Jalan Sultan Ismail	500,000
	Menara Mulpha	Jalan Sultan Ismail	360,000
	KL Eco City, BO-1	Jalan Bangsar	240,000
	Menara MBMR	Jalan Syed Putra	240,000
	KL Eco City, BO-2	Jalan Bangsar	224,000
	KL Eco City, BO-3	Jalan Bangsar	208,000
	Menara YNH	Jalan Sultan Ismail	ND
	Sunway Tower 2	Jalan Ampang	ND
	Wisma BSN Annexe	Jalan Ampang	ND
The Ritz Corporate Suites	Jalan Ampang	ND	
OSK Annexe Tower	Jalan Ampang	ND	
Total			15,813,000

Source: DTZ Consulting & Research, June 2011

*ND: Not Determined

5.0 Penang - (Seberang Jaya)

5.1 Overview

Penang is the second smallest Malaysian state in area after Perlis, and the eighth most populous with 1.52 million. The average annual growth rate has increased to 2.11% for year 2000-2010 compared to 1.62% for year 1991-2000. Chart 5.1 shows that population in Penang has steadily increasing since 1980.

Highly urbanised and industrialized Penang is one of the most developed and economically important states in the country, as well as a thriving tourist destination.

5.2 Retail

The retail market in Seberang Jaya is stable and growing with several existing malls expanding and new projects planned (Table 5.1). No major movements are noted in both rental and capital value. Rental for shopping centres such as Aeon

Bandar Perda is between RM3.80 to RM17.80 per sq. ft. per month whilst that for Sunway Carnival is between RM5.50 to RM14.70 per sq. ft. per month.

The total stock of retail space has shown a 10% increase since Q1 2010 to 14.9 million sq. ft. in Q1 2011. According to National Property Information Centre (NAPIC) figure, there are incoming projects in Butterworth, Bukit Mertajam, Batu Ferringhi, Tanjong Tokong and Jawi and Bayan Baru Town Centre that will add another 1.5 million sq. ft. to stock.

We noted that overall occupancy is relatively low at 66%, which has declined from 71% in the same period last year but the top three shopping centres have 80 to 95% occupancy rates.

Penang has an existing retail space provision of 9.85 sq. ft. per head of population which is higher than the national average of 4.13

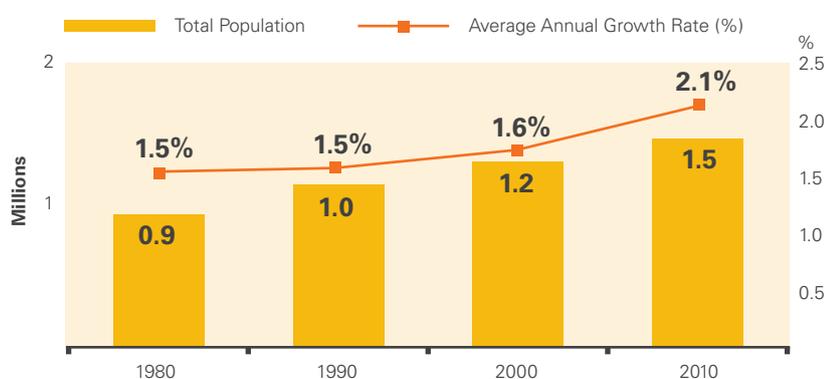
sq. ft. per head (refer Table 3.3). Meanwhile, Chart 3.2 suggests that there is relatively adequate supply of retail space in Penang, given the estimated average household income of RM4,407 per month and the current retail space of 9.85 sq. ft. per person.

Overall retail prospect in Seberang Perai is relatively subdued, and the relatively low household income and retail leakage to Penang Island placed a constraint on potential rental growth.

On the positive side, the construction of the second bridge is likely to spur development on the mainland side, and this augurs well for existing retail centers. Several major projects are being planned here under ETP and Northern Corridor Economic Region totalling to date RM10.7 billion, and these will have significant impact in lifting household income.

Chart 5.1

Total Population and Average Growth Rate - Penang



Source: Department of Statistics Malaysia, July 2011

MARKET REPORT (CONT'D)

Table 5.1
New and Proposed Retail Projects in Seberang Jaya, Penang

Project	Location	Completion	NLA (sq. ft.)
Gurney Paragon Mall	Georgetown	2012 / 2013	700,000
Penang Times Square Phase 3	Georgetown	2012	290,000
Queensbay Mall extension	Sungai Nibong	proposed	400,000

Source: DTZ Consulting & Research, July 2011

Table 5.2
Rental Range in Retail Centres in Seberang Jaya, Penang

Location and Building	Floor Level	Floor Area (sq. ft.)	Rental Range Per Month (RM/sq. ft) 2009 - 2010	% Change
Bandar Perda	Ground	205 - 1,076	75.04 - 191.63	Stable
	Ground	1,087 - 4,037	40.73 - 121.97	Stable
	1	291 - 2,551	40.73 - 145.89	Stable
	2	269 - 538	63.85 - 87.30	Stable
	2	549 - 1,076	63.85 - 96.12	Stable
Seberang Jaya	Lower Ground	398 - 1,076	106.50	Stable
		1,087 - 3,305	96.88 - 102.00	Stable
	Upper Ground	398 - 1,507	129.89 - 156.09	Stable
	1	377 - 1,302	107.65	Stable
	2	129 - 5,608	59.20	Stable

Source: Property Market Report, July 2011

Table 5.3
Supply and Occupancy Rates of Retail Space in Penang

Review Period	Location	NLA (sq. ft.)	Occupied Space (sq. ft.)	No. of Buildings	Average Occupancy Rate (%)
Q1 2011	Georgetown	3,676,487	2,615,749	19	71.1
	Bukit Mertajam	2,924,891	1,455,680	12	49.8
	Perai	1,402,904	846,320	5	60.3
	Seberang Jaya	914,036	774,750	5	84.8
	Butterworth	294,761	285,720	4	96.9
	Other Areas	6,075,222	4,799,657	48	74.0
	Penang	15,288,303	10,515,996	93	68.8

Source: Property Market Report, July 2011

5.3 Hotel

There are currently five hotels which are rated in Seberang Jaya of which Sunway Hotel Seberang Jaya is the only four-star rated establishment in the area with connectivity to convention centre facility and it caters to mainly business clients in the industrial and commercial sector. However, the newly open Hotel Ixora with 326 rooms which is located approximately

4.1 kilometres to the South from Sunway Hotel Seberang Perai will provide competition going forward. The average room rate for Sunway Hotel in 2010 is RM160, with occupancy of 76% and has not moved significantly. With Penang-Kulim as a key development corridor at the north under the Northern Corridor Economic Region and Penang being a recipient of major Foreign Direct Investments. It is expected new developments will be

focused on the mainland part of the state, and with that, the prospect for the hotel sector will pick up in the coming years.

Average occupancy rate for hotels in Penang is shown in Chart 5.1. Hotel occupancy rate in Penang is stable for the past four years with average occupancy rate remaining above 50% since 2007.

Table 5.4
Occupancy Rate of Hotels in Seberang Jaya and Surroundings

Seberang Perai	Star Rating	No. of Hotel	Total No. of Rooms	No. of Rooms		Average Room Rate (ARR)	Average Occupancy Rate (%)
				Standard	Suite		
Seberang Jaya	4	2	528	511	15	175	ND
Bukit Mertajam	3	1	157	139	18	140	ND
Butterworth	2	1	50	50	0	118 - 143	28.0
Kepala Batas	2	1	100	94	6	140	75.0

Source: Property Market Report, 2010
*ND: Not Determined

Chart 5.1
Average Occupancy Rate for Hotels in Penang (3 to 5 star)



Source: Property Market Report, July 2011

MARKET REPORT (CONT'D)

6.0 Perak

6.1 Overview

Once Malaysia's most populous state, Perak has yet to recover from an economic slowdown caused by the decline in the tin mining industry. The weak economy has led to a massive drain in manpower to higher-growth states such as Penang, Selangor and Kuala Lumpur. Perak's population is 2.26 million with an average annual growth rate of 1.35% for last decade. Chart 6.1 shows the total population and average growth rate for Perak.

6.2 Retail

The retail market in Ipoh is generally stable with new developments planned to be completed within the next three years. The future supply of retail projects in Ipoh is tabulated in Table 6.1.

Rental and capital values are also stable. Rental for prime retail

centers such as Ipoh Parade and Kinta Shopping Centre are in the range of RM1.00 per sq. ft. per month to RM27.70 per sq. ft. per month. Average overall rental at Ipoh Parade is about RM4.83 per sq. ft. per month.

Occupancy rate for shopping centres in Ipoh is hovering around 88.6%, and is stable compared to 89.8% in 2009. Table 6.3 shows the supply and occupancy rate for retail centres in Ipoh.

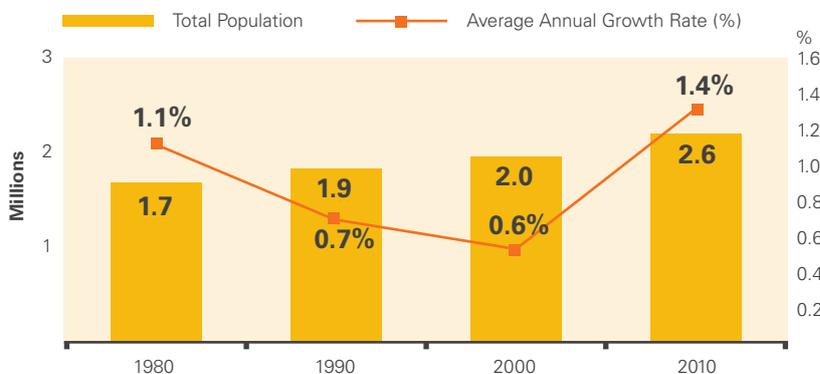
In terms of retail space per head of population, Perak has an existing retail space provision of 2.73 sq. ft. per head of population which is lower than the national average of 4.13 sq. ft. per (refer to Table 3.3). Furthermore, referring to Chart 3.2, there is a relatively undersupply of retail space in Perak.

No major transaction of retail was noted although Ipoh Parade is understood to be under-offered as part of a portfolio disposal by fund manager,

Pramerica Real Estate Management. A major retail mall is being developed at Section 18 commercial area by Aeon for a new Jusco shopping centre, which is located at the south west of Sunway City Ipoh Township and about eleven kilometres from Ipoh city with a net lettable area of 1.2 million sq. ft. and expected to be completed by early 2012. This project will add new competition which Ipoh has not seen for many years since the completion of Kinta Shopping Centre in 1997.

The retail prospect for Ipoh is stable with some marginal rental growth expected from the various proposed economic catalysts in particular the RM9 billion Vale Project in Teluk Rubiah Manjung (approximately 70km and one hour from Ipoh City), which includes a distribution centre for iron pallets and a palletising plant as the anchor, that will have strong economic spin-off as well as population growth arising from the development of high end housing.

Chart 6.1
Total Population and Average Growth Rate - Perak



Source: Department of Statistics Malaysia, July 2011



The RM1 billion township of Sunway City Ipoh which replicates the successful flagship of Sunway Integrated Resort City concept will help drive the Ipoh state government's ambitions to promote Ipoh as a tourism, recreational and an institution of higher learning and economic base. One of the many attractions includes The Banjaran Hotsprings Retreat, which is built inside natural rock formations surrounded by 400 million year old limestone caves. Moreover, Sunway City Ipoh integrated township has recently won the prestigious FIABCI Malaysia property's best master-plan award. Given that Sunway City Ipoh, which is 15 minutes away from Ipoh City, is only 50% developed, the potential performance of Sunway City Ipoh Hypermarket is still to be fully realised.

Photo 6.1

Aerial View of the Award Winning Sunway City Ipoh Integrated Township



Table 6.1

New and Proposed Retail Projects in Ipoh

Completion	Project	Location	NLA (sq. ft.)
2011	Mydin Wholesale Hypermarket & Shopping Mall	Bandar Meru Raya	750,000
2012	Jaya Jusco	Section 18	500,000
2014	Festival Walk	Persiaran Medan Ipoh	27,000

Source: DTZ Consulting & Research, July 2011

Table 6.2

Rental Range of Two Major Shopping Centres in Ipoh

Floor	Ipoh Parade	Jusco, Kinta City
Ground	RM1.90 psf - RM27.70 psf	RM10.00 psf - RM20.00 psf
First	RM1.80 psf - RM16.00 psf	RM5.00 psf - RM18.00 psf
Second	RM1.30 psf - RM17.70 psf	RM3.00 psf - RM6.00 psf
Third	RM1.00 psf - RM2.70 psf	RM1.50 psf - RM2.00 psf

Source: DTZ Consulting & Research, June 2011

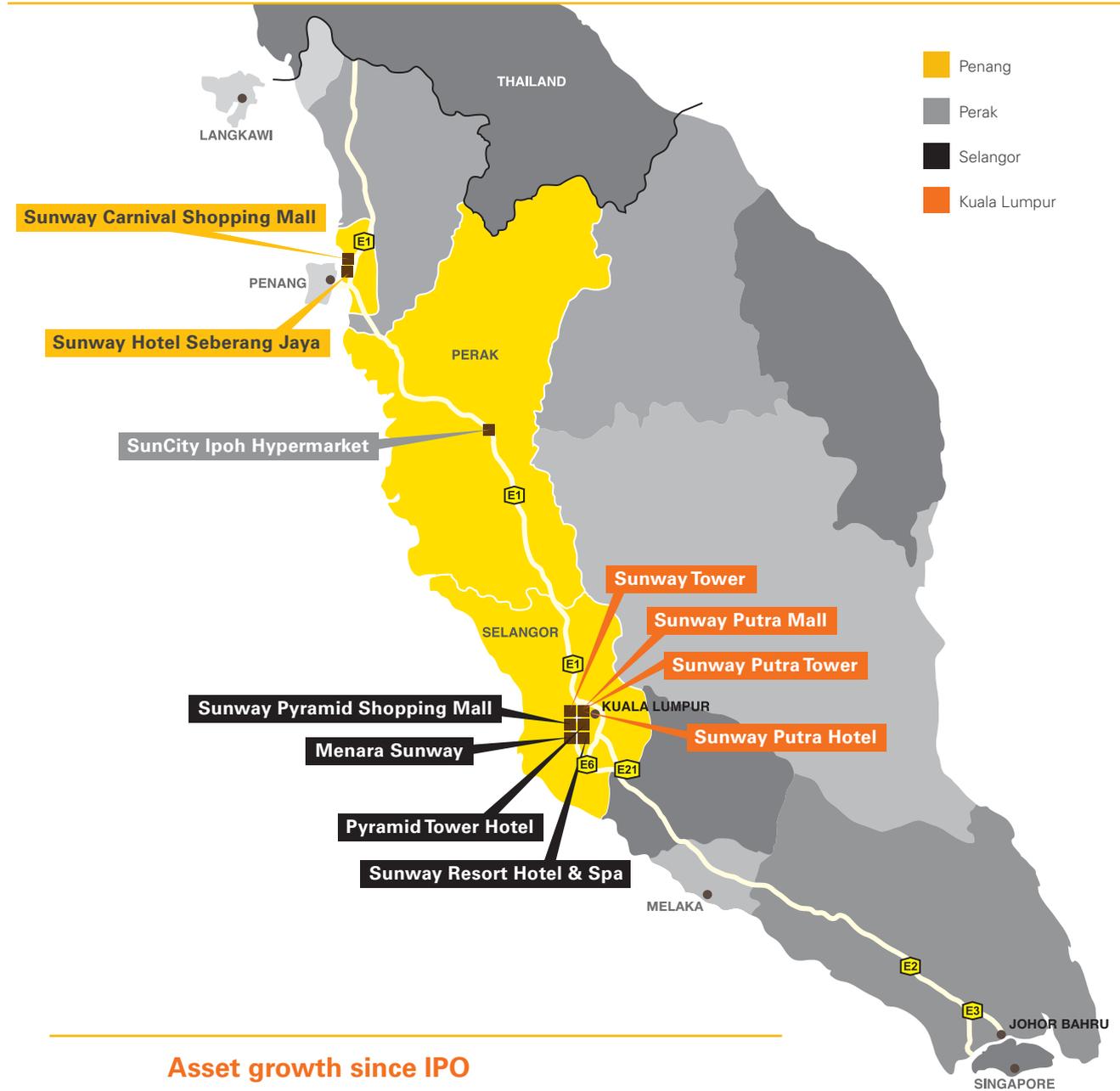
Table 6.3

Supply and Occupancy Rates of Retail Centres in Ipoh

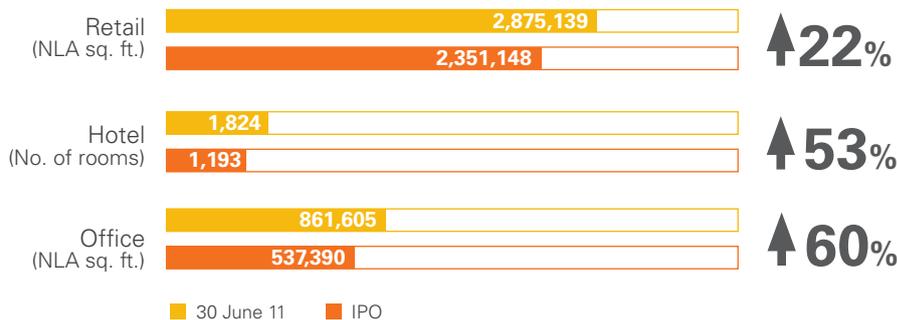
Review Period	Location	NLA (sq. ft.)	Occupied Space (sq. ft.)	Number of Buildings	Occupancy Rate (%)
Q1 2011	Ipoh	3,559,181	3,116,694	23	87.6
	Other Areas	2,602,186	2,270,881	27	87.2
	Perak	6,161,378	5,397,576	50	87.6

Source: Property Market Report, 2011

PORTFOLIO AT A GLANCE



Asset growth since IPO



Geographical
contribution by
property value as
at 30 June 2011

74%
SELANGOR

18%
KUALA
LUMPUR

7%
PENANG

1%
PERAK

Asset
breakdown by
property value as
at 30 June 2011

66%
RETAIL

24%
HOTEL

10%
OFFICE

Total value - RM4.379 billion

Asset
breakdown
by GFA as
at 30 June 2011

63%
RETAIL

23%
HOTEL

14%
OFFICE

Total GFA - 10,621,086 sq. ft.



RETAIL

Dynamic Consumerism



PORTFOLIO SUMMARY

RETAIL

	Sunway Pyramid Shopping Mall	Sunway Carnival Shopping Mall
Location	Selangor	Penang
Date of acquisition	8-Jul-2010	8-Jul-2010
Acquisition price (RM million)	2,132	232
Year of completion	Phase 1 in 1997; Phase 2 in 2007	2007
Title details & expiry date	<ul style="list-style-type: none"> • PN 17414 Lot 62059 21 February 2102 • PN 9495 Lot 32, H.S(D) 259957 PT 1312, PN 9500 Lot 51175 1 April 2097 • H.S(D) 233143 PT 891 14 August 2105 <p>All in Bandar Sunway, Daerah Petaling, Negeri Selangor.</p>	<ul style="list-style-type: none"> • PN 1816 Lot 5497 • PN 1817 Lot 5498 • PN 1818 Lot 5499 21 October 2092 <p>All in Mukim1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang.</p>
Tenure	99 year lease	99 year lease
Encumbrances	Charge in favour of OCBC Bank (Malaysia) Berhad	Nil
Appraised value (RM million)	2,345	250
Date of latest valuation*	Jun-2011	Jun-2011

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



SunCity Ipoh Hypermarket	Sunway Putra Mall
Perak	Kuala Lumpur
8-Jul-2010	19-Apr-2011
46	219
2005	1988
<p>PN 258216 Lot 331232 22 February 2100</p> <p>Mukim Hulu Kinta, Daerah Kinta, Negeri Perak.</p>	<ul style="list-style-type: none"> • Geran 10012, Lot 38, Seksyen 51 <p>Kuala Lumpur, Wilayah Persekutuan.</p>
99 year lease	Freehold
Charge in favour of OCBC Bank (Malaysia) Berhad	Private Caveat by OSK Trustees Berhad
50	246
Jun-2011	Mar-2011



PORTFOLIO DETAILS

SUNWAY PYRAMID SHOPPING MALL

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

Sunway Pyramid Shopping Mall is a premier four-storey regional shopping mall located in Bandar Sunway. The mall includes a convention centre and multi-storey parking facilities.

This trophy asset of Sunway REIT has won many awards since its opening in 1997. In 2011, it is the proud winner of the FIABCI Prix D'Excellence Award (Best Retail Development Category).

The 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 & Marakesh.

The mall is located at Sunway Integrated Resort City, Bandar Sunway which is master-planned and developed by the Sponsor. It is linked to Sunway Resort Hotel & Spa, Pyramid Tower Hotel and Sunway Lagoon and is accessible 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.

Since its completion in 1997, Sunway Pyramid Shopping Mall has been and remains a prime shopping destination in the Klang Valley. The mall serves as a one-stop destination centre featuring a wide variety of dining, fashion, specialty offerings and entertainment, including a 12-screen cineplex and Malaysia's only ice-skating rink.

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



SUNWAY REIT'S TROPHY ASSET

Contact Details for Management Office

Centre Management Office, Level CP6,
Blue Atrium, Sunway Pyramid Mall,
No. 3 Jalan PJS 11/15, Bandar Sunway,
46150 Petaling Jaya, Selangor Darul Ehsan,
Malaysia.

