


HALF A DECADE OF SUCCESS

**“ FORGING AHEAD TO BE
A LEADING REIT IN MALAYSIA AND
TO DELIVER SUSTAINABLE GROWTH ”**





**With strong fundamentals built in the last half a decade,
Sunway REIT strives to scale greater heights in delivering
sustainable growth for the next half a decade and beyond**

DISCLAIMER:

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

5 YEARS

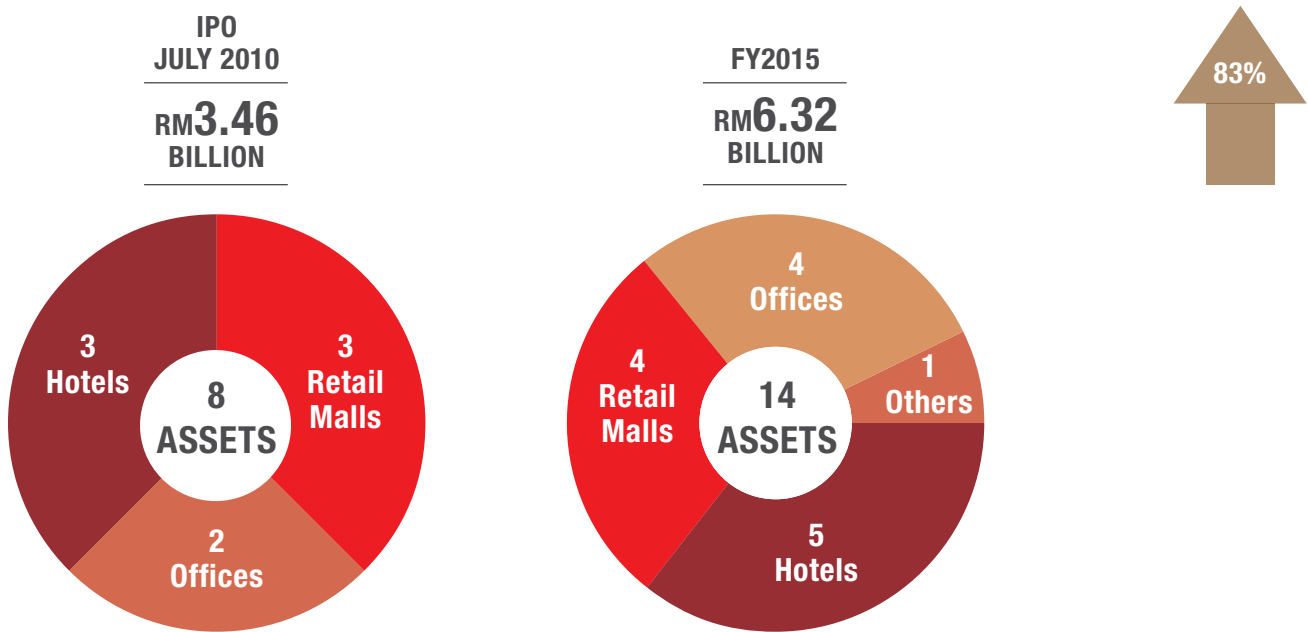
TRACK RECORD

STRATEGIC OBJECTIVES	TARGETS	ACHIEVEMENTS (FP2011 – FY2015)	STATUS
TOP 3 M-REIT	TOP 3 RANKED BY PROPERTY VALUE OR MARKET CAPITALISATION	- RANKED 2 ND BY PROPERTY VALUE - RANKED 3 RD BY MARKET CAPITALISATION	ACHIEVED
PROPERTY VALUE	ABOVE RM7 BILLION BY FY2017	RM6.32 BILLION	ON TRACK ACHIEVED 90% OF TARGET
AVERAGE ANNUAL TOTAL RETURN	10% - 15%	17.6%	EXCEEDED
DPU CAGR	5%	7.3%	EXCEEDED

PORTFOLIO

PROPERTY VALUE EXCEEDED RM6 BILLION

PROPERTY VALUE GROWTH SINCE IPO



	RETAIL (NLA)	HOTEL (NO. OF ROOMS)	OFFICE (NLA)	OTHERS (GFA)	NO. OF CARPARK BAYS
30 JUNE 2015	2.99 million sq.ft.	2,061	1.05 million sq.ft.	0.56 million sq.ft.	> 10,100
IPO JULY 2010	2.35 million sq.ft.	1,193	0.54 million sq.ft.	-	> 7,400
	↑ 27%	↑ 73%	↑ 94%	↑ *	↑ 36%