Tel: (603) 7494 3000

Fax: (603) 7492 6333

www.sunwaypyramid.com

PORTFOLIO DETAILS

SUNWAY PYRAMID SHOPPING MALL

GFA (sq.ft.)	2,403,475 (retail & convention centre) 1,873,470 (carpark)
NLA (sq.ft.)	• 1,556,085 (retail) • 143,467 (convention centre)
No. of parking bays	More than 3,800
No. of tenancies	696
Occupancy as at 30 June 2011 (%)	98.2
Annual shopper traffic	More than 34 million
Revenue (RM million)	208.2
NPI (RM million)	148.4
Land area (sq.ft.)	820,070

Tenant Mix by Trade Sector

(Gross Rental Income)

35%
FASHION
& FOOTWEAR

30%
OTHERS

20%
FOOD
& BEVERAGE

7%
LEISURE &
ENTERTAINMENT

5%
DEPARTMENTAL
STORE

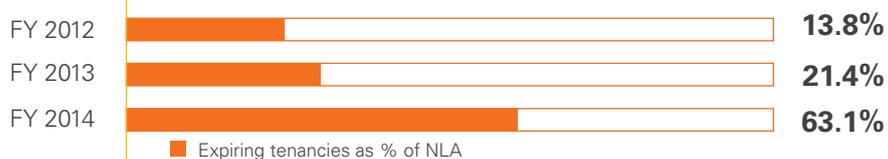
3%
ELECTRONICS



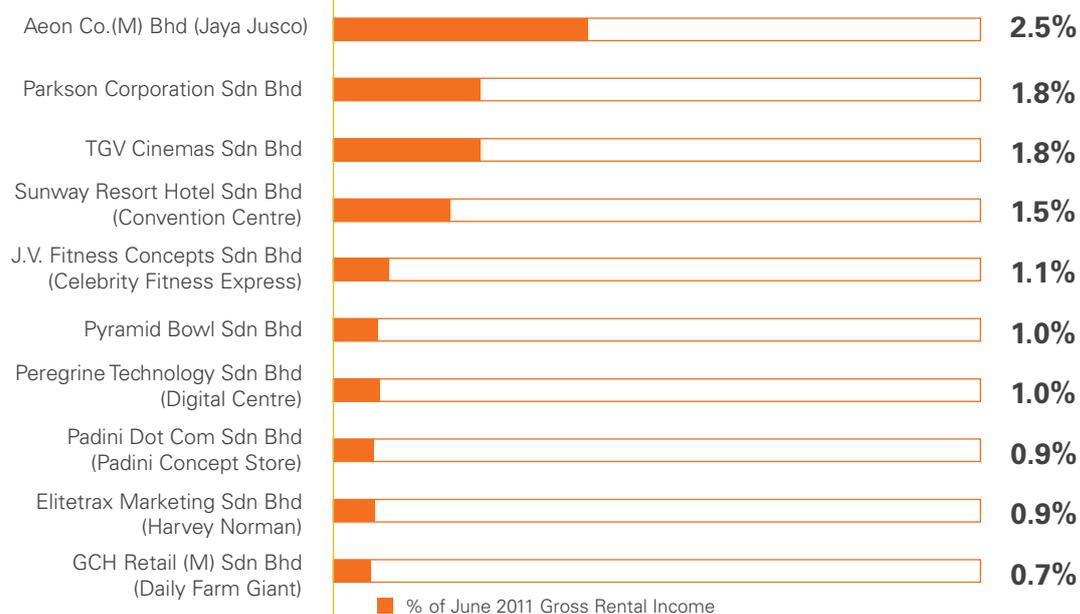
Historical Occupancy Rate



Lease Expiry Schedule



Top 10 Tenants



PORTFOLIO DETAILS

SUNWAY PYRAMID SHOPPING MALL

Marketing Activities

Roaring Kick-off

In conjunction with the FIFA World Cup season, Sunway Pyramid collaborated with ASTRO to organise a screening of the finals, 3-on-3 futsal challenge, South African dancers and local artists performances to bring in the crowd.



An Orchestra of Prosperity

The Chinese New Year celebration was a hit, recording high redemptions and gross sales revenue. The unique Chinese Opera theme also attracted interests from both local and international visitors, increasing traffic into the shopping mall.



Raya Memories

Designed especially to celebrate Hari Raya, the mall re-lived the 60s much to the public's delight. With the unique theme of a train station, crowds came to take pictures of a real railway track, a train carriage, original Vespa vehicles and peddlers on bicycles.

Future Plan

- Ongoing reconfiguration of shopping mall to improve net lettable space and rent yield.
- In view of increasing electricity tariff, we will focus on energy saving exercises like replacing existing chillers with more efficient ones.

Malaysia Megasale Carnival 2010

Themed Fabulousale, the mall collaborated with EON Bank to create the best shopping experience for shoppers. The two months nationwide sale saw Sunway Pyramid incorporating redemptions and contests to deliver more value propositions, encouraging expenditure in the mall.

Skate Malaysia

There's only one piece of ice in Malaysia and that's Sunway Pyramid Ice in Sunway Pyramid. Sunway Pyramid Ice hosted plenty of international events as well as the Skate Malaysia series, continuously bringing in hundreds of participants and ice-skating fans from all around Asia per year.

Tenants' Testimonials

Starbucks

Sunway has done a fantastic job in terms of listening to the tenants. We are very pleased that we were able to work hand in hand not only with the landlord but also with other tenants in the shopping centre.



Christmas Fantasia

The mall held a huge celebration for Christmas, creating plenty of performances and activities for shoppers to enjoy. There was also a charity drive encouraging shoppers to play Santa, buying gifts for 9 unfortunate families which further drove sales within the mall.

Padini Concept Store

We get a wide variety of customers at Sunway Pyramid Shopping Mall, so that we don't have to actually depend on a certain type of shopping crowd. So I think it gives us a lot of scope to reach a wider group of people.

Colours of Blessings

Deepavali brought attention to 7 colourful elephants with meaningful characteristics as their names in the mall. Less fortunate kids were treated to a colouring competition and a day out while shoppers enjoy the sights of three beautifully decorated Kolam.

Fashion Aficionado

To attract and please all fashionistas, Sunway Pyramid celebrates Fashion Month, rewarding shoppers who spent above a certain amount with free makeovers, photoshoots and shopping sprees. High Fashion High Tea this year saw shoppers enjoying a combo of fashion and food.

GUESS

We are doing well here. The reason being a good customer mix at Sunway Pyramid. It has the young and trendy students from neighbouring colleges, families from surrounding residential areas as well as tourists patronizing our store.



Awards & Accolades



2011 FIABCI Prix d'Excellence Award
Best Retail Category, awarded by
The International Real Estate Federation



2010 FIABCI Malaysia Property Award
Retail Development Category



The 'Excellent Child contributor Child Friendly Mall'
awarded by the Association of Early Childhood



2010 Most Supportive Shopping Mall Award
awarded by The Malaysia Retailers
Chain Association (MRCA)



Two Awards at
2010 Tourism Malaysia Mega Sales Carnival Awards
Suburban category for Best Thematic Decoration and
Best Promotions & Events



2010 BrandLaureate SME's Chapter Awarded
Best Brand in Leisure - Shopping Mall
By Asia Pacific Brands Foundation



Cleanest Toilet Award as
awarded by
Majlis Perbandaran Subang Jaya

PORTFOLIO DETAILS

SUNWAY CARNIVAL SHOPPING MALL

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

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

The mall is located within Pusat Bandar Seberang Jaya, a 56 acre development initiated by the Penang State government at an estimated cost of more than RM1 billion. The township which is master-planned and developed by the Sponsor consists of office buildings, a hotel, factories and residential properties. The mall is situated in the Northern State near the bridge to Penang Island, one of Malaysia's top tourist destinations and also close to the exit point of the North-South Expressway and Butterworth-Kulim Expressway.

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



LEADING LIFESTYLE SHOPPING MALL IN SEBERANG JAYA, PENANG



Contact Details for Management Office

Management Office, LG-68,
Sunway Carnival Mall, 3068, Jalan Todak,
Pusat Bandar Seberang Jaya, 13700
Seberang Jaya, 13700 Seberang Jaya,
Penang, Malaysia.
Tel: (603) 397 9888
Fax: (603) 397 9883
www.sunwaycarnival.com

PORTFOLIO DETAILS

SUNWAY CARNIVAL SHOPPING MALL



GFA (sq.ft.)	769,546 (retail & convention centre) 213,554 (carpark)
NLA (sq.ft.)	454,886 (retail) 32,292 (convention centre)
No. of parking bays	More than 1,100
No. of tenancies	149
Occupancy as at 30 June 2011 (%)	86.3
Annual shopper traffic	More than 6.9 million
Revenue (RM million)	24.6
NPI (RM million)	13.4
Land area (sq.ft.)	348,428

Tenant Mix by Trade Sector

(Gross Rental Income)

29%
OTHERS

23%
FASHION & FOOTWEAR

16%
DEPARTMENTAL STORE

14%
LEISURE & ENTERTAINMENT

13%
FOOD & BEVERAGE

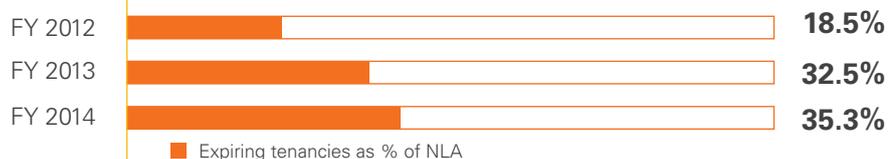
5%
ELECTRONICS



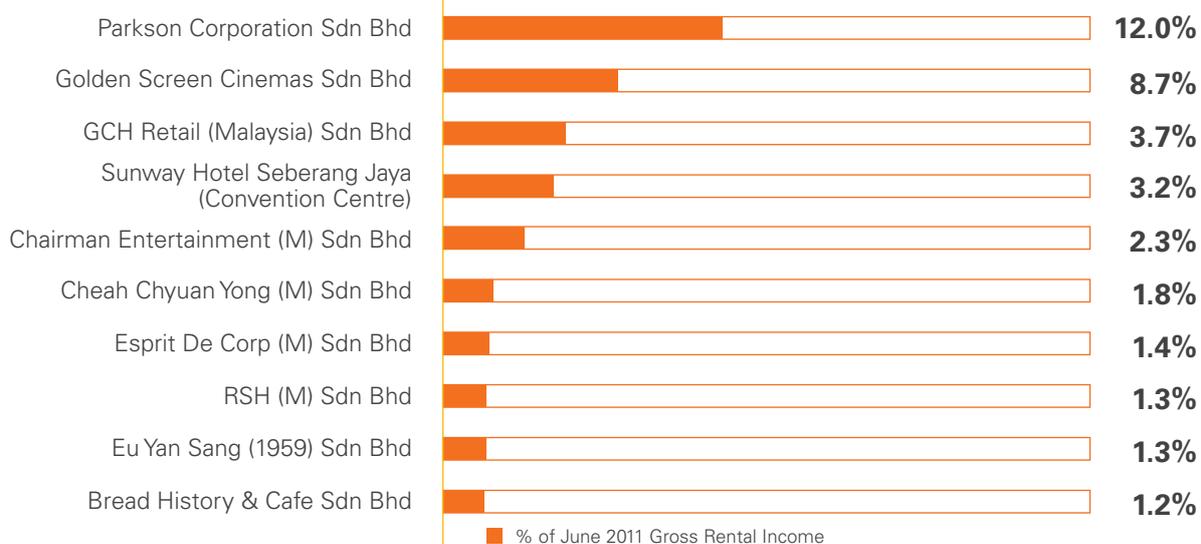
Historical Occupancy Rate



Lease Expiry Schedule



Top 10 Tenants



PORTFOLIO DETAILS

SUNWAY CARNIVAL SHOPPING MALL

Marketing Activities

Mega Sales celebration themed SHOPI'POLY

The concept worked similarly to the game 'Monopoly' where shoppers redeemed up to a maximum of 10 free throws per receipt (RM50 per throw) to stand a chance to monopolize gifts, cash vouchers and chances to win holiday stays.

Oasis of Raya Delights and Merdeka Treasures

Hari Raya was celebrated with a hint of Middle-Eastern flavour through Kurma giveaways, redemption of green packets and a contest to win a Resort Stay for 2 pax at The Banjaran Hotsprings Retreat. In conjunction with Merdeka Celebrations, the mall organized a photography contest themed 1Malaysia with prizes worth up to RM10,000. The mall was also chosen as a venue for launching the Penang State Government's Merdeka Celebrations.

Mid Autumn celebration themed 'Garden Autumn'

The mall celebrated Mid-Autumn celebrations themed; Garden of Autumn with a fancy dress and a lantern design competition. There were also a variety of mooncake flavours on sale at the mall.

Deepavali celebrations themed 'Rhythm of Diwali'

It was a festive celebration hosting cultural events such as Bollywood dances, martial arts demonstrations, a Deepavali Fashion Show and Henna tattoo drawing to celebrate the festival of lights with our shoppers.



Chinese New Year celebration themed 'Hoppy Prosperity'

Shoppers redeemed Hoppy Special Edition Packets with a minimum purchase of RM50 and Hoppy Coin Box (five available colours) with a minimum purchase of RM150. The annual SCM Cup Traditional Lion Dance Nationwide Competition was also held at the mall on 9 January 2011.

Magnifique Christmas in conjunction with the MYES Sale and Christmas celebrations

With a Moulin Rouge themed setting, the mall was transformed into a French-inspired courtyard, with a towering clock tower and windmill above a lavish red theatre wherein can-can, cabaret performances, magic shows and fashion shows were held.

There were redemptions of Sakae Sushi membership cards and Chocolate L'amour with a minimum spending of RM150. One lucky shopper won a 6 Days 5 Nights Sparkling Escapade to France for him and his family.

Valentine's Day celebration themed 'Blossoming Romance'

The garden themed event was filled with activities such as Cupid Walkabout, couples game session, love symphonies and there were redemptions of Red Roses during the weekend of Valentine's Day. One lucky shopper won a couple's watch with the most creative love declaration.

GP Sales 2011 themed 'Carnival Prix'

Shoppers who spent above RM80 were entitled to one (1) contest entry to win an all expenses paid trip for 2 to watch the Formula One race LIVE in Sepang.



New year countdown themed 'Welcoming 2011'

The New Year Countdown celebration themed 'Welcoming 2011' extended the mall's operation hours till 12am. The mall organized 'Sunway Carnival Teen Idol Competition' for budding young singers running till midnight and had local artiste appearances. The end of 2010 was marked with a spectacular display of fireworks alighting the night welcoming the start of 2011.



Fashion month celebration themed 'Fashion Glam'

Shoppers were rewarded with a free makeover session consisting of hairstyling, make-up and a photoshoot with every purchase of RM150 in a single receipt. The two most voted were featured on the cover of the mall's newsletter Talkshop. One lucky shopper also won a shopping spree worth more than RM5000 in the form of cash and cash vouchers for clothes, accessories, footwear and more!



Future Plan

- Further improvement on signages from the highway leading to the mall.
- Attract more external advertising outside the mall building in the near future.
- Layout reconfiguration planned to enable possible increase in NLA.

Mother's Day celebration themed 'My Mum, My Pride'

The celebration of mother's day kicked-off a 10-day long event of a mum and child memory match game where the participating pair had to match as many identical pictures within a given time frame. There was also a carnation redemption for mothers during the Mother's Day weekend.

Father's Day celebration themed 'My Dad, My Hero'

For Father's Day, a SNAP, redeem and Facebook your 'Super-dad' competition was held. Shoppers with a minimum spend of RM10 got to redeem a Sushi King voucher as a Father's Day treat when they snap a picture of their father at the 'Super-Dad Corner'. On top of that, 3 shoppers with the most voted submission (through Facebook) won a hotel stay at the Pyramid Tower Resort Suite!

Tenants' Testimonials

Parkson Corporation Berhad

The mall is well maintained in terms of overall cleanliness. The overall ambiance is very neat and tidy. The mall's staffs are courteous and helpful.

Eu Yan Sang

We find the management professional in their approach, friendly and always approachable to tenants' problems and situations. The management constantly works very hard in promoting the mall for the benefit of tenants.

The Manhattan Fish Market

Sunway Carnival Mall's management has been a great support to its tenants. All activities were neatly organized and the management is highly involved in tenants and customers engagement. It's a great pleasure to work with the management of Sunway Carnival Mall.

Mega Sales celebration themed 'Sale-brate'

Shoppers who spent RM100 & above in a single receipt were entitled for one (1) dice throw in the life-size 'Sale-brate' board game. Shoppers stood a chance to win gifts, cash vouchers and other attractive prizes based on the landed space. The first 31 shoppers landing on the Sunway Carnival Mall 1Malaysia platform competed in the finale on 31st August to win attractive cruise trips.



PORTFOLIO DETAILS

SUNCITY IPOH HYPERMARKET

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

SunCity Ipoh Hypermarket is a single-storey hypermarket which is designed and purpose-built by the Sponsor 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, Giant's footprint 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 1,300 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 154-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 expand the customer base of SunCity Ipoh Hypermarket.

GFA (sq.ft.)	193,408
NLA (sq.ft.)	181,216
No. of parking bays	400
No. of tenancy (Expiring FY 2014)	1
Occupancy as at 30 June 2011 (%)	100
Revenue (RM million)	4.1
NPI (RM million)	3.8
Land area (sq.ft.)	354,994



GIANT'S FOOTPRINT IN SUNCITY IPOH TOWNSHIP



PORTFOLIO DETAILS

SUNWAY PUTRA MALL

No. 100, Jalan Putra, 50350 Kuala Lumpur.

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

Sunway Putra Mall is strategically located in Kuala Lumpur's commercial district and is situated across 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.

GFA (sq.ft.)	644,734 (retail) 638,758 ¹ (carpark)
NLA (sq.ft.)	507,193
No. of parking bays	1,323 ¹
Revenue (RM million) (since 19 April 2011)	0.6 ²
NPI (RM million)	(0.4) ²
Land area (sq.ft.)	193,621 ¹

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

² As at 30 June 2011, 55 tenants representing 17.6% of the estimated monthly gross income of RM1.84 million at the shopping mall have agreed to enter/entered into new tenancies with Sunway REIT. As at 11 August 2011, the asset manager has managed to achieve 86.6% comprising 143 tenants. The asset manager will continue to engage with the remaining occupiers to execute new tenancies and will continue to operate the shopping mall until finalisation of a major renovation plan.

Future Plan

- Proposed refurbishment exercise to enhance retail layout, visibility, traffic movement and tenant mix.

DISCOVERY OF AN UNPOLISHED GEM



Contact Details for Management Office

Centre Management Office, Level
CP6, Blue Atrium, Sunway Pyramid Mall,
No. 3 Jalan PJS 11/15, Bandar Sunway,
46150 Petaling Jaya, Selangor Darul Ehsan,
Malaysia.

Tel: (603) 7494 3003

Fax: (603) 7492 6333

www.sunway.com.my/pyramid/



HOTEL

Growing Tourism



Sunway Resort Hotel & Spa

PORTFOLIO SUMMARY

HOTEL

	Sunway Resort Hotel & Spa	Pyramid Tower Hotel
Location	Selangor	Selangor
Date of acquisition	8-Jul-2010	8-Jul-2010
Acquisition price (RM million)	445	250
Year of completion	Sunway Resort Hotel & Spa (1997); Three Villas: 2004	2004
Title details & expiry date	<ul style="list-style-type: none"> • PN 9492 Lot 35 • PN 9498 Lot 51173 1 April 2097 All in Bandar Sunway, Daerah Petaling, Negeri Selangor.	Strata title PN 17415/M1/1/1 Lot 62060 21 February 2102 Bandar Sunway, Daerah Petaling, Negeri Selangor.
Tenure	99 year lease	99 year lease
Encumbrances	i) Charge in favour of OCBC Bank (Malaysia) Berhad ii) 10 year lease to Sunway Resort Hotel Sdn Bhd	i) Charge in favour of OCBC Bank (Malaysia) Berhad ii) 10 years lease to Sunway Resort Hotel Sdn Bhd
Appraised value (RM million)	495	280
Date of latest valuation*	Jun-2011	Jun-2011

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



Sunway Hotel Seberang Jaya	Sunway Putra Hotel
Penang	Kuala Lumpur
8-Jul-2010	19-Apr-2011
52	214
1997	2003
PN 2602 Lot 5785 21 October 2092 Mukim 1 Daerah Seberang Perai Tengah, Negeri Pulau Pinang.	Geran 10012, Lot 38, Seksyen 51 Kuala Lumpur, Wilayah Persekutuan.
99 year lease	Freehold
10 year lease to Sunway Hotel Seberang Jaya Sdn Bhd	Private Caveat and by OSK Trustees Berhad
56	240
Jun-2011	Mar-2011



PORTFOLIO DETAILS

SUNWAY RESORT HOTEL & SPA

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

The Sunway Resort Hotel & Spa, Sunway REIT's flagship hotel, is a 19-storey five-star hotel in Bandar Sunway with 439 guest rooms and three villas. The facilities available at Sunway Resort Hotel & Spa include in-room high speed internet access, swimming pools, convention and banquet facilities, restaurants and lounges, room service and parking facilities.

The hotel also offers recreational and entertainment facilities, including convenient access to sports and spa facilities as well as the award-winning Sunway Lagoon and Sunway Pyramid Shopping Mall. The hotel forms part of the Sunway Integrated Resort City in Bandar Sunway which is master planned and developed by the Sponsor.

Sunway Resort Hotel & Spa also operates the Sunway Pyramid Convention Centre, one of the largest convention centres in Malaysia, which can accommodate up to 6,000 guests for cocktails and up to 4,000 guests in theatre-style seating. The hotel features an internationally recognised dance music club franchise, Euphoria by Ministry of Sound, under a seven-year contract.

SUNWAY REIT'S FLAGSHIP HOTEL



Contact Details for Management Office

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

Tel : (603) 7492 8000

Fax : (603) 7492 8001

kualalumpur.sunwayhotels.com



GFA (sq.ft.)	1,050,497
Land area (sq.ft.)	376,274
No. of rooms	439 guest rooms 3 villas
No. of parking bays	More than 640
Average occupancy (%)	69.4
Revenue (RM million)*	30.6
NPI (RM million)	29.4

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

Master lease details

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

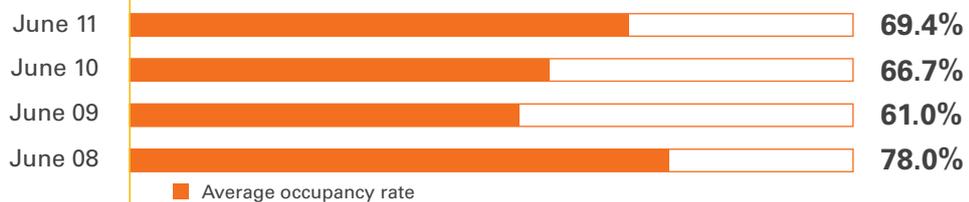
Guest Profile

62%
CORPORATE

38%
LEISURE



Historical Occupancy Rate



PORTFOLIO DETAILS

SUNWAY RESORT HOTEL & SPA

Marketing Activities



Mooned Over (West Lake Garden)

West Lake Garden offered eight delightful flavours of mooncakes for the Mid-Autumn Festival. Among the highly recommended flavours were Baked Charcoal with Royal Mocha and Milk Tea. In the chilled assortment were the Snow Skin Silky Smooth Vanilla with Chestnut Paste and Snow Skin Japanese Sweet Purple Potato Paste.



A Worldly Ramadhan Feast (Sun & Surf Café and Atrium Café)

Sunway Resort Hotel & Spa took on the magnificence of different cultures around the world in its buka puasa buffets. Dishes from various countries united with traditional local favourites. There were tasty cuisines from Morocco, Iran, Turkey, Tunisia, Lebanon, China, India, Indonesia and many more that were featured at Sun & Surf Café and Atrium Café every sunset.

To entice more patrons, the Hotel introduced a Highest Spender Programme with air tickets for two (2) to Dubai, Perth and Guangzhou, to be won.

MIGF 2010 – Gala Launch Venue (Sunway Pyramid Convention Centre)

The glittering Festival Gala Launch took place at the Convention Centre on Tuesday, 21 September 2010 where all 30 restaurants showcased selected dishes from their Festival Menus for the two thousand VIP guests to sample. The stellar guest list included royalties, ambassadors, captains of industry and leading corporate personalities. Added to the mix were showbiz entities, social movers and shakers, fashion and lifestyle pace-setters, top hoteliers and restaurant owners, and it was the Grand Opening of the year. Local and international journalists and food writers were also part of the guest list.



Give. Share. Love

Sunway Resort Hotel & Spa wrapped up the year with loads of treats and festivities such as show lights, whimsical toys, colourful decorations and gifts for children who were less fortunate as part of a corporate social responsibility programme in collaboration with Toy City and Book Xcess, attractive prizes for video uploads, delicious feasts and dining rewards.

The festivities were launched on 3 December 2010 by Y.B. Elizabeth Wong, following which hotel carollers visited media houses, and culminated the month-long celebrations with a children's charity high tea on 2 January 2011.



**Cooking Up A Brand New Look
Sun & Surf Renovation**

Sun & Surf Café underwent extensive renovations and unveiled a brand new look and feel and was renamed Fuzion when it reopened in mid-June.

menus teeming with the most premium and freshest ingredients, and a Toss & Snap Yee Sang Contest were the highlights of Sunway Resort Hotel & Spa's Lunar New Year celebrations revolving around the theme of Prosperity, Longevity and Happiness.



Presidential Exclusivity

Sunway Resort Hotel & Spa unveiled its high-end modern classic, 2-bedroom Presidential Suite, following extensive renovations. Offering 2,368 sq. ft. of space, it is meticulously decorated, complemented by luxury furnishing, state-of-the-art entertainment, personalised butler service and other privileges. Distinguished guests can enjoy both a personal haven where their privacy is assured, and an efficient professional setting designed to satisfy their every preference and desire.



Valentine's Day (Avanti)

Avanti Ristorante's animated Italian Chef Claudio laid out a charming 5-course dinner complete with wine pairing for loving twosomes to enjoy a dreamy evening. Further enhancing the mood was De 3 Tonez, Sunway Resort Hotel & Spa's 'live' band, with their sentimental and romantic ballads.



**Chinese New Year – May Prosperity,
Longevity & Happiness Multiply in
Abundance (West Lake Garden)**

Colourful street lighting, a Chinese classical garden, an Emperor Yee Sang Feast for more than 30 persons in an exclusive Ming style pavilion, West Lake Garden's variety of Chinese New Year

PORTFOLIO DETAILS

SUNWAY RESORT HOTEL & SPA

Guests' Testimonials

Luxury & Fun

Guest from Kuwait

Sunway Resort Hotel & Spa is a luxurious hotel connected to a theme park and a shopping mall. We were upgraded to a suite room upon check-in and everything was just perfect. The staffs are very friendly and the location is great. The room came with a grand breakfast buffet. I would recommend this hotel for at least a 2 day stay.

Great Location for Kids

Guest from Perth, Australia

The hotel looks grand from the lobby with pillars of marble. The swimming pool is nice and clean and gym is very well equipped. We have a nice view of the theme park from our room.

Right next door, we have the luxury of a big shopping centre with lots of nice restaurants. Almost everything is available here. This feature is the true meaning of 5-star hotel all the way for me.

Great 5-star Hotel

Guest from Brisbane, Australia

My first impression of this hotel was WOW. From the attentive bellboys to the wonderful staff on the club level, everyone made you feel special.

There was an unlimited amount of choices; Indian, Malaysian, continental and everything and more you could imagine for breakfast.

Awesome Experience

Guest from Saudi Arabia

I just love the hotel. Their services, breakfast, rooms, amenities, lobby and not to forget the amazing water park right next to the hotel is awesome. I travelled with my parents, grandparents and siblings and everyone enjoyed this place a lot.

Just Amazing!

Guest from New Delhi, India

No doubt, one should book this when planning to visit Sunway Lagoon.

Food is great at SAGAR Indian Restaurant at the VIP Lobby. One can request for discount vouchers at the reception and they might just give you discount vouchers for 20% as that was what we did.

Views at night at the entrance of the hotel are amazing and the domes are lit up beautifully just as seen in the hotel website.

Overall, we were highly satisfied.

Future Plan

- With the aim to further enhance operational efficiency and effectiveness, the Hotel will relocate its loading area as well as introduce a new centralised kitchen and reception.
- The Hotel's carpark will be connected to that of The Pinnacle's to provide more parking space and greater convenience for hotel guests and patrons to Sunway Pyramid Shopping Mall.



The Villas



Fuzion

PORTFOLIO DETAILS

PYRAMID TOWER HOTEL

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

Pyramid Tower Hotel is a nine-storey, four-star hotel in Bandar Sunway, with 549 guest rooms. The facilities available at Pyramid Tower Hotel include in-room high-speed internet access, a business centre, restaurant and lounge, room service and parking facilities. The hotel offers recreational and entertainment facilities, including convenient access to sports and spa facilities as well as award-winning Sunway Lagoon and Sunway Pyramid Shopping Mall.

The hotel forms part of the Sunway Integrated Resort City in Bandar Sunway which is master-planned and developed by the Sponsor and it is a perfect partner to Sunway Resort Hotel & Spa.

Pyramid Tower Hotel offers a 400-seat cafe and 100-seat lounge and hotel guests have access to the amenities offered at the five-star Sunway Resort Hotel & Spa, which is adjacent and linked to the Pyramid Tower Hotel.

PERFECT PARTNER TO SUNWAY RESORT HOTEL & SPA

Contact Details for Management Office

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

Tel : (603) 7492 8000

Fax : (603) 7492 8001

kualalumpur.sunwayhotels.com



GFA (sq.ft.)	356,888 strata floor area (Levels 1 to 9)
No. of rooms	549
No. of parking bays	More than 530
Average occupancy (%)	80.9
Revenue (RM million)*	20.0
NPI (RM million)	19.7

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

Master lease details

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

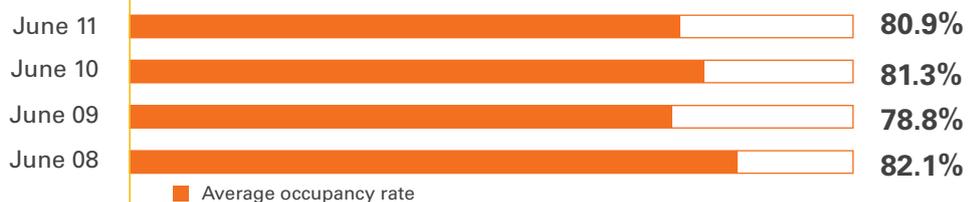
Guest Profile

76%
CORPORATE

24%
LEISURE



Historical Occupancy Rate



PORTFOLIO DETAILS

PYRAMID TOWER HOTEL

Marketing Activities

A Middle-Eastern Culinary Feast

The rich flavours, colours, textures and aromas of Middle-Eastern inspired dishes took centre stage, embodied by a sumptuous spread including Moutable, Moujadara, Moussaka with Bechamel, Fatta with Lamb Mozza, Chicken Tawook, Riz Bi Haleeb and plenty more. They were complemented by tangy shisha and Arabic coffee and tea at the Sensation Station, and creamy shakes and smoothies at The Lobby Lounge.

Laksa Sedap! (Atrium Cafe)

Pyramid Tower Hotel paid tribute to Malaysia's 53rd Merdeka celebration with a kaleidoscope of laksa dishes. Representing the different states were Asam Laksa, Laksa Johor, Laksa Sarawak, Nyonya Laksa, Laksam, Laksa Kedah and more, that added excitement to the buffet spreads.



Serenade Mum

A Mother's Day luncheon showcase, featuring a Rod Stewart tribute artist from Las Vegas, USA was held at Atrium Cafe.

A flower show complemented the day's programme for over 250 attendees.

Atrium Marathon Buffet

Pyramid Tower Hotel introduced the first ever 12-hour buffet which commenced on 15 May 2011. The

marathon buffet takes place every Sunday and Public Holiday from 11am to 11pm.

Guests pay one price, and can go in and out as many times as they wish during the 12-hour period.

Dad's Day

The hotel presented a gastronomic journey for dads on Father's Day this year. Offers included a 12-hour Atrium Marathon Buffet, set lunch at Avanti, two set menus for lunch and dinner at West Lake Garden. On top of that, dads also received complimentary mocktails at Atrium Cafe, a complimentary glass of Voga sparkling champagne at Avanti and mini mooncake at West Lake Garden.

Guests' Testimonials

Great Resort, Great Staff, Great Food Guest from Cork, Republic of Ireland

Check in - quick, efficient & friendly.

Lobby - beautiful, modern and lively.

Concierge - very helpful, efficient and friendly.

Lifts - at least 6 and they are fast, so no waiting usually.

Restaurant - serves a FANTASTIC breakfast, good quality, HUGE variety of food, very efficient and friendly staff.

Bar - again good service and nice atmosphere.

Spa - my wife can't stop complimenting the Mandara Spa.

Quality of rooms, staff and food, convenience of having a great shopping centre attached to it and a theme park within 10 minutes walk. That's why I will definitely pick this hotel again.

Great & Prompt Service Guest from Singapore

I had a wonderful time at Pyramid Tower Hotel. It was my second time there, but the staff there still

maintained their great service and they were very prompt. Kudos to one of the front desk staff who was very polite and professional in handling a problem I encountered during my stay at the hotel. My next compliment goes to the morning breakfast buffet staff. They were not only calm and collected in handling the large crowd, but they were very considerate and catered to the guests' whims and requests.

Good Hotel Away From KL City Guest from Mumbai, India

The entrance to the hotel is nice with a lion head jutting out similar to the Egyptian Sphinx. The other attractions while you are entering the hotel seem very similar to Sun City, South Africa.

The entrance lobby is spacious & the front desk is helpful. The hotel rooms are neat, tidy, spacious, and you get a good view from the glass windows. The room service is also good.

The hotel is serviced by an excellent Atrium restaurant at the ground level catering to tastes of people from various countries with continental cuisines and those from Malaysia, India, China, and Brazil.

The surprise for us is the gigantic mall connected to the hotel. It has some of the best known brands in the world and also a small shopping precinct offering economically priced items. The mall also has an ice skating rink to accommodate ice skating & ice hockey games.

To summarize, I would like to stay at this hotel again if I happen to visit Kuala Lumpur again.

Future Plan

- With continuous effort to enhance operational efficiency and effectiveness, the four-star Pyramid Tower Hotel will be undergoing soft refurbishment in stages, beginning with changes in furniture and fixtures.

PORTFOLIO DETAILS

SUNWAY HOTEL SEBERANG JAYA

11, Lebuah Tenggiri 2, Pusat Bandar Seberang Jaya, 13700 Perai, Penang, Malaysia.

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

Sunway Hotel Seberang Jaya, as the only four-star hotel in the vicinity, primarily serves business travellers seeking to access the industrial hubs and commercial zones located on Penang's mainland. Pusat Bandar Seberang Jaya is a township that is master-planned and developed by the Sponsor consisting of office buildings, factories and residential properties. Sunway Hotel Seberang Jaya is located approximately 100 meters from the Sunway Carnival Shopping Mall. The hotel is also near the access point to Penang Island, one of Malaysia's top tourist destinations.

**THE ONLY FOUR-STAR HOTEL WITH
LARGEST CONVENTION CENTRE FACILITY
IN SEBERANG JAYA, PENANG**



Contact Details for Management Office

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

PORTFOLIO DETAILS

SUNWAY HOTEL SEBERANG JAYA

GFA (sq.ft.)	174,800
Land area (sq.ft.)	46,220
No. of rooms	202
No. of parking bays	64
Average occupancy (%)	80.0
Revenue (RM million)*	5.1
NPI (RM million)	4.9

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

Master lease details

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

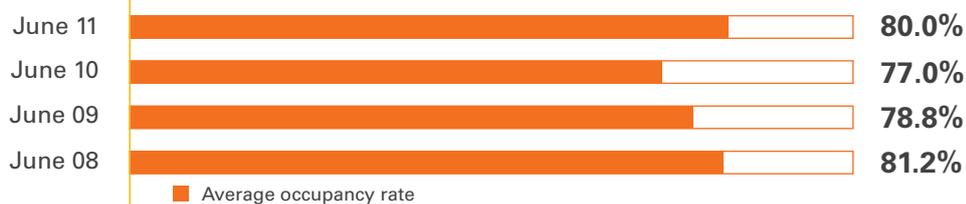
Guest Profile

87%
CORPORATE

13%
LEISURE



Historical Occupancy Rate



Marketing Activities



Ramadhan Buffet

In conjunction with the fasting month of Ramadhan, a buffet was held nightly at the Sunway Carnival Convention Centre. Advertisements were placed in Harian Metro, and a maildrop of some 9000 flyers were made to selected residential and business areas, banners hung at strategic locations, and a food review for the local press was organized.

Year End celebration themed 'Red Carpet'

In conjunction with the year end celebrations, the hotel organized buffet offerings at Café Oriental for Christmas celebrations while New Year's Eve proffered a 'Red Carpet' theme at the same venue.



Wedding Packages

Wedding packages at the hotel were advertised in Guang Ming Daily, the Star Publications, Talkshop (newsletter of Sunway Carnival Mall) and Bridal Trends magazine to promote Sunway Carnival Convention Centre as the preferred venue for wedding banquets.

Chinese New Year Open House

At their participation in the Chinese New Year Open House organized by the Penang State Government, the hotel set up laptops and managed to garner some 400 likes on their Facebook page. Lucky draw prizes, which included complimentary stays at Pyramid Tower Hotel and passes to Sunway Lagoon and Lost World of Tambun were offered.

Future Plan

- To maintain its competitiveness, the hotel is planning a considerable refurbishment project for all guest rooms, function rooms, restaurants and main lobby.

PORTFOLIO DETAILS

SUNWAY PUTRA HOTEL

No. 100, Jalan Putra, 50350 Kuala Lumpur.

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

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

Sunway Putra Hotel is strategically located in Kuala Lumpur's commercial district and is a stone's throw away from 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), 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.

GFA (sq.ft.)	817,520
Land area (sq.ft.)	193,621 ¹
No. of rooms	631
No. of parking bays	1,323 ¹

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

Future Plan

- Continuous spring cleaning effort to improve performance for possible growth opportunity.
- Proposed refurbishment exercise to stay tuned to current market demand.



**A STONE'S THROW AWAY FROM
PUTRA WORLD TRADE CENTRE**

Contact Details for Management Office

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

A man in a white shirt and dark trousers stands in a modern building lobby, looking out a large glass window at a city street with cars and buildings. The lobby has a polished floor that reflects the scene outside. The window is composed of large glass panels with a blue-tinted metal frame. The ceiling has recessed lights.

Sunway Tower



OFFICE

Thriving Businesses

PORTFOLIO SUMMARY

OFFICE

	Menara Sunway
Location	Selangor
Date of acquisition	8-Jul-2010
Acquisition price (RM million)	128
Year of completion	1993
Title details & expiry date	PN 17105 Lot 61760 1 April 2097 Bandar Sunway, Daerah Petaling, Negeri Selangor.
Tenure	99 year lease
Encumbrances	Charge in favour of OCBC Bank (Malaysia) Berhad
Market value (RM million)	138
Date of latest valuation*	Jun-2011

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



Sunway Tower	Sunway Putra Tower
Kuala Lumpur	Kuala Lumpur
8-Jul-2010	19-Apr-2011
171	82
1996	2003
Geran 45110, Lot 55, Seksyen 0045 Kuala Lumpur, Wilayah Persekutuan.	Geran 10012, Lot 38, Seksyen 51 Kuala Lumpur, Wilayah Persekutuan.
Freehold	Freehold
Charge in favour of OCBC Bank (Malaysia) Berhad	Private Caveat by OSK Trustees Berhad
189	90
Jun-2011	Mar-2011



PORTFOLIO DETAILS

MENARA SUNWAY

Jalan Lagoon Timur, 46150 Bandar Sunway, 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 the Sunway Integrated Resort City. With its headquarters based in Menara Sunway, Sunway Group is the main tenant occupying 69.7% of the NLA.

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

SUNWAY GROUP'S HQ





Contact Details for Management Office

Level 4.5, Menara Sunway Annexe,
Jalan Lagoon Timur, 46150 Bandar Sunway,
Petaling Jaya, Selangor Darul Ehsan,
Malaysia.

Tel : (603) 5639 8888

Fax : (603) 5639 9585

PORTFOLIO DETAILS

MENARA SUNWAY

GFA (sq.ft.)	388,087 (office) 266,696 (carpark)
Land area (sq.ft.)	193,395
NLA (sq.ft.)	276,142
No. of parking bays	More than 660
No. of tenancies	39
Occupancy as at 30 June 2011 (%)	100.0
Revenue (RM million)	15.6
NPI (RM million)	10.7

Tenant Mix by Trade Sector (Gross Rental Income)

25%
MANAGEMENT
SERVICES

20%
PROPERTY

19%
OTHERS

14%
COMMUNICATION

12%
CONSTRUCTION

10%
MEDICAL

Tenants' Testimonials

MERCK Sdn Bhd

We, Merck Sdn Bhd, have been a tenant at Menara Sunway Annexe since Oct 2007. It is our great pleasure to mention that Sunway REIT Management Sdn Bhd-being the building management for Menara Sunway & Annexe buildings has well maintained its building and in a great location within Sunway Integrated Resort City. The building and its compound are kept clean always; and more so they even managed its own landscape within integrated resort city itself. In addition, it provides good security from within working closely with the police force. We always felt safe with the presence of the security team within the compound.

The building management team is friendly and customer oriented especially when it comes to certain exception/ special request(s) from Merck Sdn Bhd. The minor problems that we had were being addressed promptly.

The employees are comfortable with the office environment at Menara Sunway Annexe since we first shifted nearly 4 years ago.

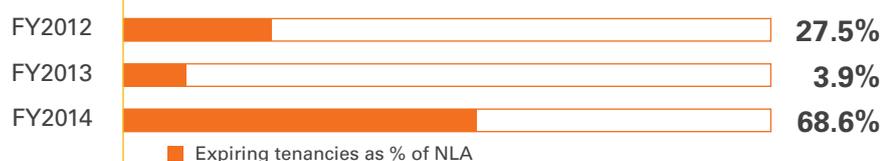
Mrs CL Yeoh
Finance Director



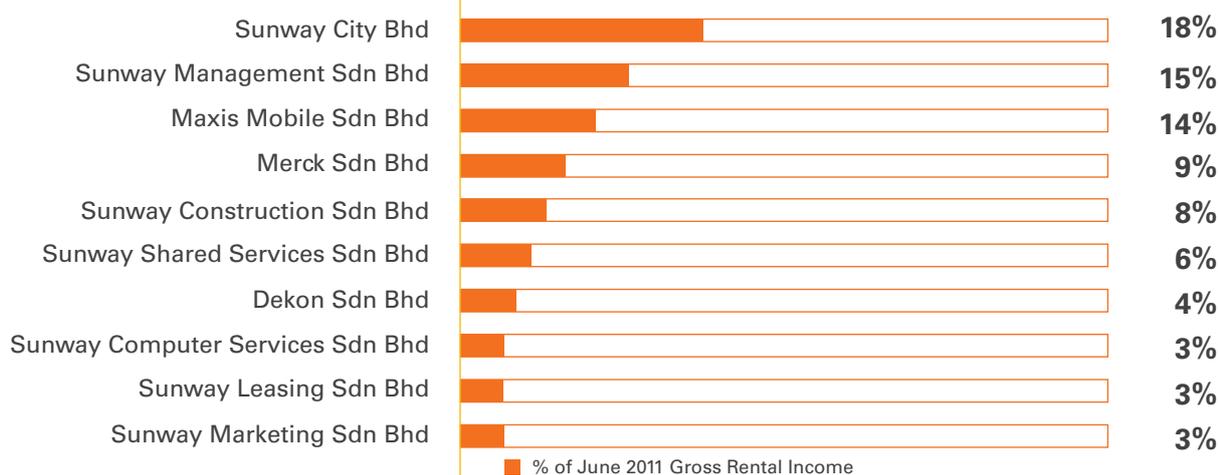
Historical Occupancy Rate



Lease Expiry Schedule



Top 10 Tenants



Future Plan

- All the lavatories in Menara Sunway will be upgraded by early 2012 whereby cost is fully borne by SunCity.
- To connect basement car park of Menara Sunway to The Pinnacle's basement car park by early 2012.
- Study is being carried out to explore the possibility of increasing NLA by about 15,000 sq. ft.

PORTFOLIO DETAILS

SUNWAY TOWER

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

Sunway Tower is a 33-storey prime office building that is 5 minutes drive to Petronas Twin Tower / KLCC. 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/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 Denmark House had been extensively refurbished and modernised by the Sponsor in July 2009 involving the building façade, the ground floor and all lift lobbies, security systems and guarded access.