* Not meaningful

TOTAL ASSETS

14

PROPERTY VALUE

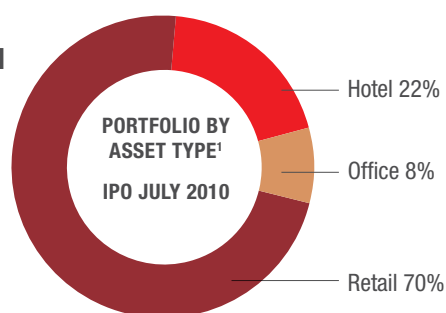
RM6.32 billion

ACQUISITION TRACK RECORD

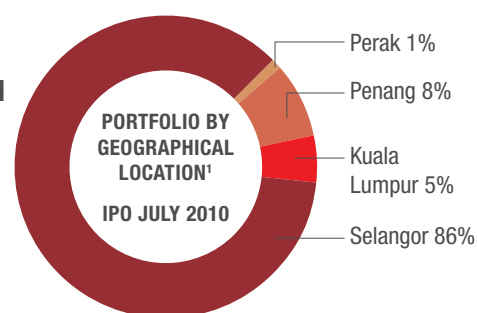
APPROXIMATELY RM1 BILLION WORTH OF ACQUISITION SINCE IPO

	Acquisition	Asset Type	Location	Acquisition Cost
IPO JULY 2010	Initial portfolio of 8 assets	Retail Mall Hotel Office	Sunway Resort City, Selangor Kuala Lumpur Seberang Jaya, Penang Ipoh, Perak	RM3.46 billion
MARCH 2011	Sunway Putra	Integrated Development (retail mall, hotel, office)	Kuala Lumpur	RM514 million
DECEMBER 2012	Sunway Medical Centre	Medical Centre	Sunway Resort City, Selangor	RM310 million
JANUARY 2015	Sunway Hotel Georgetown	Hotel	Georgetown, Penang	RM74 million
MARCH 2015	Wisma Sunway	Office	Shah Alam, Selangor	RM60 million

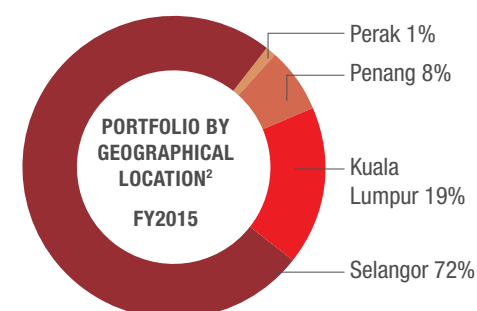
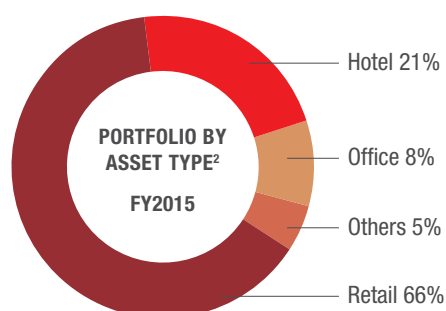
ASSET DIVERSIFICATION TO ENHANCE PORTFOLIO RESILIENCY



EXPANDING PRESENCE IN HIGH GROWTH CITIES



Note:

¹ Based on property value as at July 2010² Based on property value as at 30 June 2015

TOTAL ACQUISITION

RM958 million

PROPERTY VALUE

+83%

ASSET ENHANCEMENT INITIATIVES (“AEIs”)

ACTIVE ASSET ENHANCEMENT INITIATIVES
OF RM647 MILLION SINCE IPO

Major AEI Programme	Estimated timeline and capital expenditure						Total actual/ estimated project cost (RM million)
	FP2011	FY2012	FY2013	FY2014	FY2015	FY2016(e)	
Completed							
Sunway Resort Hotel & Spa - Fuzion and Pool Side	●						13.8
Sunway Pyramid Shopping Mall - Canopy Walk		●					4.2
Sunway Pyramid Shopping Mall - Chillers Retrofit			●				16.9
Sunway Hotel Seberang Jaya - Refurbishment			●				17.0
Menara Sunway - Extension			●				3.6
Sunway Pyramid Shopping Mall - OB5				●			40.1
Sunway Resort Hotel & Spa - Pinnacle Annex & Linkages					●		54.1
Sunway Putra Mall - Refurbishment						●	307.2
Sunway Putra Tower - Refurbishment						●	29.0
Sunway Resort Hotel & Spa - Relocation and Upgrading of Cooling Towers						●	3.5
Sunway Resort Hotel & Spa - Coffee House						●	18.8
Sunway Resort Hotel & Spa - BRT Elevated Walkway						●	13.0
Total Completed	13.8	19.2	59.1	130.7	298.4	-	521.2
Ongoing							
Sunway Putra Hotel - Refurbishment						●	123.0
Sunway Pyramid Shopping Mall - OB North						●	2.9
Total Ongoing	-	-	-	18.4	68.5	39.0	125.9
Grand Total	13.8	19.2	59.1	149.1	366.9	39.0	647.1



TOTAL AEIs
RM647 million

BLENDED ROI¹
7.0%

CREATION OF NEW NLA
185,000 sq.ft.