MODERNISED "DENMARK HOUSE"

Contact Details for Management Office

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

PORTFOLIO DETAILS

SUNWAY TOWER

GFA (sq.ft.)	348,998 (office) 107,606 (carpark)
Land area (sq.ft.)	25,898
NLA (sq.ft.)	268,412
No. of parking bays	More than 290
No. of tenancies	16
Occupancy as at 30 June 2011 (%)	97.0
Revenue (RM million)	17.0
NPI (RM million)	13.6

Tenant Mix by Trade Sector

(Gross Rental Income)

71%
**CONSULTANCY
(OIL & GAS)**

18%
COMMUNICATION

4%
ACCOUNTING

3%
EMBASSY

2%
**GLOVE
MANUFACTURER**

2%
OTHERS

Tenants' Testimonials

Royal Danish Embassy

We are satisfied with the facilities and services of the building. The response from the management team whenever there is a need for maintenance at our office is great and they are helpful.

On building securities, we are generally satisfied with the security of the building. We commend the team's quick response and assistance when the Embassy of Denmark has any special needs for security.

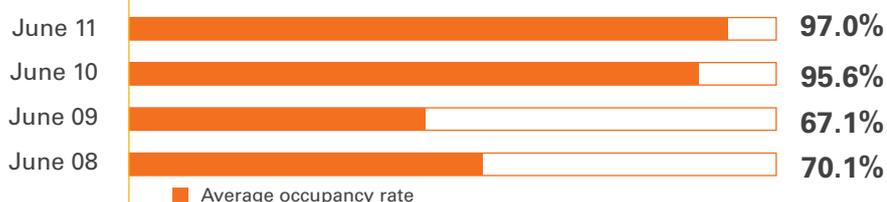
We are also satisfied with the overall cleanliness of the building.

Alcatel-Lucent

Alcatel-Lucent has been in Sunway Tower (formerly Wisma Denmark) for more than 12 years. The building security has improved tremendously after the refurbishment by Sunway's management team. We are also satisfied with the overall cleanliness of the building.



Historical Occupancy Rate



Lease Expiry Schedule



Top 10 Tenants



Future Plan

- To retrofit energy saving devices to the air conditioning unit which will reduce our energy cost by 10%.
- To reconfigure penthouse to improve its marketability.

PORTFOLIO DETAILS

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, hotel and office.

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, Co-operatives and Consumerism.

Sunway Putra Tower is strategically located in Kuala Lumpur's commercial district across 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.

HOME TO SURUHANJAYA KOPERASI MALAYSIA (MALAYSIAN COOPERATIVE COMMISSION)

Contact Details for Management Office

Unit 4.5 Level 4, Menara Sunway Annexe,
Bandar Sunway, Selangor Darul Ehsan,
46150 Malaysia.
Tel: (603) 5639 9388
Fax: (603) 5639 9585

GFA (sq.ft.)	373,049
Land area (sq.ft.)	193,621 ¹
NLA (sq.ft.)	317,051
No. carpark bays	1,323 ¹
No. of tenancies	10
Occupancy as at 30 June 2011 (%)	98.7
Revenue (RM million) (since 19 April 2011)	1.7
NPI (RM million)	1.3

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

Tenant Mix by Trade Sector

(Gross Rental Income)

82%
GOVERNMENT
AGENCY

6%
EDUCATION

5%
CONSULTANCY

3%
COMMUNICATION

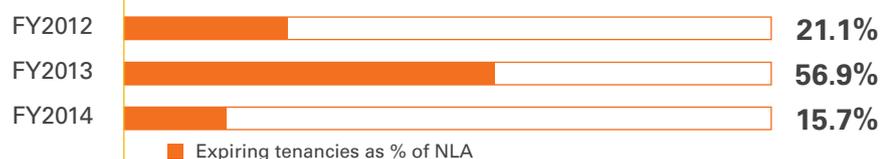
2%
MARKETING

2%
OTHERS

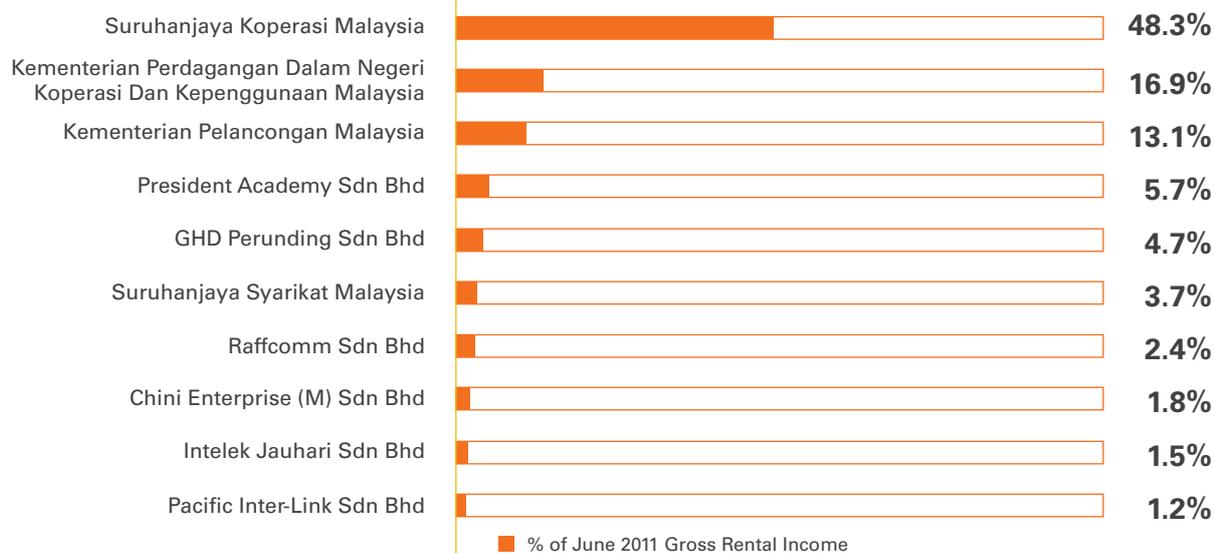
PORTFOLIO DETAILS SUNWAY PUTRA TOWER



Lease Expiry Schedule



Top 10 Tenants



Future Plan

- Continuous spring cleaning effort to improve performance for possible future growth opportunity.
- Proposed refurbishment exercise to stay tuned to current market demand.



INFLUENTIAL

The golden dandelions represents Sunway REIT as an influential symbol, spreading itself and helping others with all it has.

The background of the page features a soft-focus photograph of dandelion seeds drifting through the air, with some seeds still attached to their stems. At the bottom of the page, there are dark, out-of-focus blades of grass. The overall color palette is muted, consisting of greys, whites, and a touch of yellow from the seeds.

TOUCHING LIVES

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PILLAR 1: MARKETPLACE

Sunway REIT believes that business is not all about profit making but also having a sense of corporate responsibility towards the public, customers, guests, tenants, our unitholders and the world we live and trade in. Hence, Sunway REIT remains true to its corporate responsibility practices which include the marketplace, workplace, environment and the community. By doing so, this will translate to a business model that is both beneficial and sustainable for both Sunway REIT and its stakeholders in the long-term.

Sunway REIT is a firm advocator of engaging in good conduct and ethical practices within its spheres of business for greater disclosure and transparency. It is also about having close collaborations with all the regulators for active compliance to all necessary business and statutory regulations.

Having good business relationships with tenants, retail customers, hotel guests and other stakeholders are also pivotal to ensure that the business chain model is properly conducted in a transparent manner from beginning to end. It is in the best interests of Sunway REIT that it chooses tenants, suppliers and business partners that are aligned with its core values which promote good corporate behaviour.

With regards to customers, Sunway REIT implements responsible sales and marketing policies and provides adequate training to employees on the implementation of these policies. In short, the needs and expectations of the customers must always be respected and protected to build a high level of trusts. This will translate to recurring business which is beneficial in the long-term.

Customer satisfaction forms the foundation of any organization's success and is given due attention by every employee.

Investor Relations

The Investor Relations department serves as an important bridge between Sunway REIT and the investing community by providing accurate and concise financial information. It is tasked with handling queries from unitholders and investors as well as conducting frequent dialogues with analysts who seek to understand Sunway REIT's existing financial status as well as future plans and strategies. These initiatives are vital to ensure informations transparency and to establish Sunway REIT's reputation as a credible and reliable business entity. Investors are also able to obtain the latest updates on Sunway REIT's business progress via its website or through direct contact with the department.



Sunway Pyramid Ice - the only ice-skating rink in Malaysia



Sunway Pyramid Asian Avenue - the latest in Asian highstreet trends

PILLAR 2: WORKPLACE

Human Capital Development remains a core focus of the Manager to recruit and retain high caliber employees.

In order to sustain a conducive working environment, the Manager offers continuous training and managerial programmes to boost morale and improve productive levels. Employees who have good performance are rewarded with attractive remuneration packages.

Sunway is well known for its wide range of talent management programmes that have successfully harnessed the strengths of its employees. Carving a clear career development plan for employees will motivate them to make positive contributions to the business as they understand and value their role in the overall business model.

By having quality human capital, Sunway REIT will be able to improve its products and services and expand its presence further in the marketplace. As such the Manager continues to introduce policies that will benefit its employees in order to create a better working environment for the employees.

Talent Attraction and Recruitment

Great care and attention is placed on recruiting the best candidates with relevant qualifications and experience as this represents the first step in developing a strong workforce. Applicants are required to undergo a Focus Behavioral Interview (FBI) and "Personality Profiling" tests which aim at discovering the candidates' competencies and behavioral traits to find the right fit with the position they are being considered.



Teambuilding activities enhance relationships between colleagues

Talent Engagement

Talent engagement is pivotal to ensure that employees are properly motivated to contribute their best to the organisation. Talent engagement is essential to ensure a high level of commitment and involvement from the employees towards the organisation and its core values.

With the primary objective of promoting staff engagement, various activities were organised to cultivate team spirit as well as to motivate employees to strive to perform better.

Sunway Hotel Seberang Jaya organised various outdoor team building programmes which have helped foster awareness of team spirit, and reinforced the associates' commitment towards the hotel's business plan. An outdoor team building programme was conducted on the Penang beachfront and yet another at the Lost World of Tambun, Ipoh.

Sunway Resort Hotel & Spa, along with Pyramid Tower Hotel also invested significantly in human resources to develop and establish a benchmark for which the employees are able to measure their performances. Responsible

management and demonstrating leadership by example is encouraged among the employees. Within this disciplined corporate environment, the more people they empowered, the more satisfaction the employees seemed to have reaped from their work resulting in higher guests satisfaction level for the hotels.

Outside of a formal working environment, Sunway Resort Hotel & Spa and Pyramid Tower Hotel's Associates' Recreational Club (ARC) embarked on a number of sports and recreational activities that helped foster networking among employees. These include favourites like bowling, futsal and badminton. Several trips within Malaysia were also organised with one trip extended to family members of the employees to promote family bonding.

Talent Development and Retention

To grow, develop and motivate employees, training programmes were developed to enhance skills and knowledge of employees. Besides that, in order to retain talent, rewards and recognition were presented to employees who excelled and exceeded expectations.

PILLAR 2: WORKPLACE (CONT'D)

For example, eleven employees at Sunway Pyramid Shopping Mall were recognised for their outstanding performance at a gala dinner themed "A Celebration of Success" to celebrate the mall's achievement and milestones throughout 2010. The mall was awarded eight awards throughout 2010, the most awards achieved in a single year. Sunway Pyramid Shopping Mall attributed the mall's success mainly to dedicated employees and showed their appreciation by organising the gala dinner and gave recognition to those who contributed the most. The top 11 employees were judged based on Sunway Group's six core values which are motivating leadership, customers, innovation, leadership, teamwork and excellence.

In the past year, Sunway Resort Hotel & Spa, along with Pyramid Tower Hotel, conducted an average of 5,000 training hours per month, ranging from internal training sessions to outsourced or external training.

These sessions covered a host of topics like Service Excellence, Making A Difference, Supervisory Skills and Personal Development. Apart from being designed to better equip management and staff on various aspects of product and service delivery, these sessions were also aimed at fostering appropriate levels of learning and growth.

To develop and provide skilled human capital in the competitive hospitality industry, Sunway Hotel Seberang Jaya has enrolled more than 30 candidates in its NUSunway Training & Job Placement Programme 2010/2011. The candidates undergo a 10-month on-the-job and classroom training programme and receive a RM1,000 monthly allowance that is funded by Northern Corridor Implementation Authority (NCIA). Upon successful completion of the programme, the candidates are guaranteed a job in the hotel. Among 90% of the candidates comprises fresh school leavers.

Sunway Hotel Seberang Jaya encourages internal and external training of staff to develop requisite knowledge and skills. The new Sunway Trainers' Club comprising associates from various departments undertook a spectrum of training programs and modules to help improve current performances and service standards. Workshops that were outsourced included Workplace Communication, Training Needs Analysis and Making A Difference.

Health & Safety

Sunway is committed to providing a safe and healthy workplace to all employees as well as those involved in our daily business activities. In this regard, business units strive towards ZERO life loss and are committed to complying with provisions of the Occupational Safety & Health Act 1994, its regulations and all the approved codes of practice by:-

- Identifying all hazards, assessing the risk and controlling them.
- Ensuring that all heads of operations in the respective business units are committed to strive for continuous improvement as per Occupational Safety & Health standards in their respective organizations.

Diversity at Workplace

Sunway embraces diversity at the workplace and we do not allow room for any form of discrimination against people from a different gender, marital status, race, nationality, ethnic origin or age. All employees are treated with respect and in a fair manner.

By employing a diverse workforce, employees are able to have a better understanding of today's dynamic demographics from a pool of people with different cultural backgrounds.

In the long-term, this will allow the business units to engage in more meaningful relationships with stakeholders at large and make significant contributions to the nation.



Fostering networking among employees

PILLAR 3: ENVIRONMENT



Earth Hour at Sunway Pyramid

Going green is not a fresh topic to Sunway. Presently, concern for climate change, pollution, waste management and environmental issues have captured the attention of many. At Sunway, we focus on integrating and promoting environmental responsibility into all our businesses. Various activities and campaigns were carried out to promote Green messages.

Earth Hour 2011

- Partnering WWF Malaysia, Sunway Pyramid Shopping Mall was the official venue for this meaningful event.
- Sunway Carnival Shopping Mall together with Sunway Hotel Seberang Jaya also took a stand on climate change as they switched off all lights for an hour.
- Candles were used to light up the essential areas for continued business.

Bring Your Own Bag (BYOB) Campaign

- Sunway Pyramid Shopping Mall & Sunway Carnival Shopping Mall encourage use of recycle bags or trolley bags to create environmental preservation awareness among members of the public.

Recycling practices

- Recycling buy back centers are setup at various locations at Sunway Pyramid Shopping Mall & Sunway Carnival Shopping Mall to cultivate the 3Rs (reduce, reuse and recycle).
- Sunway Carnival Shopping Mall managed to collect 100 tonnes of waste within 8 months.
- The hotels recycle old towels as rags and sacks.
- Hotel towels are washed only as requested by guests.
- The hotels continue to be good stewards, i.e. minimise energy use and water consumption in their daily practices.
- Recycle buyback is conducted every fortnight at Menara Sunway and Sunway Tower to encourage tenants to recycle.

NanoMax® technology

- Sunway Resort Hotel & Spa and Pyramid Tower Hotel continued to utilise NanoMax® technology, the latest air purification technology which cleanses, sterilises and deodorizes the air.

Mud ball making initiative

- As part of Sunway Hotel Seberang Jaya's corporate responsibility, the hotel also partners with Sunway Carnival Shopping Mall in a year-long mud ball making initiative which is aimed at cleaning the nearby river, Sungai Pertama, an area which is popularly used by the community for morning jogs and evening walks.
- Mud balls are a bio-remedial environmental solution of reducing water pollutants and improving water quality of rivers.
- Sponsor breakfast for average 80 participants per session.

Energy conservation effort at Menara Sunway and Sunway Tower

- Reduction of lighting along lobbies, car park floors, external float lights and common areas during lunch hour and after office hours which help conserve up to 70% of energy.
- We are in the process of installing light sensor for all toilets at both towers.
- 3 new products (ie HyChill, Anabess and Arestec) installed at Sunway Tower for energy efficiency.

PILLAR 4: COMMUNITY

At Sunway, we believe involvement in community programmes can promote partnership that helps make the environment we operate in a better and more vibrant place to live, work and conduct business.

Social Responsibility during festive seasons

Hari Raya Adilfitri

- Sunway Pyramid treated underprivileged children from Masjid Al Husna, SMK Bandar Sunway Special Education Unit and Bandar Sunway to a buka puasa dinner, goodie bags and duit Raya.
- At Sunway Resort Hotel & Spa and Pyramid Tower Hotel, orphans were welcomed for a Ramadhan break fast at Atrium Café by the committee of the Associates Recreation Club.
- At Sunway Hotel Seberang Jaya a Malam Amal was hosted for some 40 children from the Taman Bakti Welfare Home. The children were treated to a sumptuous hidang style dinner accompanied by a fun filled magic show and presented with duit Raya on the first day of Ramadhan 2010.

Deepavali

- Sunway Pyramid invited children from the Kirtarsh Handicapped and Disabled Children's Home to a day out at the mall.

Christmas

- Sunway Pyramid organised a massive charity drive to fulfill the needs of the underprivileged.
- Sunway Pyramid saw the fulfillment of nine families from daily necessities to sewing machines.
- Sunway Resort Hotel & Spa's Christmas theme "Give, Share Love" collaborated with eight children's homes to bring cheer to its young residents.
- Sunway Resort Hotel & Spa gave away books from Book Excess and toys from Toy City to almost 300 children.
- In addition, the children were treated to a Charity High Tea together with games and activities carried out by staff of the hotel.



Sunway Pyramid treated underprivileged children to a special Hari Raya experience

Chinese New Year

- Sunway Pyramid highlighted the plight of two nursing homes; The Klang & Coast Chik Sin Thong Old Folks Home and Rumah Charis Old Folks Home. A donation drive was conducted to provide the homes with foodstuff and other daily necessities.
- Sunway Resort Hotel & Spa hosted a Chinese New Year Charity lunch with New Horizon's Senior Citizen Programme. 250 senior citizens were treated to an afternoon of good food, entertainment and give aways. The event was officiated by the Deputy Minister of Women, Family & Community Development.
- Sunway Hotel Seberang Jaya & Sunway Carnival Mall visited senior citizens at the Sejahtera Welfare Home in conjunction with the Chap Goh Mei celebration and treated them to a steamboat dinner.

Associates put up a dance show to further heighten the joyous day and belted out some songs too.

The seniors also received Chinese New Year goodies, red packets and Mandarin oranges.

Other community projects

- Sunway Carnival Mall encourages the public to donate used toys for underprivileged children which aims to also educate public and children about the joy of sharing with those less fortunate and to be thankful at all times.
- To promote a healthy lifestyle, Sunway Carnival Mall opens up the main concourse to the public for line dancing practices every Monday to Thursday morning.
- Sunway Carnival Mall treated orphanages to an animated movie screening as part of the Touching Hearts program.
- Sunway Resort Hotel & Spa supported 3 special students from SMK Bandar Sunway who were placed in the staff cafeteria kitchen as well as the pastry section to assist in food preparation and other related tasks. Their attachment programmes with the hotel ranged from 3 to 6 months.
- Sunway Resort Hotel & Spa also provided employment opportunities for single mothers under the auspices of the National Association of Women Entrepreneurs of Malaysia (NAWEM). These women were attached to the hotel's Housekeeping Department.



Give.Share.Love charity High Tea for the underprivileged children



Sunway Carnival Mall patrons donate used toys to underprivileged children



CHECKS & BALANCES

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GOVERNANCE

A structure of integrity, built upon a culture of engaging relationships with all stakeholders.

CORPORATE GOVERNANCE STATEMENT

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

In developing its system of corporate governance, the Board is guided by the measures set out in the Guidelines on Real Estate Investment Trusts (“REIT Guidelines”) issued by the Securities Commission, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and the Malaysian Code on Corporate Governance (“Code”).

A. The Manager

The Manager Of Sunway REIT

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

Sunway REIT is externally managed by the Manager and as such, it has no employees. The Manager has appointed experienced and qualified personnel to handle its day-to-day operations.

The Manager has the general power of management over the assets of Sunway REIT. Its primary role is to manage Sunway REIT and the properties in accordance with the Deed in the sole interest of the unitholders. The Manager will establish the investment, strategic direction and risk management policies of Sunway REIT. The Manager will make recommendations to the Trustee on acquisitions, divestments and enhancements in line with Sunway REIT’s investment strategies and investment criteria formulated by the Investment Appraisal Working Group and adopted by the Board.

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

- **Asset Management**

Supervise and oversee the management of Sunway REIT’s properties including procurement of service providers to carry out specified activities, including but not limited to on-site property management, property maintenance, letting and leasing services, rent collection and arrear control. The Manager is also responsible for developing a business plan in the short, medium and long-term with a view 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.

The Board

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

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

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

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

Each Director must act honestly, with due care and diligence, and in the best interests of the unitholders. The Board is supported by the Audit Committee, Investment Appraisal Working Group and Risk Management Working Group.

Board Composition

During the year under review, the Board consists of seven members, with three Independent Non-Executive Directors. The Board composition reflects a balance of Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals in the fields of accountancy, banking and finance, property valuation, real estate development and property management. This combination of different professions and skills working together enables the Board to effectively lead and control the Manager and Sunway REIT.

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

- The Board should comprise Directors with a broad range of commercial experience, including expertise in fund management, property industry and banking fields; and
- At least one-third of the Board should comprise Independent Directors.

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

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

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

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

The profile of the Board is presented on pages 22 to 25 of the Annual Report.

Meetings And Supply Of Information

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

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

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

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

The Board met three times during the financial period ended 30 June 2011 and the details of attendance of the Directors are as follows:-

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Name of Directors	Number of Board Meetings Attended	Percentage of Attendance (%)
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	3/3	100
Dato' Jeffrey Ng Tiong Lip	3/3	100
Dato' Ngeow Voon Yean	2/3	67
Sarena Cheah Yean Tih	3/3	100
Tan Sri Dato' Ahmad Bin Mohd Don	3/3	100
Willy Shee Ping Yah @ Shee Ping Yan	2/3	67
Elvin A/L Bertly Luke Fernandez	3/3	100

Directors' Training

During the financial period, 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 laws, regulations and the business environment.

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

All the Directors had also attended the Mandatory Accreditation Programme as required under the Listing Requirements.

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	• Fireside Chat with Dato' Sri Idris Jala - "The Economic Transformation Programme: What's in it for me?" (<i>Kuala Lumpur Business Club</i>)	31 January 2011
	• GIC 30th Anniversary Conference and Dinner (<i>GIC</i>)	9 May 2011
Dato' Jeffrey Ng Tiong Lip	• The 13th National Housing and Property Summit - Gearing Up for Sustainable Growth during the 10th Malaysia Plan Period (<i>Asian Strategy & Leadership Institute</i>)	29 - 30 July 2010
	• 3-Day MBA in REIT's (<i>The MBA Training Company</i>)	30 May - 1 June 2011
Dato' Ngeow Voon Yean	• Board Effectiveness: Redefining the Roles and Functions of an Independent Director (<i>Bursatra Sdn Bhd</i>)	3 December 2010
	• The Talent Formula: How to Find, Manage and Retain your Best Talent (<i>Harvard Club of Malaysia</i>)	7 April 2011

Training Programmes, Seminars And Workshops Attended By Directors (cont'd)

Name of Directors	Course Title / Organiser	Date
Sarena Cheah Yean Tih	• Mandatory Accreditation Programme for Directors of Public Listed Companies (<i>Bursatra Sdn Bhd</i>)	20 - 21 October 2010
	• Competition Act 2010 (<i>Sunway Group</i>)	27 October 2010
	• Fireside Chat with Dato' Sri Idris Jala - "The Economic Transformation Programme: What's in it for me?" (<i>Kuala Lumpur Business Club</i>)	31 January 2011
Tan Sri Dato' Ahmad Bin Mohd Don	• Competition Act 2010 (<i>Sunway Group</i>)	27 October 2010
	• Economic and Capital Market Review (<i>Trace Management Services Sdn Bhd and CIMB Bank Berhad</i>)	28 October 2010
Willy Shee Ping Yah @ Shee Ping Yan	• Competition Act 2010 (<i>Sunway Group</i>)	27 October 2010
	• Mandatory Accreditation Programme for Directors of Public Listed Companies (<i>Bursatra Sdn Bhd</i>)	1 - 2 December 2010
	• SCA and SGX Seminar 2011 for Members of the Board of SGX-Listed Companies (<i>Singapore Exchange Limited</i>)	5 April 2011
Elvin A/L Berty Luke Fernandez	• Sixteenth Asean Valuers Congress (<i>Asean Valuers Association</i>)	22 - 24 July 2010
	• The 13th National Housing and Property Summit - Gearing Up for Sustainable Growth during the 10th Malaysia Plan Period (<i>Asian Strategy & Leadership Institute</i>)	29 - 30 July 2010
	• 21st National Real Estate Convention (<i>The Institution of Surveyors, Malaysia</i>)	3 - 4 August 2010
	• The 25th Pan-Pacific Congress of Real Estate Appraisers, Valuers & Counsellors (<i>Indonesia Society of Appraisers</i>)	27 - 30 September 2010
	• 18th World Congress of Accountants 2010 (<i>The Malaysian Institute of Accountants & International Federation of Accountants</i>)	8 - 11 November 2010
	• Mandatory Accreditation Programme for Directors of Public Listed Companies (<i>Bursatra Sdn Bhd</i>)	1 - 2 December 2010
	• Moving Towards A Developed Nation and High Income Economy (<i>The Royal Institution of Chartered Surveyors</i>)	6 April 2011

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)

Re-Appointment, Retirement By Rotation And Re-Election

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

The Manager's Articles of Association provides that one-third 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.

Audit Committee And Working Groups

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

1. Audit Committee

The Audit Committee comprising Tan Sri Dato' Ahmad Bin Mohd Don as Chairman, Willy Shee Ping Yah @ Shee Ping Yan and Elvin A/L Bertly Luke Fernandez, is set up to play an active role in assisting the Board in discharging its governance responsibilities. The composition of the Audit Committee, its terms of reference, attendance of meetings and a summary of its activities are set out on pages 152 to 155 of the Annual Report.

2. Investment Appraisal Working Group ("IAWG")

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

3. Risk Management Working Group ("RMWG")

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

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

The duties and responsibilities of the RMWG include:-

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

B. Directors' Remuneration

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

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

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

	Executive Director RM	Non-Executive Directors RM	Total RM
Meeting Allowance	-	9,500	9,500
Salaries and other Remuneration	635,170	-	635,170
Bonus	313,760	-	313,760
Benefits-in-kind	8,426	-	8,426
Total:	957,356	9,500	966,856

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

Range of Remuneration	Executive Director	Non-Executive Directors	Total
Below RM10,000	-	3	3
RM950,000 to RM1,000,000	1	-	1
Total:	1	3	4

CORPORATE GOVERNANCE STATEMENT (CONT'D)

C. Unitholders

Dialogue Between The Manager And Investors

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

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

- Press and analysts' briefings.
- One-on-one/group meetings, conference calls, investor luncheons, domestic/overseas roadshows and conferences.
- Annual report.
- 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 conferences as part of its efforts to build interest in the Malaysia's real estate investment trust market.

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

Investor Relations Service

Sunway REIT's website has a section dedicated to investor relations which provides detailed information on Sunway REIT's businesses and latest developments. Any enquiries on investor related matters may be directed to this email address, irsunreit@sunway.com.my or may also be conveyed to the following persons:-

1. Ms Wai Sow Fun
Chief Financial Officer
Tel No : (603) 5639 9198
Fax No : (603) 5639 8001
Email : waisf@sunway.com.my
2. Mr Nicholas Lum
Manager - Investor Relations
Tel No : (603) 5639 9791
Fax No : (603) 5639 8001
Email : lumyc@sunway.com.my

D. Accountability And Audit

Financial Reporting

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

Internal Control

The Statement on Internal Control set out on pages 156 and 157 of the Annual Report provides an overview of the state of internal controls within the Manager.

Relationship With External Auditors

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with the External Auditors. The role of the Audit Committee in relation to the External Auditors is disclosed in the Audit Committee Report set out on pages 152 to 155 of the Annual Report.

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.

Compliance Officer

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 Malaysia Securities Berhad as well as Sunway REIT's Deed.

E. Directors' Responsibility Statement On Audited Financial Statements

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

In preparing the financial statements, the Board will ensure that suitable accounting policies have been applied consistently, and that reasonable and prudent judgements and estimates have been made. All applicable approved accounting standards and provisions of the Companies Act 1965 have been complied with.

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

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

F. Compliance With The Code

The Manager has complied substantially with the principles and best practices outlined in the Code.

**This Corporate Governance Statement was approved
by the Board on 11 August 2011.**



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

AUDIT COMMITTEE REPORT

Formation

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

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

Composition

The members of the Audit Committee since its establishment and during the financial period ended 30 June 2011 are as follows:-

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

Meetings And Attendance

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

Name of Committee Member	Number of Meetings Attended
Tan Sri Dato' Ahmad Bin Mohd Don	4/4
Willy Shee Ping Yah @ Shee Ping Yan	3/4
Elvin A/L Berty Luke Fernandez	4/4

The Chief Executive Officer, Chief Financial Officer, Internal Auditors and External Auditors were invited to the meetings held. The External Auditors were present at one 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 ("Listing Requirements").
- 1.3 The members of the Committee should be financially literate and shall include at least 1 person:-
 - (a) who is a member of the Malaysian Institute of Accountants; or
 - (b) who must have at least 3 years' working experience and:
 - (i) have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) is a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (c) who must have at least 3 years' post qualification experience in accounting or finance and:
 - (i) has a degree/masters/doctorate in accounting or finance; or
 - (ii) is a member of one of the professional accountancy organisations which has been admitted as a full member of the International Federation of Accountants; or
 - (d) who must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 1.4 No Alternate Director shall be appointed as a member of the Committee.
- 1.5 The members of the Committee shall elect a Chairman from amongst their number, who shall be an Independent Director.
- 1.6 If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraphs 1.1, 1.2 or 1.3 above, the Board of Directors must fill the vacancy within 3 months.
- 1.7 The terms of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors at least once every 3 years. However, the appointment terminates when a member ceases to be a Director.

2. Meetings

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

3. Rights And Authority

The Committee is authorised to:-

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

4. Functions And Duties

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

AUDIT COMMITTEE REPORT (CONT'D)

- (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, Property Manager or its service providers;
 - (v) the appraisal of the performance of the internal audit function including that of the senior staff and any matter concerning their appointment and termination; and
 - (vi) the internal audit reports pertaining to the effectiveness of internal control, risk management and governance processes including compliance with the operational manuals, Securities Commission's Guidelines on Real Estate Investment Trusts and the Listing Requirements as well as ensuring that the audit recommendations are promptly implemented by the management.
- (c) The quarterly results and year end financial statements prior to the approval by the Board of Directors, focusing particularly on:-
- (i) changes in and implementation of major accounting policies and practices;
 - (ii) significant and unusual issues;
 - (iii) going concern assumption; and
 - (iv) compliance with accounting standards, regulatory and other legal requirements.
- (d) The major findings of investigations and management response.
- (e) The propriety of any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity as set out in the Securities Commission's Guidelines on Real Estate Investment Trusts and the Deed.
- 4.2 To report any breach of the Listing Requirements which has not been satisfactorily resolved, to Bursa Malaysia Securities Berhad.
- 4.3 To prepare the Audit Committee Report for inclusion in the Sunway REIT's Annual Report covering:-
- (a) the composition of the Committee including the name, designation and directorship of the members;
 - (b) the terms of reference of the Committee;
 - (c) the number of meetings held during the financial year and details of attendance of each member of the Committee;
 - (d) a summary of the activities of the Committee in the discharge of its functions and duties for that financial year; and
 - (e) a summary of the activities of the internal audit function.
- 4.4 To review the following for publication in the Sunway REIT's Annual Report as well as to review the Annual Report and recommend for the Board of Directors' approval:-
- (a) the disclosure statement of the Board of Directors on:
 - (i) the applications of the principles set out in Part I of the Malaysian Code on Corporate Governance; and
 - (ii) the extent of compliance with the best practices set out in Part II of the Malaysian Code on Corporate Governance, specifying reasons for any area of non-compliance and the alternative measures adopted in such areas.
 - (b) the statement on the Board of Directors' responsibility for the preparation of the annual audited financial statements.
 - (c) the disclosure statement on the state of the internal controls system of the Company.
 - (d) other disclosures forming the contents of annual report spelt out in the Securities Commission's Guidelines on Real Estate Investment Trusts.
- 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 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.

Summary Of Activities Of The Audit Committee

The activities of the Audit Committee for the financial period ended 30 June 2011 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 External Auditors, the audit plan for the period (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and management responses) prior to the commencement of the annual audit.
- (d) Reviewed the financial statements, the audit report, issues and reservations arising from statutory audit with the External Auditors.
- (e) Reviewed and discussed the Management Accounts with management.
- (f) Reviewed the quarterly results and financial statements with management and the External Auditors for recommendation to the Board of Directors for approval and release to Bursa Malaysia Securities Berhad.
- (g) Reviewed and endorsed all related party transactions entered into by Sunway REIT as well as the statements by the Audit Committee in respect of these related party transactions in the announcement to Bursa Malaysia Securities Berhad.
- (h) Reviewed and endorsed all related party transactions entered into by Sunway REIT and/or the Manager as well as the statements by the Audit Committee in respect of these related party transactions in the announcement to Bursa Malaysia Securities Berhad.
- (i) Reviewed any conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.
- (j) Discussed the implications of any latest changes and pronouncements on Sunway REIT and/or the Manager, issued by the statutory and regulatory bodies.
- (k) Reported to the Board of Directors on significant issues and concerns discussed during the Committee's meetings together with applicable recommendations. Minutes of meetings were tabled, discussed and noted by the Board of Directors.

Audit Committee's Training

The details of training programmes and seminars attended by each Committee Member during the financial period ended 30 June 2011 are set out in the Corporate Governance Statement under "Directors' Training".

Internal Audit Function And Summary Of Activities

The internal audit function is outsourced and undertaken by the Manager's holding company's Internal Audit Department. During the financial period ended 30 June 2011, the Internal Audit Department carried out the following activities:-

- (a) Prepared the annual audit plan for the approval of the Committee.
- (b) Regularly performed risk-based audits, which covered reviews of the internal control system, accounting and management information system and risk management.
- (c) Issued audit reports to the Committee and management identifying weaknesses and issues as well as highlighting recommendations for improvements.
- (d) Acted on suggestions made by the Committee and/or senior management on concerns over operations or controls and significant issues.
- (e) Followed up on management corrective actions on audit issues raised by the External Auditors.
- (f) Attended the Committee's meetings to table and discuss the audit reports and followed up on matters raised.
- (g) Performed independent evaluation on the operation of risk management framework focusing primarily on the adequacy and effectiveness of the said framework.

The costs incurred for the internal audit function in respect of the financial period ended 30 June 2011 amounted to RM300,000.

STATEMENT ON INTERNAL CONTROL

Introduction

The Board of Directors of Sunway REIT Management Sdn Bhd ("the Board"), being the management company of Sunway REIT ("the Manager") has voluntarily adopted the best practices in corporate governance by establishing an Audit Committee and internal audit function, which is outsourced, although it is not compulsory for Sunway REIT, being a real estate investment trust to comply with such requirements under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These efforts and the inclusion of this Statement on Internal Control in the annual report, demonstrate the Board's recognition that strong corporate governance is a key priority and that an effective corporate governance culture is critical to the Manager's performance and consequently to the success of Sunway REIT.

The Board is committed to maintaining a sound and effective system of internal control with a view to safeguard the interests of Sunway REIT's unitholders, assets and investments.

The Board's Responsibility

The Board places importance on, and is committed to maintaining a sound system of internal control and effective risk management practices in the Manager and Sunway REIT to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and integrity of the system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines and risk management practices.

Notwithstanding, as with any internal control system, the Manager's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. It follows, therefore, that the system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

The System Of Internal Control

Monitoring Mechanisms and Management Style

Scheduled periodic meetings of the Board, Audit Committee and management represent the main platform by which Sunway REIT's performance and conduct are monitored. The daily running of the business is entrusted to the Chief Executive Officer ("CEO") and his management teams. Under the purview of the CEO, the heads of the respective properties are empowered with the responsibility of managing their respective operations.

The CEO actively communicates the Board's expectations to the management teams and the property managers at the management meetings. At these meetings, besides reviewing the performance of the properties, operational and financial risks and issues are also discussed and dealt with.

The Board is responsible for setting the business direction and for overseeing the conduct of Sunway REIT's operations through the Audit Committee, the working groups and management reporting mechanisms. Through these mechanisms, the Board is informed of all major control issues pertaining to internal controls, regulatory compliance and risk taking.

The Board has and will continue to ensure that all regulatory requirements such as the announcement of quarterly results and other material information to Bursa Malaysia Securities Berhad as well as the submission of quarterly returns to the Securities Commission are reported and submitted in a timely manner.

Risk Management Framework

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

The risk management process is integrated with the business processes, enabling proper risk management at operation level of each property, as well as at Sunway REIT's level. Risks identified are systematically evaluated with proper mitigating action in place, developed to manage the risks to an acceptable level and monitored on continuous basis.

Key Elements of the System of Internal Control

The current system of internal control has within it, the following key elements:-

- Clear vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.
- The Board with appropriate management reporting mechanisms which enable the Board to review the performance of Sunway REIT.
- Board approved annual budgets and business plans prepared by each property during the Business Plan exercise to consider the relevant strengths, weaknesses, opportunities and threats including competitor, market and broader environmental analysis.

- Investment strategies and criteria which are agreed and formulated by the Investment Appraisal Working Group and recommendation on any acquisition or divestment would be presented to the Board for approval before escalating to OSK Trustees Berhad for approval.
- The Audit Committee with formal terms of reference clearly outlining its functions and duties delegated by the Board.
- Comprehensive policies and procedures manual that provide guidelines on, and authority limits over various operating, financial, human resources and health and safety matters.
- The use of the intranet as an effective means of communication and knowledge sharing.
- Regular management meetings involving the review of the operations and financial performance of each property.
- Communication of policies and guidelines in relation to human resources matters to all employees through a staff handbook which is also available on the intranet.
- A systematic performance appraisal system for all levels of staff.
- Relevant training provided to personnel across all functions to maintain a high level of competency and capability.
- The outsourced internal audit function which carries out internal audits based on an annual risk-based audit plan approved by the Audit Committee.

Assurance Mechanisms

The Audit Committee, with the assistance of the Internal Auditors is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the system of internal control. In carrying out its responsibilities, the Audit Committee relies significantly on the support of the internal audit function, which carries out internal audits based on a risk-based audit plan approved annually by the Audit Committee.

Based on these audits, the Audit Committee is provided with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control. In addition, the Audit Committee also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements.

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

In addition, the Manager has formed a Risk Management Working Group which has the responsibility for overseeing the risk management activities of Sunway REIT, approving appropriate risk management procedures and measurement methodologies as well as identification and management of strategic business risks of Sunway REIT.

The Board's Commitment

The Board recognises that Sunway REIT operates in a dynamic business environment in which the internal control system must be responsive in order to be able to support its business objectives. To this end, the Board remains committed towards maintaining a sound system of internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

The Board's Conclusion

The Board is pleased to report that the state of the internal control system and risk management practices are able to meet the objective of the Manager and Sunway REIT to ensure good corporate governance. There was no material control failure or weakness that would have material adverse effect on the results of Sunway REIT for the period under review.

This Statement on Internal Control was approved by the Board on 11 August 2011.



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

CORPORATE CODE OF CONDUCT

1. Introduction

Our Corporate Code of Conduct (“the Code”) forms an integral part of our corporate governance framework and together with our Standard Operating Procedures, is part of our commitment to observe and adhere to high standards of corporate responsibility and to conduct ourselves rightly.

The Code also guides us to operate at high standards of business integrity, to comply with the relevant laws and regulations and to ensure that the Code is never compromised for the sake of results.

2. Objectives

The objectives of the Code are:-

- (a) to ensure that decisions and judgments made by the employees are lawful and comply with high ethical standards;
- (b) to set a tone and culture for the organisation which will enable it to be regarded as a good corporate citizen;
- (c) to help employees who are faced with making difficult judgements in the course of their work; and
- (d) to give reassurance to Sunway REIT’s stakeholders with whom it comes into business contact.

3. Our Conduct

A. To Unitholders

We will ensure all our actions are always taken and made in the best interest of unitholders and we deliver sustainable distributions and growth in total return to unitholders. We will strive to ensure timely and accurate dissemination of information in accordance with regulatory requirements and actively managing Sunway REIT’s assets for an optimal return.

B. To Customers

We will seek to understand our customer’s expectations and requirements through active engagement with them and provide products and services which offer value in terms of price, quality and good service to them.

C. To Employees

We must all follow the regulatory laws, act with integrity and honesty in all matters and be accountable for our actions. We value honesty and feedback of our actions and accept that whilst we strive for high standards, honest mistakes may occasionally happen. Only intentional efforts to misrepresent or improperly record or report transactions will not be accepted.

D. To those with whom Sunway REIT does business

We will pursue, build and maintain mutually beneficial long-term relationships with our customers, suppliers and business associates.

E. To Society

We will conduct our business in a sustainable and responsible manner, to observe the laws of the countries in which we operate in, to express support for fundamental human rights in line with the legitimate role of business. We will participate and support selected social activities in the society we operate in.

4. Economic Principles

Profitability is essential to discharging the above responsibilities and staying in business. It is a measure both of efficiency and of the value that customers place on Sunway REIT’s products and services. It is essential to the allocation of the necessary corporate resources and to support the continuing investment required to develop and produce future energy supplies to meet customers’ needs. Without profits and a strong financial foundation, it would not be possible to fulfill the responsibilities outlined above.

Sunway REIT operates in a wide variety of changing social, political and economic environments but in general, it believes that the interests of the community can be served most efficiently by a market economy. Criteria for investment decisions are not exclusively economic in nature but also take into account social and environmental considerations and an appraisal of the security of the investment.

5. Business Integrity

We will practise honesty, integrity and fairness in carrying out our business with all whom we come into contact with. Our personal interest and relationship must not interfere or appear to interfere with our ability to make decisions in the best interest of Sunway REIT. As a guide, we should avoid investments that could affect or appear to affect the decisions we are making on behalf of Sunway REIT and ensure there has been full disclosure of our interests and such disclosures are always updated. The Code cannot address every potential conflict of interest, hence we will use our conscience and common sense, and will seek guidance if we are in doubt.

6. Health, Safety And Environment

The health and safety of our colleagues are of paramount importance and we must continuously take steps to improve on existing health and safety measures and to develop necessary additional health and safety measures without compromising the performance of Sunway REIT.

ADDITIONAL INFORMATION

The information set out below is disclosed in compliance with the Securities Commission's Guidelines on Real Estate Investment Trusts:-

1. Sanctions And/Or Penalties

There was no public sanction and/or penalty imposed on Sunway REIT, the Manager or Directors of the Manager by the relevant regulatory bodies during the financial period ended 30 June 2011.

2. Non-Audit Fees

The non-audit fees paid/payable to the External Auditors of Sunway REIT for the financial period ended 30 June 2011 amounted to RM63,000.

3. Soft Commission

There was no soft commission received by the Manager during the financial period ended 30 June 2011.

4. Variation In Results

There was no variance of 10% or more between the audited results for the financial period ended 30 June 2011 and the unaudited results previously announced by Sunway REIT.

Due to the fair value gain on investment properties of RM385.6 million, the variance between the audited results and profit forecast as per the prospectus of Sunway REIT dated 15 June 2011 was more than 10%. Save for the fair value gain, the audited results were in line with the profit forecast.

5. Material Contracts Involving The Interests Of The Directors And Major Unitholders

Save as disclosed below, there was no material contract (not being contract entered into in the ordinary course of business) entered into by OSK Trustees Berhad (as Trustee for Sunway REIT) ("the Trustee") involving the interests of the Directors and major unitholders during the financial period ended 30 June 2011:-

- (a) Car Park Tenancy Agreement dated 23 June 2011 between the Trustee and MSW Parking Sdn Bhd ("MSW"), a wholly-owned subsidiary of Sunway PFM Sdn Bhd (formerly known as Menara Sunway Sdn Bhd) which in turn is a wholly-owned subsidiary of Sunway City Berhad ("SunCity"), for the purpose of leasing out by the Trustee to MSW, the car park space with minimum of 1,323 parking bays located at Basements 1 to 2 as well as levels 5 to 8 ("Demised Premises") within the complex known

as Putra Place which consists of a shopping mall, office suites and a hotel with service apartments ("the Property") located at 100, Jalan Putra, 50350 Kuala Lumpur for a term of 3 years at a monthly rental of an amount equivalent to the Base Rent (i.e. 20% of the gross operating revenue for the fiscal year) and 95% of the gross operating profit.