¹ Based on estimated 1st year NPI post-refurbishment for Sunway Putra. However, based on estimated NPI in stabilised year (i.e. Year 2 for the mall and office and Year 3 for the hotel), overall blended ROI would be 8.0%.

CAPITAL MANAGEMENT

LOWEST AVERAGE COST OF DEBT AMONGST M-REITS

- Substantial interest savings arising from lower average cost of debt
- Managing refinancing risk through diversification of sources of debt funding
- Mitigating interest rate risk by increasing ratio of fixed rate borrowing

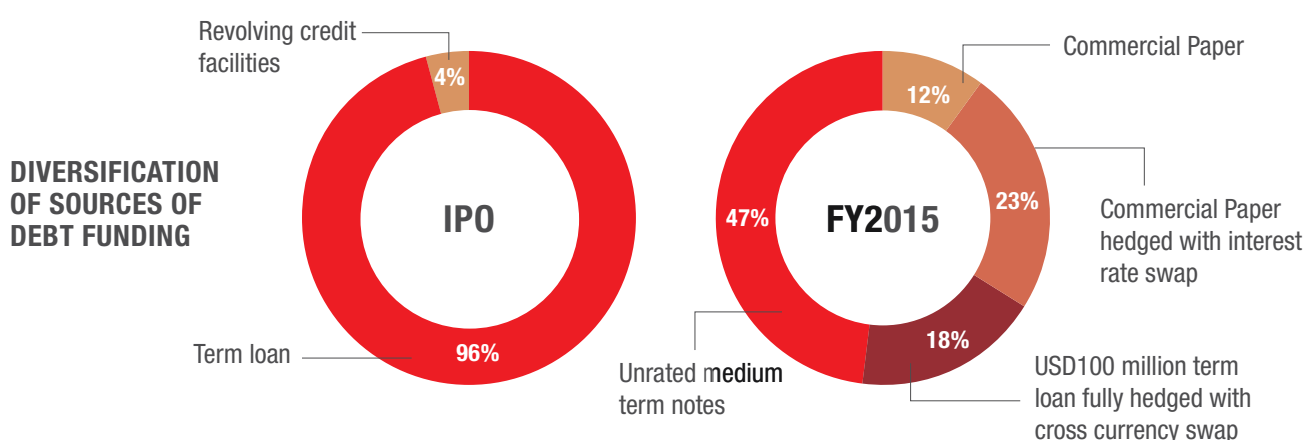
CAPITAL MANAGEMENT AT A GLANCE

	FP2011	FY2012	FY2013	FY2014	FY2015
Total borrowings (RM million)	1,573	1,568	1,633	1,742	2,142
Average cost of debt (%)	4.54	4.45	3.77	3.85	3.93
Fixed : Floating Debt	33 : 67	20 : 80	81 : 19	76 : 24	88 : 12
Average maturity period (years)	3.0	0.6	3.1	2.2	1.7
Interest service cover ratio (times)	3.7	3.8	5.0	5.0	3.7
Gearing ratio (%)	35.3	33.5	31.0	31.1	33.3

ACTIVE CAPITAL MANAGEMENT

Financial Year	Capital Management Activity	Amount Raised (RM million)	Amount Utilised (RM million)	Purpose
FY2012	Established a 7-year RM1.6 billion commercial paper programme	1,600	763	Refinance existing loan
FY2013	Established a 15-year RM1 billion unrated medium term note programme	1,000	1,000	Refinance existing loan
	Equity fund raising (214,765,000 units were issued at RM1.49 per unit representing 2.9% discount to the 5-day volume weighted average price as of 4 February 2013 of RM1.535)	320	320	Acquisition of Sunway Medical Centre and to defray related expenses
FY2015	Converted RM500 million floating rate borrowings to fixed rate via interest rate swap	N/A	N/A	To mitigate interest rate risk