The Demised Premises is part of the Property which was acquired by the Trustee, on behalf of Sunway REIT, at a public auction conducted at the High Court in Kuala Lumpur on 30 March 2011 pursuant to an order of sale obtained by Commerce International Merchant Bankers Berhad. The acquisition was completed upon the registration of the Certificate of Sale (National Land Code Form 16F) with the Kuala Lumpur Land Registry on 19 April 2011.

- (b) Hotel Master Lease dated 29 June 2011 between the Trustee, the Manager and Sunway Putra Hotel Sdn Bhd (formerly known as Wisdom Achievers Sdn Bhd) ("SPHSB"), a wholly-owned subsidiary of SunCity, for the purpose of leasing out by the Trustee to SPHSB, a hotel consisting of 458 hotel rooms, 170 service apartments and 3 penthouses located at 100 Jalan Putra, 50350 Kuala Lumpur ("Hotel") for a term of 10 years at a total rent in accordance with the formula as stipulated in the Hotel Master Lease.

The Hotel is part of the property built on that piece of land held under Geran 10012, No Lot 38, Seksyen 51, Mukim Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur which was acquired by the Trustee, on behalf of Sunway REIT, at a public auction conducted on 30 March 2011 pursuant to an order of sale obtained by Commerce International Merchant Bankers Berhad. The acquisition was completed upon the registration of the Certificate of Sale (National Land Code Form 16F) with the Kuala Lumpur Land Registry on 19 April 2011.

Relationship of Related Parties for items (a) and (b) above

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Dato' Ngeow Voon Yean are Directors of SunCity and the Manager. Dato' Ngeow Voon Yean has direct interest in SunCity and deemed interest in Sunway REIT.

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih, Sungei Way Corporation Sdn Bhd, Timah Dunia Dredging Sdn Bhd, Active Equity Sdn Bhd and Government of Singapore Investment Corporation Pte Ltd are major shareholders of SunCity and major unitholders of Sunway REIT. Sarena Cheah Yean Tih is also a Director of the Manager.



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BEARING BOUNTIFUL FRUITS

Nurtured by strategies aimed for sustainable growth, Sunway REIT continues to bear fruits for its investors.

FINANCIAL STATEMENTS

MANAGER'S REPORT

The Manager of Sunway Real Estate Investment Trust ("Sunway REIT" or "Fund"), Sunway REIT Management Sdn. Bhd., have pleasure in presenting their inaugural report together with the audited financial statements of the Group and of the Fund for the financial period ended 30 June 2011.

Sunway Real Estate Investment Trust ("Sunway REIT" or "Fund") is a Malaysia-domiciled real estate investment trust constituted pursuant to the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as the "Deed") between Sunway REIT Management Sdn. Bhd. (the "Manager") and OSK Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010 and the acquisition of the investment properties from the Sponsor ("Sunway City Berhad") was completed on even date.

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 there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value 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) it necessary to write off any 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 period 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 period.
- (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 period 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 period 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 period in which this report is made.

Significant events during the financial period

Significant events during the financial period are disclosed in Note 35 to the financial statements.

Material litigation

Material litigation is disclosed in Note 36 to the financial statements.

Auditors

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

Signed on behalf of Sunway REIT Management Sdn. Bhd. in accordance with a resolution of the directors of the Manager dated 11 August 2011.



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



Dato' Ng Tiong Lip

FINANCIAL STATEMENTS MANAGER'S REPORT

Statement by the Manager

The Manager acknowledges its responsibilities for the preparation and fair presentation of the financial statements of Sunway REIT. In the opinion of the Manager, the financial statements set out on pages 168 to 213 are drawn up in accordance with the provisions of the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as "Trust Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts and Financial Reporting Standards ("FRS") in Malaysia so as to give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2011 and of their financial performance and cash flows for the period then ended.

The information set out in Note 38 on page 214 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 11 August 2011.



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



Dato' Ng Tiong Lip

Statutory declaration

I, Wai Sow Fun, being the Officer primarily responsible for the financial management of Sunway Real Estate Investment Trust, do solemnly and sincerely declare that the accompanying financial statements set out on pages 168 to 214 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Wai Sow Fun
at Petaling Jaya in the State of Selangor
Darul Ehsan on 11 August 2011



Wai Sow Fun

Before me,



No. 10-1, Jalan PJS 11/28A,
Sunway Metro, 47150 Petaling Jaya,
Selangor Darul Ehsan.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

We have acted as Trustee of Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund") for the financial period ended 30 June 2011. 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 168 to 214 in accordance with the limitations imposed on the investment powers of the Manager, the provisions of the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as "Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts and the applicable security laws.

We have ensured that the procedures and processes employed by the Manager to value/pricing the units of Sunway REIT are adequate and that such valuation/pricing is carried in accordance with the Trust Deed and other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial period ended 30 June 2011 are in line with and are reflective of the objectives of Sunway REIT.

For and on behalf of the Trustee,
OSK Trustees Berhad



Woo Lai Mei
Director

Kuala Lumpur,
11 August 2011

FINANCIAL STATEMENTS

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 2011 of the Group and of the Fund, and the statements of comprehensive income, statements of changes in net asset value and statements of cash flow of the Group and of the Fund for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 168 to 213.

Manager's and Trustee's responsibility for the financial statements

The Manager of the Fund is responsible for the preparation of financial statements that give a true and fair view in accordance with applicable Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trust in Malaysia so as to give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2011 and of its financial performance, the changes in net asset value and the cash flows of the Group and of the Fund for the period then ended.

Other matters

The supplementary information set out in Note 38 on page 214 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Manager is responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
11 August 2011



Kua Choo Kai
No. 2030/03/12(J)
Chartered Accountant

FINANCIAL STATEMENTS

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011

	Note	20.5.2010 (date of establishment) to 30.6.2011	
		Group RM'000	Fund RM'000
Gross revenue	4	327,416	327,416
Property operating expenses	5	(83,401)	(83,401)
Net property income		244,015	244,015
Other income	6	2,035	2,035
Changes in fair value of investment properties	13	385,569	385,569
Net investment income		631,619	631,619
Manager's fees	7	(19,003)	(19,003)
Trustee's fees		(783)	(783)
Auditor's remuneration:			
Statutory audit		(158)	(158)
Others services		(65)	(65)
Tax agent's fee		(97)	(97)
Valuation fees		(250)	(250)
Other trust expenses		(2,410)	(2,407)
Finance costs	8	(55,190)	(55,190)
Total expenses		(77,956)	(77,953)
Income before taxation		553,663	553,666
Income tax expense	9	-	-
Profit for the period, representing total comprehensive income for the period		553,663	553,666
Total comprehensive income for the period comprise the following:			
Realised		167,311	167,314
Unrealised		386,352	386,352
		553,663	553,666
Basic earnings per Unit (sen)	10		
- realised		6.24	6.24
- unrealised		14.40	14.40
Distribution per Unit (sen)	11	6.58	6.58

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

Income Distribution	20.5.2010 (date of establishment) to 30.6.2011	
	Group RM'000	Fund RM'000
Realised total comprehensive income for the period	167,311	167,314
Add: Surplus cash arising from 50% Manager's fees paid/payable in units	9,502	9,502
Total available for income distribution	176,813	176,816
Distribution to Unitholders during the period:		
Distribution of 1.51 sen per unit for period from 20 May 2010 (date of establishment) to 30 September 2010	(40,470)	(40,470)
Distribution of 1.75 sen per unit for period from 1 October 2010 to 31 December 2010	(46,941)	(46,941)
Distribution of 1.70 sen per unit for period from 1 January 2011 to 31 March 2011	(45,639)	(45,639)
Proposed for final income distribution of 1.62 sen per unit for period from 1 April 2011 to 30 June 2011 ¹	(43,528)	(43,528)
Balance undistributed arising from rounding difference	235	238

Realised total comprehensive income for the financial period is arrived at as following:

Total comprehensive income for the period	553,663	553,666
Less: Changes in fair value of investment properties	(385,569)	(385,569)
Add: Net changes in fair value of derivative financial instruments	(706)	(706)
Add: Net changes in fair value of long term liabilities	(77)	(77)
Realised total comprehensive income for the period	167,311	167,314

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

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

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	2011	
		Group RM'000	Fund RM'000
Assets			
Non-current assets			
Plant and equipment	12	122	122
Investment properties	13	4,379,000	4,379,000
Investment in a subsidiary	14	-	- ¹
		4,379,122	4,379,122
Current assets			
Trade receivables	15	9,393	9,393
Other receivables	16	5,068	5,068
Amount due from a subsidiary	17	-	3
Cash and bank balances	18	58,606	58,606
Derivative financial instruments	19	706	706
		73,773	73,776
Total assets		4,452,895	4,452,898
Equity and liabilities			
Unitholders' funds			
Unitholders' capital	20	2,350,437	2,350,437
Distributable income		420,613	420,616
		2,771,050	2,771,053
Non-current liabilities			
Borrowings	21	1,502,025	1,502,025
Long term liabilities	22	52,029	52,029
		1,554,054	1,554,054
Current liabilities			
Trade payables	23	815	815
Other payables	24	67,626	67,626
Borrowings	21	59,350	59,350
		127,791	127,791
		4,452,895	4,452,898
Units in circulation ('000)		2,686,898	2,686,898
Net asset value ("NAV") per unit (RM)			
- before income distribution		1.0809	1.0809
- after income distribution		1.0313	1.0313

¹ Value less than RM1,000

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

STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011

Group	Unitholders' Distributable Income			Total Unitholders' Funds RM'000
	Capital RM'000	Realised RM'000	Unrealised RM'000	
As at 20 May 2010 (date of establishment)	-	-	-	-
Total comprehensive income for the period, representing the increase in net assets resulting from operations	-	167,311	386,352	553,663
Unitholders' transactions				
Creation of units				
- Units issued as partial satisfaction of the purchase consideration for properties acquired	920,969	-	-	920,969
- Pursuant to initial public offering	1,486,792	-	-	1,486,792
- Manager's fee paid in units	6,849	-	-	6,849
Unit issuance expenses (Note 25)	(64,173)	-	-	(64,173)
Distribution to unitholders (Note 11)	-	(133,050)	-	(133,050)
Increase/(decrease) in net assets resulting from unitholders' transactions	2,350,437	(133,050)	-	2,217,387
As at 30 June 2011	2,350,437	34,261	386,352	2,771,050

Fund	Unitholders' Distributable Income			Total Unitholders' Funds RM'000
	Capital RM'000	Realised RM'000	Unrealised RM'000	
As at 20 May 2010 (date of establishment)	-	-	-	-
Total comprehensive income for the period, representing the increase in net assets resulting from operations	-	167,314	386,352	553,666
Unitholders' transactions				
Creation of units				
- Units issued as partial satisfaction of the purchase consideration for properties acquired	920,969	-	-	920,969
- Pursuant to initial public offering	1,486,792	-	-	1,486,792
- Manager's fee paid in units	6,849	-	-	6,849
Unit issuance expenses (Note 25)	(64,173)	-	-	(64,173)
Distribution to unitholders (Note 11)	-	(133,050)	-	(133,050)
Increase/(decrease) in net assets resulting from unitholders' transactions	2,350,437	(133,050)	-	2,217,387
As at 30 June 2011	2,350,437	34,264	386,352	2,771,053

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

FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011

		20.5.2010 (date of establishment) to 30.6.2011	
	Note	Group RM'000	Fund RM'000
Operating activities			
Cash receipts from customers		338,755	338,755
Refundable security deposits from customers		72,383	72,383
Cash paid for operating expenses		(109,210)	(109,207)
Net cash generated from operating activities		301,928	301,931
Investing activities			
Acquisition of plant and equipment	Note a	(100)	(100)
Acquisition of investment properties	Note b	(3,049,636)	(3,049,636)
Incidental costs on acquisition of investment properties	Note c	(1,932)	(1,932)
Subsequent expenditure of investment properties	Note d	(1,088)	(1,088)
Investment in a subsidiary	14	-	- ¹
Advance to a subsidiary		-	(3)
Interest received		1,093	1,093
Net cash used in investing activities		(3,051,663)	(3,051,666)
Financing activities			
Proceeds from issuance of new units		1,486,792	1,486,792
Drawdown of term loan		1,514,000	1,514,000
Drawdown of revolving credits		254,086	254,086
Repayment of revolving credits		(189,000)	(189,000)
Interest paid		(47,209)	(47,209)
Payment of unit issuance and financing expenses		(77,278)	(77,278)
Distribution paid		(133,050)	(133,050)
Net cash generated from financing activities		2,808,341	2,808,341
Net increase in cash and cash equivalents		58,606	58,606
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		58,606	58,606
Cash and cash equivalents at end of period comprise:			
Cash and bank balances		4,884	4,884
Deposits placed with licensed financial institutions		53,722	53,722
Cash and cash equivalents at end of period	18	58,606	58,606

¹ Value less than RM1,000

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

		20.5.2010 (date of establishment) to 30.6.2011	
	Note	Group RM'000	Fund RM'000
Note a:			
Additions of plant and equipment	12	132	132
Additions via deferred payment		(32)	(32)
Cash outflow for acquisition of plant and equipment		100	100
Note b:			
Acquisition price of investment properties	13	3,970,605	3,970,605
Consideration units issued as partial satisfaction of the purchase consideration for properties acquired	20	(920,969)	(920,969)
Cash outflow for acquisition of investment properties		3,049,636	3,049,636
Note c:			
Incidental costs on acquisition of investment properties	13	8,180	8,180
Deferred payment on incidental costs on acquisition of investment properties		(6,248)	(6,248)
Cash outflow for incidental costs on acquisition of investment properties		1,932	1,932
Note d:			
Subsequent expenditure of investment properties		14,646	14,646
Additions via deferred payment		(13,558)	(13,558)
Cash outflow for subsequent expenditure of investment properties		1,088	1,088

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

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011

1. Fund information

Sunway Real Estate Investment Trust ("Sunway REIT" or "Fund") is a Malaysia-domiciled real estate investment trust constituted pursuant to the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as the "Deed") between Sunway REIT Management Sdn. Bhd. (the "Manager") and OSK Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010 and the acquisition of the investment properties from the Sponsor ("Sunway City Berhad") was completed on even date.

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

Sunway REIT is an income and growth fund with the 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 activity of the subsidiary is set out in Note 31.

There have not been significant changes in the nature of the principal activity during the financial period.

The consolidated financial statements relate to the Fund and its subsidiary (the "Group").

This is the first set of financial statements of the Group and of the Fund since the date of its establishment and covering the period from 20 May 2010 (date of establishment) to 30 June 2011. Accordingly, there are no comparative figures.

The financial statements for the financial period ended 30 June 2011 were authorised for issue in accordance with a resolution by the directors of the Manager on 11 August 2011.

Sunway REIT has entered into several service agreements in relation to the management of the Fund and its property operations. The fee structures of these services are as follows:

1.1 Manager's fees

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

- (a) Base fee of 0.3% per annum on the total assets value;
- (b) Performance fee of 3% per annum of net property income, but before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement dated 26 May 2010;
- (c) Acquisition fee of 1% of the acquisition price of any future assets of Sunway REIT or a Single-Purpose Company acquired by the Trustee for Sunway REIT (pro rated if applicable to the proportion of the interest in Real Estate or Single-Purpose Company purchased by the Trustee for Sunway REIT); and
- (d) Divestment fee of 0.5% of the sale price of any future assets of Sunway REIT or a Single-Purpose Company sold or divested by the Trustee (pro rated if applicable to the proportion of the interest of Sunway REIT in the assets of Sunway REIT sold).

The Manager's fee shall be net of all applicable tax, duties and levies imposed by the relevant authorities in Malaysia. The Manager shall be paid the base fee and performance fee which may be in the forms 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 arrear.

1. Fund information (cont'd)

1.2 Property management fees

The Property Manager, DTZ Nawawi Tie Leung Property Consultant Sdn. Bhd., is entitled to receive a fixed fee for managing the retail and office properties owned by Sunway REIT. The Property Manager and/or its service providers shall be reimbursed in full for the property expenses which include the employment and remuneration costs of the centralised team of employees of the Property Manager and/or its service providers as provided in the Property Management Agreement dated 26 May 2010. The property management fees and reimbursements are payable monthly in arrear.

1.3 Trustee's fees

Pursuant to the Deed, the Trustee is entitled to receive up to 0.03% per annum of the net asset value of Sunway REIT, net of all applicable taxes, duties and levies imposed by the relevant authorities in Malaysia, calculated on a monthly accrual basis, based on a year of 12 months and is payable monthly in arrear.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Fund have been prepared in accordance with the provisions of the Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts and Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial period, the Group and the Fund adopted all applicable FRSs which are mandatory for financial periods beginning on or after 20 May 2010, being the date of establishment.

The financial statements of the Group and of the Fund have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

At the date of authorisation of these financial statements, the Group and the Fund have applied all applicable FRSs, Issues Committee Interpretations ("IC Interpretations") and Amendments to FRSs which are issued and effective for financial periods beginning on or after 20 May 2010, being the date of establishment.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Standards and interpretations issued but not yet effective

The Group and the Fund have not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for financial periods beginning on or after 1 July 2010:

- FRS 1: First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2: Share-based Payment
- FRS 3 Business Combinations (Revised)
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

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

2.2 Standards and interpretations issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 January 2011:

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 1: First-time Adoption of Financing Reporting Standards [Improvements to FRS (2010)]
- Amendments to FRS 2: Group Cash-settled Share-based Payment
- Amendments to FRS 3: Business Combinations [Improvements to FRS (2010)]
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 7: Financial Instruments: Disclosures [Improvement to FRS (2010)]
- Amendments to FRS 101: Presentation of Financial Statements [Improvements to FRS (2010)]
- Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates [Improvements to FRS (2010)]
- Amendments to FRS 128: Investments in Associates [Improvements to FRS (2010)]
- Amendments to FRS 131: Interests in Joint Ventures [Improvements to FRS (2010)]
- Amendments to FRS 132: Financial Instruments: Presentation [Improvements to FRS (2010)]
- Amendments to FRS 134: Interim Financial Reporting [Improvements to FRS (2010)]
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement [Improvements to FRS (2010)]
- IC Interpretation 4: Determining whether an Arrangement contains a Lease
- Amendments to IC Interpretation 13: Customer Loyalty Programme [Improvements to FRS (2010)]
- IC Interpretation 18: Transfer of Assets from Customers

Effective for financial periods beginning on or after 1 July 2011:

- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012:

- IC Interpretation 15: Agreements for Construction of Real Estate
- Amendments to FRS 124: Related Party Disclosure

The Manager expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiary as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Fund. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiary is accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. 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.

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

2.3 Basis of consolidation (cont'd)

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.4 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 subsidiary 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 period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.5 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.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

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

2.5 Plant and equipment (cont'd)

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	10%
Office equipment	10% - 20%

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.6 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 2.5 up to the date of change in use.

2.7 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")).

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

2.7 Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.8 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 statement, investment in a subsidiary is accounted for at cost less impairment losses.

2.9 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 STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

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

2.9 Financial assets (cont'd)

(a) Financial assets at fair value through profit or loss (cont'd)

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Fund commit to purchase or sell the asset.

2.10 Impairment of financial assets

The Manager assess 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.

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

2.10 Impairment of financial assets (cont'd)

(a) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.11 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.

2.12 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.

2.13 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 FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Fund that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

The Group's and the Fund's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

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

2.13 Financial liabilities (cont'd)

(b) Other financial liabilities (cont'd)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Fund incurred in connection with the borrowing of funds.

2.15 Leases

Leases where the Group is the lessor and retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.16 (a), (b) and (c).

2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Rental income

Rental income is derived from renting of retail and office properties to tenants and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(b) Hotel master lease income

Hotel master lease income is derived from renting of hotel properties to hotel operators ("Lessee") and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis. The hotel master lease income is derived based on the following total rent formula:

Total rent = The higher of variable rent or guaranteed rent

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

2.16 Revenue (cont'd)

(b) Hotel master lease income (cont'd)

Variable rent = Base rent plus 70% of (hotel's gross operating profit less master lease expenses)

- (i) Base rent: 20% of the hotel's gross operating revenue.
- (ii) Gross operating profit: Hotel's gross operating revenue less operating expenses.
- (iii) Master lease expenses: Base rent, reserve for furniture, fittings and equipment and hotel management fees.

(c) Carpark rental income

Carpark rental income is derived from renting of the investment properties' carpark space to carpark operators and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis. The carpark rental income is derived based on the following variable rent formula:

Variable rent = Base rent plus 95% of carpark's gross operating profit

- (i) Base rent: 20% of the carpark's gross operating revenue
- (ii) Gross operating profit: Carpark's gross operating revenue less base rent and operating expenses.

(d) Other operating income

Other operating income mainly comprise rental from common area of the retail properties for promotional events and is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(e) Interest income

Interest income from short term deposits is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

2.17 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.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

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

2.17 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 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 review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

2.19 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. Judgements made in applying accounting policies

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, the Manager has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3.1 Classification between investment properties and plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation of plant and equipment

The useful lives and residual values of plant and equipment are also estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets and hence future depreciation charges on such assets could be revised.

(b) Impairment of loans and receivables

The Manager assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Manager considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 15.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

4. Revenue

	20.5.2010 (date of establishment) to 30.6.2011 Group/Fund RM'000
Rental income	253,612
Hotel master lease income	54,069
Carpark rental income	12,509
Other operating income	7,226
	327,416

5. Property operating expenses

	20.5.2010 (date of establishment) to 30.6.2011 Group/Fund RM'000
Quit rent, assessment and insurance	7,499
Property management fees and reimbursements	22,663
Utilities	24,448
Service contracts and maintenance	13,319
Advertising and promotion	9,144
Allowance for impairment (Note 15)	1,770
Depreciation of plant and equipment (Note 12)	10
Administrative and other operating expenses	4,548
	83,401

6. Other income

	20.5.2010 (date of establishment) to 30.6.2011 Group/Fund RM'000
Interest income from deposits with licensed financial institutions	1,252
Net changes in fair value of derivative financial instruments (Note 19)	706
Net changes in fair value of long term liabilities	77
	2,035

7. Manager's fees

	20.5.2010 (date of establishment) to 30.6.2011 Group/Fund RM'000
Base fee	11,670
Performance fee	7,333
	19,003

During the financial period, approximately 50% of Manager's fees were paid/payable in Units.

8. Finance costs

	20.5.2010 (date of establishment) to 30.6.2011 Group/Fund RM'000
Interest expense	
- term loan	47,325
- revolving credits and commitment fees	3,209
- interest rate swap	517
Amortisation of transaction costs	4,047
Others	92
	55,190

9. Income tax expense

Taxation of the Real Estate Investment Trust ("REIT")

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

Sunway REIT will not incur any tax expense during the financial period as it will distribute more than 90% of its realised income available for distribution for the financial period ended 30 June 2011 which translates to more than 90% of its total taxable income.

In accordance with the distribution policy as set out under Section 4.4.4 of Sunway REIT's prospectus dated 15 June 2010, the Manager intends to distribute at least 90% of the Fund's distributable income in each of the subsequent financial years.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

9. Income tax expense (cont'd)

Taxation of the Unitholders

Pursuant to Section 109D(2) of Income Tax Act, 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders

	Tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	25%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 25%.

10. Basic earnings per Unit

Basic earnings per Unit amounts are calculated by dividing realised/unrealised total comprehensive income for the period attributable to Unitholders of the Fund by the weighted average number of units in issue during the financial period.

	20.5.2010 (date of establishment) to 30.6.2011 Group/Fund RM'000
Weighted average number of Units in issue	2,682,101

	20.5.2010 (date of establishment) to 30.6.2011	Fund RM'000
	Group RM'000	
Realised		
Realised total comprehensive income for the period attributable to Unitholders of the Group/Fund after Manager's fee	167,311	167,314
Realised basic earnings per Unit (sen)	6.24	6.24
Unrealised		
Unrealised total comprehensive income for the period attributable to Unitholders of the Group/Fund after Manager's fee	386,352	386,352
Unrealised basic earnings per Unit (sen)	14.40	14.40

11. Distribution to Unitholders

	20.5.2010 (date of establishment) to 30.6.2011	
	Group RM'000	Fund RM'000
Distribution to Unitholders are from the following sources:		
Net property income	244,015	244,015
Other income	2,035	2,035
Change in fair value of investment properties	385,569	385,569
Net investment income	631,619	631,619
Less: Expenses	(77,956)	(77,953)
Total comprehensive income for the period	553,663	553,666
Less: Unrealised income	(386,352)	(386,352)
Add: Surplus cash arising from 50% Manager's fees paid/payable in Units	9,502	9,502
Total available for income distribution	176,813	176,816
Less: Income distributed	(133,050)	(133,050)
Less: Proposed final income distribution	(43,528)	(43,528)
Balance undistributed arising from rounding difference	235	238
Distribution per Unit (sen)	6.58	6.58

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

12. Plant and equipment

	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
At 30 June 2011			
Group/Fund			
Cost			
At date of establishment	-	-	-
Additions (Note 34)	126	6	132
At end of financial period	126	6	132
Accumulated depreciation			
At date of establishment	-	-	-
Depreciation charge for the period (Note 5)	10	-	10
At end of financial period	10	-	10
Net carrying amount	116	6	122

13. Investment properties

	2011 Group/Fund RM'000
At date of establishment	-
Acquisition price of investment properties	3,970,605
Incidental costs on acquisition of investment properties	8,180
Investment properties at costs	3,978,785
Subsequent expenditure of investment properties (Note 34)	14,646
	3,993,431
Changes in fair value	385,569
At 30 June 2011	4,379,000

The investment properties under long term leases are as follows:

	2011 Group/Fund RM'000
Long term leasehold land	908,500
Buildings	2,705,500
	3,614,000

13. Investment properties (cont'd)

Description of property	Location	Date of acquisition	Tenure of land	Term of lease	Remaining term of lease	Investment properties at costs as at 30.6.2011 RM'000	Fair value as at 30.6.2011 RM'000	Percentage of Net Asset Value as at 30.6.2011 %
Initial Public Offering ("IPO") assets								
Sunway Pyramid Shopping Mall	Selangor	8 July 2010	Leasehold	99 years	86/94 years	2,132,025	2,345,000	84.6%
Sunway Carnival Shopping Mall	Penang	8 July 2010	Leasehold	99 years	81 years	231,742	250,000	9.0%
SunCity Ipoh Hypermarket	Perak	8 July 2010	Leasehold	99 years	89 years	46,348	50,000	1.8%
Sunway Resort Hotel & Spa	Selangor	8 July 2010	Leasehold	99 years	86 years	444,944	495,000	17.9%
Pyramid Tower Hotel	Selangor	8 July 2010	Leasehold	99 years	90 years	250,281	280,000	10.1%
Sunway Hotel Seberang Jaya	Penang	8 July 2010	Leasehold	99 years	81 years	51,910	56,000	2.0%
Menara Sunway	Selangor	8 July 2010	Leasehold	99 years	86 years	127,921	138,000	5.0%
Sunway Tower	Kuala Lumpur	8 July 2010	Freehold	-	-	171,489	189,000	6.8%
						3,456,660*	3,803,000	137.2%
Acquisition during the financial period								
Sunway Putra Mall	Kuala Lumpur	19 April 2011	Freehold	-	-	222,991	246,000	8.9%
Sunway Putra Hotel	Kuala Lumpur	19 April 2011	Freehold	-	-	217,552	240,000	8.7%
Sunway Putra Tower	Kuala Lumpur	19 April 2011	Freehold	-	-	81,582	90,000	3.2%
						522,125**	576,000	20.8%
						3,978,785	4,379,000	158.0%

* Based on valuation carried out by an independent professional valuer, Knight Frank on 30 June 2011

** Based on valuation carried out by an independent professional valuer, Knight Frank on 16 March 2011

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

13. Investment properties (cont'd)

On 8 July 2010 (listing date), Sunway REIT acquired eight investment properties for a total purchase consideration of RM3,456,660,000 of which RM2,535,691,000 was paid in cash and RM920,969,000 via issuance of units.

During the financial period, Sunway REIT acquired another three investment properties at a total purchase consideration of RM513,945,000 and was paid entirely in cash.

The investment properties are stated at fair value based on valuation carried out by an independent professional valuer, Knight Frank on 16 March 2011 and 30 June 2011. 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 valuers adopted primarily the investment, profits and comparison methods.

The investment approach considers income and expenses data relating to the subject property being valued and estimates value through a capitalisation process. Capitalisation relates income (usually net income figure) and a defined value by converting an income amount into a value estimate. This process may consider direct relationship (known as capitalisation rates), yield or discount rates (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces highest return commensurate with a given level of risk leads to the most probable value figure.

This profits method is most appropriate for properties occupied as business premises and in essence, attempts to determine the net operating profit from the trading accounts which is then capitalised. As a primary method of valuation for the hotel properties, Knight Frank has carried out a discounted cash flow analysis over a 10-year investment horizon in which it has assumed that the property is sold at the commencement of the eleventh year of the cash flow. In undertaking this analysis, Knight Frank has also used a wide range of assumptions for the hotel properties including the growth of average room rates and other revenues during the holding period, average occupancy rates, expense ratios and other related expenses.

The comparison method considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued (subject property) is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Investment properties of the Group amounting to RM4,073,00,000 are pledged as securities for borrowings as disclosed in Note 21.

Included in the acquisition cost of investment properties is RM5,139,000 which relates to acquisition fees payable to the Manager.

14. Investment in a subsidiary

	2011 Fund RM
At cost	
Unquoted ordinary shares	2

During the financial period, Sunway REIT acquired 100% equity interest in SunReit Capital Berhad (formerly known as Noble Pioneer Sdn. Bhd.) for a cash consideration of RM2.00. The acquisition of this subsidiary did not have any material effects on the financial results and financial position of the Group. Further details of the subsidiary is disclosed in Note 31.

15. Trade receivables

	2011 Group/Fund RM'000
Current	
Third parties	9,106
Amount due from parties related to the Manager	2,057
	11,163
Less: Allowance for impairment (Note 5)	(1,770)
	9,393

		2011	
	Note	Group RM'000	Fund RM'000
Total trade receivables		9,393	9,393
Add : Other receivables	16	5,068	5,068
Less: Prepayments	16	(1,385)	(1,385)
Add : Amount due from a subsidiary	17	-	3
Add : Cash and bank balances	18	58,606	58,606
Total loans and receivables		71,682	71,685

Included in trade receivables are the following amounts due from parties related to the Manager:

	2011 Group/Fund RM'000
Sunway Holdings Berhad Group	20
Sunway City Berhad Group	2,037

The amounts due from parties related to the Manager are unsecured and bears an interest ranging from 8% to 18% per annum and the credit period is generally for a period of 7 days to 30 days. The relationship with the parties related to the Manager is as disclosed in Note 30.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 7 days to 14 days. 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.

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

15. Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's and Fund's trade receivables is as follows:

	2011 Group/Fund RM'000
Neither past due nor impaired	4,837
Past due not impaired:	
1 to 30 days	453
31 to 60 days	1,360
61 to 90 days	703
91 to 120 days	1,082
More than 120 days	958
	4,556
Impaired	1,770
	11,163

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

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:

	2011 Group/Fund RM'000
At date of establishment	-
Charge for the period (Note 5)	1,770
At end of financial period	1,770

Receivables that are past due but not impaired

The remainder trade receivables that are past due but not impaired relate to customers with good track record with the Group. Based on past experience, the Manager believes that no allowance for impairment is necessary in respect of those balances.

16. Other receivables

	2011 Group/Fund RM'000
Deposits	1,607
Prepayments (Note 15)	1,385
Sundry receivables	2,076
	5,068

Included in other receivables are the following amounts due from parties related to the Manager:

	2011 Group/Fund RM'000
Sunway Holdings Berhad Group	40
Sunway City Berhad Group	1,757
Adasia (M) Sdn. Bhd.	70
Asian Strategy & Incorporated	11

The amounts due from parties related to the Manager are unsecured, interest free and are repayable on demand. The relationship with the above related parties is as disclosed in Note 30.

The Group and the Fund have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

17. Amount due from subsidiary

The amount due from a subsidiary is unsecured, non-interest bearing and is repayable on demand.

18. Cash and bank balances

	2011 Group/Fund RM'000
Cash on hand and at banks	4,884
Deposits with licensed financial institutions	53,722
	58,606

The weighted average interest rate of deposits with licensed financial institutions of the Group and of the Fund is 3.15%.

The range of maturities of deposits with licensed financial institutions of the Group and of the Fund is between 5 to 91 days.

Short term deposits with licensed financial institutions of the Group amounting to RM22,590,000 are pledged as securities for borrowings as disclosed in Note 21.

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

19. Derivative financial instruments

The derivative at the reporting date relates to interest rate swap. An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. The Group had entered into a 4-year interest rate swap to exchange floating interest rate for fixed interest rate in order to minimise the exposure from fluctuation of interest rate. This interest rate swap receives floating interest rate equal to KLIBOR ranging from 2.73% to 3.22% per annum and pays fixed rate of 3.46% per annum.

The fair value of the swap contracts are determined by using the market rates at the end of reporting period and changes in the fair value is recognised in the profit or loss.

During the financial period, the Group recognised a net gain of RM706,000 arising from fair value changes of derivative liability. The contract amount and the fair value of the derivative liability of the Group amounted to RM100,000,000.

20. Unitholders' capital

	2011 Fund Unit '000	
Authorised:		
At date of establishment/end of financial period		2,780,112
	2011 Fund Unit'000	RM'000
Issued and fully paid:		
At date of establishment		
Creation of units		
1,025,143,000 units issued as partial satisfaction of the purchase consideration for properties acquired at approximately RM0.90 per unit	1,025,143	920,969
Pursuant to initial public offering		
- Institutional offering of 1,520,963,700 units at RM0.90 per unit	1,520,964	1,368,867
- Retail offering of 134,005,600 units at RM0.88 per unit	134,006	117,925
	2,680,113	2,407,761
Manager's fees paid in units		
- 2,235,600 units at RM0.9630 per unit for the period from 20 May 2010 to 30 September 2010	2,235	2,153
- 2,331,100 units at RM1.0187 per unit for the period from 1 October 2010 to 31 December 2010	2,331	2,375
- 2,219,400 units at RM1.0457 per unit for the period from 1 January 2011 to 31 March 2011	2,219	2,321
	6,785	6,849
Total issued and fully paid	2,686,898	2,414,610
Less: Unit issuance expenses (Note 25)	(64,173)	(64,173)
At end of financial period	2,622,725	2,350,437

20. Unitholders' capital (cont'd)

As at 30 June 2011, the Manager did not hold any units in Sunway REIT. However, the Directors of the Manager and party related to the Manager held units in Sunway REIT as follows:

	2011	
	Number of Units '000	Market Value RM'000
Indirect unitholdings of directors of the Manager:		
Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO*	986,634	1,095,164
Dato' Ngeow Voon Yean**	70	78
Sarena Cheah Yean Tih***	986,637	1,095,167
Direct unitholdings of party related to the Manager:		
Sunway City Berhad	986,634	1,095,164

* Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling has deemed interest by virtue of his interest in Sunway City Berhad, which is a substantial unitholder of Sunway REIT.

** Dato' Ngeow Voon Yean has deemed interest by virtue of his child's interest in Sunway REIT.

*** Sarena Cheah Yean Tih has deemed interest by virtue of her interest in Sunway City Berhad, which is a substantial unitholder of Sunway REIT and by virtue of her spouse's interest in Sunway REIT.

21. Borrowings

	2011 Group/Fund RM'000
Short term borrowings	
Secured:	
Revolving credits	59,350
Long term borrowings	
Secured term loans	1,514,000
Less: Unamortised transaction costs	(11,975)
	1,502,025
Total borrowings	1,561,375

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

21. Borrowings (cont'd)

Sunway REIT has entered into a facilities agreement dated 16 June 2010 for financing facilities amounting to RM1.15 billion with five licensed banks. On 8 July 2010, Sunway REIT had drawn down the secured term loan and revolving credit facilities of RM1.0 billion and RM118.7 million respectively to part finance the acquisition of the eight investment properties at the listing date. The term loans comprising a mixture of fixed rate and floating rate and to be repaid by way of bullet repayments of RM300.0 million at end of the second year, RM400.0 million at end of the third year and RM300.0 million at end of the fourth year.

On 13 April 2011, Sunway REIT has entered into another facility agreement for financing facilities amounting to RM514.0 million with a licensed bank. On 14 April 2011, Sunway REIT had drawn down the entire secured term loan facility to finance the acquisition of Sunway Putra Mall, Sunway Putra Tower and Sunway Putra Hotel. The term loan bears a floating rate and to be repaid by way of a bullet repayment at end of the fifth year. During the financial period, RM180.0 million of the RM514.0 million secured term loan had been repaid via a new facility agreement dated 27 April 2011 amounting to RM100.0 million and a master murabahah agreement dated 27 April 2011 amounting to RM80.0 million with two licensed banks. The term loan of RM180.0 million bears a floating rate and to be repaid by way of bullet repayments at end of the fifth year.

		2011 Group/Fund RM'000
Gross total borrowings		
Revolving credits	(a)	59,350
Term Loans	(b)	1,514,000
		1,573,350

(a) The revolving credits bear an average effective interest rate of 4.64% per annum.

(b) The maturity of the term loans are as follows:

	2011 Group/Fund RM'000
Later than 1 year and not later than 2 years	300,000
Later than 2 years and not later than 3 years	400,000
Later than 3 years and not later than 4 years	300,000
Later than 4 years and not later than 5 years	514,000
	1,514,000

21. Borrowings (cont'd)

(c) Details of the borrowings are as follows:

Borrowings	Year of maturity	Weighted average interest rate (%)	2011 Face value RM'000
<u>Secured</u>			
Fixed rate:			
- Term loan	2012	4.63%	240,000
- Term loan	2013	4.85%	160,000
			400,000
Floating rate:			
- Term loan	2012	4.63%	60,000
- Term loan	2013	4.63%	240,000
- Term loan	2014	4.63%	300,000
- Term loan	2016	4.58%	514,000
			1,114,000
Total term loan			1,514,000
Less: Unamortised transaction costs			(11,975)
			1,502,025

The secured borrowings of the Group are secured by legal charges on investment properties and short term deposits with licensed financial institutions of the Group amounting to RM4,073,000,00 and RM22,590,000 respectively as disclosed in Notes 13 and 18.

22. Long term liabilities

Long term liabilities are in respect of refundable deposits received from tenants for tenancy contracts with tenure of two to three years.

23. Trade payables

	2011 Group/Fund RM'000
Total trade payables	815
Add: Other payables (Note 24)	67,626
Add: Borrowings (Note 21)	1,561,375
Total financial liabilities carried at amortised cost	1,629,816

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

23. Trade payables (cont'd)

Included in trade payables are the following amounts due to parties related to the Manager:

	2011 Group/Fund RM'000
Sunway City Berhad Group	130

The amounts due to parties related to the Manager are unsecured and non-interest bearing. The relationship with the parties related to the Manager is as disclosed in Note 30.

The normal trade credit terms granted to the Group and the Fund ranges from 1 day to 90 days.

24. Other payables

	2011 Group/Fund RM'000
Sundry payables	3,770
Accruals	47,300
Refundable deposits	16,556
	67,626

Included in other payables are the following amounts due to parties related to the Manager:

	2011 Group/Fund RM'000
Sunway Holdings Berhad Group	219
Sunway City Berhad Group	24,185

The amounts due to parties related to the Manager are unsecured, interest free and are repayable on demand. The relationship with the above related parties is as disclosed in Note 30.

25. Unit issuance expenses

	2011 Group/Fund RM'000
Underwriting and selling commissions	44,316
Miscellaneous expenses	19,857
	64,173

26. Portfolio turnover ratio

	2011 Group/Fund
Portfolio Turnover ratio ("PTR") (times)	0.2

The calculation of PTR is based on the average of the total acquisitions and total disposals of investments in the Fund for the period to the average net asset value during the financial period.

Since the basis of calculating PTR can vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of the Fund's PTR against other real estate investment trusts.

27. Management expense ratio

	2011 Group/Fund
Management expense ratio ("MER")	0.8%

The calculation of MER is based on the total fees and expenses incurred by the Fund in the period, including Manager's fee, Trustee's fee, audit fees, tax agent's fees, valuation fees and other trust expenses to the net asset value during the financial period.

Since the basis of calculating MER can vary among real estate investment trusts, comparison of the Fund's MER with other real estate investment trusts which use a different basis of calculation may not be an accurate comparison.

28. Operating lease agreements

- (a) The Group and the Fund as lessor

The Group leases out its investment properties. Non-cancelable operating lease rentals are receivable as follows:

	2011 Group/Fund RM'000
Within 1 year	302,266
After 1 year but within 5 years	383,686
After 5 years	139,800
	<u>825,752</u>

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

29. Capital commitments

	2011 Group/Fund RM'000
Capital expenditure	
Approved and contracted for:	
Subsequent expenditure of investment properties	63,275

30. Significant transactions with parties related to the Manager

During the period, 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	20.5.2010 (date of establishment) to 30.6.2011 Group/Fund RM'000
(a) Sunway Holdings Berhad Group ("Sunway Holdings Group")*	Rental income and utilities charges	(6,404)
	Insurance premium and others	162
(b) Sunway City Berhad Group ("Sunway City Group")*	Rental income and utilities charges	(79,597)
	Property management and related services	24,143
	Internal audit services	300
	Others	18
(c) Sunway Technology Sdn. Bhd. Group ("STSB Group")#	Rental income and utilities charges	(386)
(d) Adasia (M) Sdn. Bhd. ("Adasia")^	Rental income and utilities charges	(134)
	Advertising services and others	146

The above transactions have been entered into in the normal course of business and have been established based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

The above parties are deemed related to the Group as follows:

* Sunway Holdings Group and Sunway City Group are deemed parties related to the Manager by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's common directorships in Sunway Holdings Berhad, Sunway City Berhad and in the Manager as well as interests in Sunway Holdings Group, Sunway City Group and the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, is a director of Sunway Lagoon Club Berhad, a 83.5% owned subsidiary of Sunway City Berhad and is a director of Sunway Management Sdn. Bhd., a wholly-owned subsidiary of Sunway Holdings Berhad. She has interests in Sunway Holdings Group, Sunway City Group and the Group. Sarena Cheah Yean Tih, being the child of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling is a director and alternate director in several subsidiaries of Sunway City Berhad and she has interests in Sunway Holdings Group, Sunway City Group and the Group. Evan Cheah Yean Shin, the child of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, is the alternate director to Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng in Sunway Lagoon Club Berhad as well as a director and alternate director in several subsidiaries of Sunway Holdings Berhad and he has interest in Sunway Holdings Group.

30. Significant transactions with parties related to the Manager (cont'd)

STSB Group is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's interests in STSB Group and the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling also has deemed interests in STSB Group and the Group. Sarena Cheah Yean Tih has deemed interest in the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih and Evan Cheah Yean Shin are directors of STSB Group.

^ Adasia is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's deemed interests in Adasia and the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih and Evan Cheah Yean Shin, being the spouse and children of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling respectively also have deemed interests in Adasia. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih have deemed interest in the Group. Sarena Cheah Yean Tih and Evan Cheah Yean Shin are directors of Adasia.

Information regarding outstanding balances arising from transactions from parties related to the Manager as at 30 June 2011 are disclosed in Notes 15, 16, 23 and 24.

31. Subsidiary

Details of the subsidiary is as follows:

Name of company	Country of incorporation	Principal activity	2011 Proportion of ownership interest %
SunReit Capital Berhad (formerly known as Noble Pioneer Sdn. Bhd.)#	Malaysia	To undertake the issuance of medium term note pursuant to the medium term note programme of up to RM3.0 billion in nominal value ("MTN Programme") and all matters relating to the MTN Programme.	100

Not audited by Ernst & Young

During the financial period, Sunway REIT acquired the entire paid up share capital of SunReit Capital Berhad (formerly known as Noble Pioneer Sdn. Bhd.) for cash consideration of RM2.00.

The subsidiary is intended as a Special Purpose Vehicle ("SPV") to undertake the issuance of the Medium Term Note ("MTN") programme for Sunway REIT.

32. Financial instruments

(a) Financial risk management objectives and policies

The Manager proactively reviews the capital management of the Group and of the Fund to ensure that adequate financial resources are available for the working capital requirements, growing the Group's businesses and for income distributions whilst managing its interest rate risks (both fair value and cash flow), liquidity risk and credit risk. The Manager reviews and agrees policies for managing each of these risks and they are summarised below.

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32. Financial instruments (cont'd)

(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 33% of the Group's borrowings are at fixed rates.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through the income statement. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates at the reporting date would result in profit for the period to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables remain constant.

Nature of transactions	20.5.2010 (date of establishment) to 30.6.2011 Group/Fund RM'000
<u>25 basis points increase</u>	
Variable rate instruments	(2,683)
<u>25 basis points decrease</u>	
Variable rate instruments	2,683

(c) Liquidity risk

The Manager manages the Group's debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Manager strives to ensure that the Group maintains available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

At the reporting date, none of the Group's borrowings (excluding revolving credits) will be maturing in the next twelve months based on the carrying amount reflected in the financial statements.

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.

32. Financial instruments (cont'd)

(c) Liquidity risk (cont'd)

	2011		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group/Fund			
Financial liabilities:			
Trade and other payables	68,441	-	68,441
Borrowings (excluding revolving credits)	-	1,514,000	1,514,000
Total undiscounted financial liabilities	68,441	1,514,000	1,582,441

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Fund's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Fund minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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, engage 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:	2011 Group/Fund	
	RM'000	%
Retail	8,271	88.1
Hotel	217	2.3
Office	905	9.6
	9,393	100.0

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

32. Financial instruments (cont'd)

(e) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Fund as at reporting dates approximated their fair values except for the following:

	2011 Group/Fund	
	Carrying amount RM'000	Fair value RM'000
Financial liabilities		
Borrowings	1,502,025	1,512,032

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade receivables	15
Other receivables	16
Amount due from a subsidiary	17
Trade payables	23
Other payables	24
Borrowings (current)	21

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Long term liabilities

The fair value of this financial instrument is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing at the reporting date.

Derivatives

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 counterparties and interest rate curves.

33. Capital management

The primary objective of the Manager's capital management is to optimise capital structure and cost of capital of the Group and to adopt active interest rate management strategy to manage the risks associated with changes in interest rates. No changes were made in the objectives, policies or processes during the financial period ended 30 June 2011.

The Manager monitors capital using a gearing ratio, which is total borrowings divided by total asset value of the Fund pursuant to Securities Commission's Guidelines on Real Estate Investment Trusts. The Group's policy is to keep the gearing ratio below 50%.

	2011 Group RM'000
Non-current assets	4,379,122
Current assets	73,773
Total asset value	4,452,895
Total borrowings (including revolving credits but excluding unamortised transaction costs) (Note 21)	1,573,350
Gearing ratio	35.3%

34. Segment information

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the product and services produced. Secondary information is reported geographically. The investment properties are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises the following main major business segments:

- (i) Retail - renting of retail premises to tenants
- (ii) Hotel - leasing of hotel premises to hotel operators
- (iii) Office - renting of office premises to tenants

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

34. Segment information (cont'd)

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Rental from tenants disclosed in geographical segments are based on the geographical location of the assets. The Group's three business segments operate in four main geographical areas:

- (i) Selangor - the operations in this area are principally renting of retail and office premises and leasing of hotel premises to a hotel operator.
- (ii) Kuala Lumpur - the operations in this area are principally renting of retail and office premises and leasing of a hotel premise to a hotel operator
- (iii) Penang - the operations in this area are principally renting of retail premises and leasing of hotel premise to a hotel operator.
- (iv) Perak - the operation in this area is principally renting of a retail premise.

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	I----- 20.5.2010 (date of establishment) to 30.6.2011 -----I			
	Retail RM'000	Hotel RM'000	Office RM'000	Total RM'000
Revenue				
Rental income	220,784	-	32,828	253,612
Hotel master lease income	-	54,069	-	54,069
Carpark rental income	9,557	1,591	1,361	12,509
Other operating income	7,226	-	-	7,226
Gross revenue	237,567	55,660	34,189	327,416
Segment net property income	165,195	53,155	25,665	244,015
Other income				2,035
Changes in fair value of investment properties				385,569
Total expenses (excluding finance costs)				(22,766)
Finance costs				(55,190)
Income before taxation				553,663
Income tax expense				-
Total comprehensive income for the period				553,663

34. Segment information (cont'd)

Business segments (cont'd)

	----- 20.5.2010 (date of establishment) to 30.6.2011 -----						
	Retail RM'000	Hotel RM'000	Office RM'000	Subsidiary RM'000	Elimination RM'000	Total RM'000	Note
Assets							
Segment assets	2,906,585	1,072,215	419,228	-	-	4,398,028	
Unallocated assets						54,867	
Total assets						4,452,895	
Liabilities							
Segment liabilities	125,053	13,973	14,057	3	(3)	153,083	A
Unallocated liabilities						1,528,762	
Total liabilities						1,681,845	
Other segment information							
Capital expenditure	1,154	13,411	213	-	-	14,778	B
Depreciation	(10)	-	-	-	-	(10)	
Other significant non-cash income/expenses							
Allocated	255,099	92,903	35,797	-	-	383,799	
Unallocated						783	
						384,582	C

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

34. Segment information (cont'd)

Geographical segment

	----- 20.5.2010 (date of establishment) to 30.6.2011 -----				
	Selangor RM'000	Kuala Lumpur RM'000	Penang RM'000	Perak RM'000	Total RM'000
Gross revenue	274,333	19,262	29,701	4,120	327,416
Segment net property income	208,119	13,835	18,237	3,824	244,015
Capital expenditure	14,612	114	52	-	14,778
Segment assets	3,269,289	770,540	308,071	50,128	4,398,028
Unallocated assets					54,867
					4,452,895

Note Nature of elimination to arrive at amounts reported in the consolidated financial statements.

A Inter-segment expenses are eliminated on consolidation.

B Capital expenditures consist of:

	2011 Group RM'000
Plant and equipment (Note 12)	132
Investment properties (Note 13)	14,646
	14,778

C Other significant non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:

	2011 Group RM'000
Fair value gain on investment properties (Note 13)	385,569
Net changes in fair value of derivative financial instruments and long term liabilities	783
Allowance for impairment loss - trade receivables (Note 15)	(1,770)
	384,582

35. Significant events during the financial year

(a) Acquisition of Putra Place

On 31 March 2011, the Manager announced that OSK Trustees Berhad, the trustee for Sunway REIT (“the Trustee”) on behalf of Sunway REIT and with the assistance of the Manager was successful in bidding for the Property at a public auction on 30 March 2011 for a total cash consideration of RM513,945,000. The Trustee had on even date signed a Memorandum of Sale in relation to the Proposed Acquisition on behalf of Sunway REIT and paid a 10% deposit amounting to RM51,394,500.

The Property is a freehold mixed-use development comprising an 8-level podium retail/shopping complex known as “The Mall”; an office tower known as “100 Putra Place” (from 10th to 33rd floors), a 25-storey 5-star rated hotel (11th to 21st floors), service apartments (from 22nd to 34th floors) and penthouses (from 34th to 35th floors) known as “The Legend” and 1,323 car parking bays.

On 20 April 2011, the Manager announced that the Proposed Acquisition of Putra Place had been completed on 19 April 2011. The Certificate of Sale (National Land Code Form 16F) was registered with the Kuala Lumpur Land Registry on 19 April 2011 by which the title has passed to and vested in OSK Trustees Berhad as trustee for Sunway REIT after payment of the balance purchase price.

(b) Merger between Sunway Holdings and Sunway City Berhad

Sunway City Berhad (“SunCity”) had on 24 November 2010 received an offer (“Offer”) from Sunway Berhad (formerly known as Alpha Sunrise Sdn. Bhd.) (“Sunway”) to acquire its entire business and undertaking carried by SunCity, including all its assets and liabilities (“Proposed Disposal”). On 14 December 2010, the non-interested directors of SunCity, after taking into consideration, amongst others, the advice from the independent adviser, Goldman Sachs (Malaysia) Sdn. Bhd., have decided to accept the Offer, subject to, inter alia, the approval of the shareholders and relevant authorities, where required.

On 18 January 2011, CIMB Investment Bank Berhad and RHB Investment Bank Berhad announced, on behalf of the Board of Directors of SunCity, that SunCity and Sunway have entered into a conditional sale of business agreement in relation to the Proposed Disposal (“SunCity SBA”). Sunway has also on even date entered into a sale of business agreement with Sunway Holdings Berhad (“SunH SBA”) to acquire the entire business and undertakings as at 24 November 2010 (including all assets and liabilities as at completion) of Sunway Holdings Berhad.

Pending completion of the SunCity SBA, the Right of First Refusal dated 26 May 2010 issued by SunCity to OSK Trustees Bhd (“ROFR”) will continue to subsist. On and after the completion of the SunCity SBA, Sunway will resume the obligations under the ROFR. On the completion of the Proposed Disposal, SunCity’s unitholding in Sunway REIT and shareholding in Sunway REIT Management Sdn. Bhd. will be acquired by Sunway.

Subsequently, the SunCity SBA and SunH SBA have become unconditional on 24 June 2011.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

36. Material litigation

(a) High Court Originating Summons No. 24NCVC-901-2011

On 19 April 2011, Robert Ti and Kornelius Kurniadi (Plaintiffs) commenced this action against amongst others OSK Trustees Berhad and Sunway REIT which sought a declaration that the public auction of Putra Place held on 30 March 2011 was null and void because they were wrongly excluded from bidding and that OSK Trustees Berhad (as trustee for Sunway REIT) 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.

(b) High Court Originating Summons No. 24NCVC-952-2011

On 25 April 2011, Metroplex Berhad (Provisional Liquidators appointed) commenced its action against amongst others OSK Trustees Berhad, Sunway REIT and Sunway REIT Management Sdn. Bhd. seeking to set aside the sale of Putra Place to OSK Trustees Berhad (as trustee for Sunway REIT) at the auction conducted by the Kuala Lumpur High Court on 30 March 2011. Metroplex Berhad claimed that the auction on 30 March 2011 was not a valid public auction and that OSK Trustees Berhad (as trustee for Sunway REIT) was not entitled to bid at the auction.

The Kuala Lumpur High Court had on 27 July 2011 allowed the application by OSK Trustees Berhad (as trustee for Sunway REIT) and Sunway REIT Management Sdn. Bhd. to strike out the legal action with costs of RM40,000 to be paid by the provisional liquidator of Metroplex Berhad on the ground that Metroplex Berhad did not have any right to bring the legal action in relation to the public auction. Metroplex Berhad is the holding company of Metroplex Holdings Sdn. Bhd., the former registered owner of Putra Place.

Metroplex Berhad (Provisional Liquidators Appointed) has filed a Notice of Appeal with the Court of Appeal on 8 August 2011 to appeal against the decision of the High Court of Malaya given on 27 July 2011 ordering that the Originating Summons dated 25 April 2011 be struck out.

(c) High Court Writ of Summons No. 22NCVC-358-2011

On 4 May 2011, Metroplex Holdings Sdn. Bhd. (Plaintiff) served a Writ of Summons dated 29 April 2011 on OSK Trustees Berhad (as trustee for Sunway REIT)(Trustee), Sunway REIT Management Sdn. Bhd. (Manager) and OSK Trustees Berhad seeking a declaration that the Trustee and the Manager are not owners of Putra Place.

On the same date, the Plaintiff also served a summons-in-chamber dated 29 April 2011, which sought amongst others an order that the Trustee and the Manager as well as their directors and /or their personnel and/or auxiliary police be prohibited from coming within a distance of 250 metres from Putra Place until the disposal of the case.

The High Court dismissed the summons-in-chambers instituted by the Plaintiff on 13 May 2011 on the grounds that the lawful registered owner is the Trustee and that it was entitled to issue notices to the occupiers of Putra Place to indicate its ownership and to exercise its lawful rights thereof. The High Court Judge was also of the view that there were no serious questions to be tried. The plaintiff filed a Notice of Discontinuance dated 3 June 2011 where it discontinued all actions against the Trustee, Sunway REIT and the Manager.

(d) High Court Originating Summons No. 21NCVC-95-2011

On 6 May 2011, Metroplex Holdings Sdn. Bhd. (Plaintiff) commenced the case against amongst others OSK Trustees Berhad, Sunway REIT and Sunway REIT Management Sdn. Bhd. seeking to set aside the sale of Putra Place to OSK Trustees Berhad (as trustee for Sunway REIT) at the auction conducted by the Kuala Lumpur High Court on 30 March 2011. The Plaintiff claims that the auction on 30 March 2011 was not a valid public auction and that OSK Trustees Berhad (as trustee for Sunway REIT) was not entitled to bid at the auction. The High Court has fixed the case for hearing on 17 August 2011.

36. Material litigation (cont'd)

(e) High Court Originating Summons No. 24NCVC-1255-2011

On 1 June 2011, OSK Trustees Berhad (as trustee for Sunway REIT)(Trustee) and Sunway REIT Management Sdn. Bhd. (Manager) brought the action against Metroplex Holdings Sdn. Bhd. which amongst others seek an order that Metroplex Holdings Sdn. Bhd. deliver possession of each and every part of Putra Place that Metroplex Holdings Sdn. Bhd., its related corporations, its servants and agents in possession, occupied or control to the Trustee and the Manager.

On 28 June 2011, the High Court has declared that OSK Trustees Berhad (as trustee for Sunway REIT) is the legal owner of Putra Place since 19 April 2011 and has ordered that Metroplex Holdings Sdn. Bhd., its servants or agents or otherwise hand over to the Manager control and management of Putra Place within 72 hours which was to expire at noon on 1 July 2011.

Metroplex Holdings Sdn. Bhd. 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. The appeal is fixed for case management on 18 August 2011 and hearing on 13 September 2011.

37. Comparatives

This is the first set of financial statements of the Group and of the Fund and it covers the period from 20 May 2010 (date of establishment) to 30 June 2011. Accordingly, there are no comparative figures.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONT'D)

38. Supplementary information

The breakdown of the retained profits of the Group and of the Fund as at 30 June 2011 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.

	2011	
	Group RM'000	Fund RM'000
Total retained profits		
- realised	34,264	34,264
- unrealised	386,352	386,352
	420,616	420,616
Less: Consolidation adjustments	(3)	-
Total retained profits	420,613	420,616

The unrealised retained profits mainly comprise fair value gain on investment properties of RM385,569,000.

FINANCIAL CALENDAR

Financial Calendar	1st Quarter ended 30 September 2010	2nd Quarter ended 31 December 2010	3rd Quarter ended 31 March 2011	4th Quarter ended 30 June 2011
Announcement of unaudited quarterly results	10 November 2010	26 January 2011	3 May 2011	11 August 2011
Announcement of the notice of entitlement and payment	10 November 2010	26 January 2011	3 May 2011	11 August 2011
Date of entitlement	26 November 2010	16 February 2011	19 May 2011	2 September 2011
Date of payment	30 December 2010	14 March 2011	9 June 2011	21 September 2011
Income Distribution				
Income distribution per unit (sen)	1.51	1.75	1.70	1.62
Total income distribution per unit (sen) for FP 2011				6.58

ANALYSIS OF UNITHOLDINGS AS AT 30 JUNE 2011

Distribution Of Unitholdings

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units	% of Unitholdings
Less than 100	53	0.85	4,899	0.00
100 to 1,000	755	12.07	700,007	0.03
1,001 to 10,000	3,442	55.03	18,932,500	0.70
10,001 to 100,000	1,612	25.77	52,155,050	1.94
100,001 to less than 5% of issued units	388	6.20	1,319,778,559	49.12
5% and above of issued units	5	0.08	1,295,327,385	48.21
Total	6,255	100.00	2,686,898,400	100.00

Thirty Largest Unitholders As Per Record Of Depositors

Name of Unitholders	No. of Units	%
1. Sunway City Berhad	667,311,185	24.84
2. CIMB Group Nominees (Tempatan) Sdn Bhd - The Bank Of Tokyo-Mitsubishi UFJ Ltd For Sunway City Berhad	179,323,000	6.67
3. Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	157,808,000	5.87
4. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	150,885,200	5.62
5. Public Nominees (Tempatan) Sdn Bhd - Sunway City Berhad	140,000,000	5.21
6. Cartaban Nominees (Asing) Sdn Bhd - Government Of Singapore Investment Corporation Pte Ltd For Government Of Singapore	134,005,615	4.99
7. HSBC Nominees (Asing) Sdn Bhd - Exempt AN For JP Morgan Chase Bank, National Association (U.S.A).	119,471,900	4.45
8. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	82,653,800	3.08
9. HSBC Nominees (Asing) Sdn Bhd - Exempt AN For The Bank Of New York Mellon (BNYM As E&A)	70,000,000	2.61
10. Citigroup Nominees (Asing) Sdn Bhd - GSCO For Indus Asia Pacific Master Fund Ltd	67,288,000	2.50
11. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	60,769,000	2.26
12. Amanahraya Trustees Berhad - Amanah Saham Malaysia	45,776,500	1.70
13. Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	43,283,400	1.61
14. HSBC Nominees (Asing) Sdn Bhd - Exempt AN For BNP Paribas Securities Services (Sydney - Aud)	34,314,900	1.28
15. HSBC Nominees (Asing) Sdn Bhd - Exempt AN For Morgan Stanley & Co. Incorporated (Client)	32,968,500	1.23
16. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN For Prudential Fund Management Berhad	32,793,000	1.22
17. HSBC Nominees (Asing) Sdn Bhd - BNY Brussels For Perennial Global Property Securities Trust	31,346,900	1.17
18. Amanahraya Trustees Berhad - Public Far-East Property & Resorts Fund	20,523,100	0.76
19. HSBC Nominees (Asing) Sdn Bhd - Exempt AN For JP Morgan Chase Bank, National Association (Australia)	18,512,235	0.69

Thirty Largest Unitholders As Per Record Of Depositors (cont'd)

Name of Unitholders	No. of Units	%
20. Kurnia Insurans (Malaysia) Berhad	18,000,000	0.67
21. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Berhad For Public Regular Savings Fund	17,950,000	0.67
22. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (HDBS)	17,403,200	0.65
23. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN For American International Assurance Berhad	16,983,800	0.63
24. Citigroup Nominees (Tempatan) Sdn Bhd - Allianz Life Insurance Malaysia Berhad	15,000,000	0.56
25. Sunway Education Group Sdn Bhd	14,850,000	0.55
26. ValueCap Sdn Bhd	14,816,400	0.55
27. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	14,217,200	0.53
28. Cartaban Nominees (Asing) Sdn Bhd - Exempt AN For RBC Dexia Investor Services Trust (Clients Account)	13,727,000	0.51
29. HSBC Nominees (Asing) Sdn Bhd - DZ Privatbank For DJE Real Estate	12,900,000	0.48
30. AmanahRaya Trustees Berhad - As 1Malaysia	12,608,800	0.47

Substantial Unitholders (5% and above)

Name of Unitholders	Direct Interest		Deemed Interest		%
	No. of Units	%	No. of Units	%	
1. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	-	-	986,634,185	(i)	36.72
2. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	986,634,185	(ii)	36.72
3. Sarena Cheah Yean Tih	-	-	986,637,185	(iii)	36.72
4. Active Equity Sdn Bhd	-	-	986,634,185	(iv)	36.72
5. Timah Dunia Dredging Sdn Bhd	-	-	986,634,185	(v)	36.72
6. Sungai Way Corporation Sdn Bhd	-	-	986,634,185	(vi)	36.72
7. Government of Singapore Investment Corporation Pte Ltd	134,005,615	4.99	986,634,185	(vi)	36.72
8. Sunway City Berhad	986,634,185	36.72	-	-	-
9. Employees Provident Fund Board	237,821,300	8.85	-	-	-
10. AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	157,808,000	5.87	-	-	-

Notes:

- (i) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Timah Dunia Dredging Sdn Bhd, Sungai Way Corporation Sdn Bhd and Sunway City Berhad
- (ii) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sungai Way Corporation Sdn Bhd and Sunway City Berhad
- (iii) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Timah Dunia Dredging Sdn Bhd, Sungai Way Corporation Sdn Bhd, Sunway City Berhad and spouse
- (iv) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Timah Dunia Dredging Sdn Bhd, Sungai Way Corporation Sdn Bhd and Sunway City Berhad
- (v) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sungai Way Corporation Sdn Bhd and Sunway City Berhad
- (vi) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway City Berhad

ANALYSIS OF UNITHOLDINGS AS AT 30 JUNE 2011

Directors' Interests

Name of Directors	Direct Interest No. of Units	%	Deemed Interest No. of Units	%
1. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	-	-	986,634,185*	36.72
2. Dato' Ngeow Voon Yean	-	-	70,000**	#
3. Sarena Cheah Yean Tih	-	-	986,637,185***	36.72

Notes:

* Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Timah Dunia Dredging Sdn Bhd, Sungei Way Corporation Sdn Bhd and Sunway City Berhad

** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through child

*** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Timah Dunia Dredging Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway City Berhad and spouse

Negligible

GLOSSARY

AEI	Asset enhancement initiatives
ARR	Average rental rate
Deed	The deed dated 20 May 2010 and the supplemental deed dated 10 June 2010 entered into between the Trustee and the Manager constituting Sunway REIT
DPU	Dividend per unit
EPU	Earnings per unit
FP	Financial period ended or ending
FYE	Financial year ended or ending
GFA	Gross floor area
IPO	Initial public offering
KLCI	Kuala Lumpur Composite Index
MER	Management expense ratio - ratio of expenses incurred in operating Sunway REIT to its NAV
MTN	Medium term note
NAV	Net asset value
NBV	Net book value
NLA	Net lettable area
REIT	Real estate investment trust
ROFR	Right of first refusal dated 26 May 2010 granted by Sunway City Berhad ("SunCity") to the Trustee to, amongst others, acquire properties that SunCity or its wholly-owned subsidiaries intend to sell
Sq.ft.	Square feet
TAV	Total asset value
WALE	Weighted average lease expiry

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Level 4, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway,
46150 Petaling Jaya, Selangor Darul Ehsan

Tel : (603) 5639 8888
Fax : (603) 5639 8001
Website : www.sunwayreit.com
E-mail : irsunreit@sunway.com.my