N/A Not Applicable



AVERAGE COST OF DEBT

3.93%

FIXED RATE: FLOATING RATE

88:12

GEARING RATIO

33.3%

FINANCIAL HIGHLIGHTS

	RINGGIT MALAYSIA (RM)				
Statement of Comprehensive Income - Key Data & Financial Ratios	FY2015	FY2014	FY2013	FY2012	FP2011¹
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross revenue	453,454	427,788	415,946	406,426	327,416
Net property income	340,826	320,977	309,196	299,198	244,015
Income available for distribution (realised)	256,577	245,017	231,062	202,114	176,813
Earnings per unit (realised) (sen)	8.25	7.93	7.87	7.08	6.24
Distribution per unit (DPU) (sen)	8.73²	8.36	8.30	7.50	6.58
Annualised DPU (sen)	8.73	8.36	8.30	7.50	6.71
Annualised distribution yield (%)	5.7	5.8	5.4	5.5	6.0
Management expense ratio (%)	0.80	0.78	0.82	0.98	0.83
Statement of Financial Position - Key Data & Financial Ratios	As at 30	As at 30	As at 30	As at 30	As at 30
	June 2015	June 2014	June 2013	June 2012	June 2011
	RM'000	RM'000	RM'000	RM'000	RM'000
Investment properties	6,324,000	5,520,000	5,184,000	4,630,000	4,379,000
Other non-current assets	5,268	3,039	8,823	8,892	122
Current assets	100,750	83,452	76,709	44,484	73,773
Total asset value	6,430,018	5,606,491	5,269,532	4,683,376	4,452,895
Current liabilities	(986,214)	(858,141)	(403,257)	(1,303,040)	(127,791)
Non-current liabilities	(1,461,544)	(1,060,279)	(1,359,806)	(372,005)	(1,554,054)
Total liabilities	(2,447,758)	(1,918,420)	(1,763,063)	(1,675,045)	(1,681,845)
Net Asset Value (NAV)	3,982,260	3,688,071	3,506,469	3,008,331	2,771,050
Total Unitholders' Funds	3,982,260	3,688,071	3,506,469	3,008,331	2,771,050
NAV per unit (before income distribution) (RM)	1.3555	1.2593	1.2011	1.1157	1.0313
NAV per unit (after income distribution) (RM)	1.3350	1.2390	1.1809	1.0968	1.0151
Lowest NAV during the period (RM)	1.2337	1.1787	1.0964	1.0131	0.9737
Highest NAV during the period (RM)	1.3350	1.2390	1.1809	1.0968	1.0151
Unit Price as at 30 June (RM)	1.54	1.44	1.54	1.36	1.11
Premium to NAV (%)	15.4	16.2	30.4	24.0	9.3

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

² Comprising income distributed for the period from 1 July 2014 to 31 March 2015 of 6.68 sen and proposed final income distribution of 2.05 sen

FINANCIAL HIGHLIGHTS (CONT'D)

UNITED STATES DOLLAR (USD)

Statement of Comprehensive Income - Key Data & Financial Ratios	FY2015 USD'000	FY2014 USD'000	FY2013 USD'000	FY2012 USD'000	FP2011 ¹ USD'000
Gross revenue	129,790	134,219	131,193	131,095	105,160
Net property income	97,553	100,707	97,523	96,508	78,373
Income available for distribution (realised)	73,439	76,874	72,879	65,193	56,789
Earnings per unit (realised) (cent)	2.36	2.49	2.48	2.28	2.00
Distribution per unit (DPU) (cent)	2.50²	2.62	2.62	2.42	2.11
Annualised DPU (cent)	2.50	2.62	2.62	2.42	2.15
Annualised distribution yield (%)	5.7	5.8	5.4	5.5	6.0
Management expense ratio (%)	0.80	0.78	0.82	0.98	0.83

Statement of Financial Position - Key Data & Financial Ratios	As at 30 June 2015 USD'000	As at 30 June 2014 USD'000	As at 30 June 2013 USD'000	As at 30 June 2012 USD'000	As at 30 June 2011 USD'000
Investment properties	1,675,232	1,718,288	1,639,469	1,456,433	1,449,280
Other non-current assets	1,395	946	2,790	2,797	41
Current assets	26,689	25,977	24,260	13,993	24,416
Total asset value	1,703,316	1,745,211	1,666,519	1,473,223	1,473,737
Current liabilities	(261,249)	(267,126)	(127,532)	(409,890)	(42,294)
Non-current liabilities	(387,164)	(330,048)	(430,046)	(117,019)	(514,332)
Total liabilities	(648,413)	(597,174)	(557,578)	(526,909)	(556,626)

Net Asset Value (NAV)	1,054,903	1,148,037	1,108,941	946,314	917,111
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Total Unitholders' Funds	1,054,903	1,148,037	1,108,941	946,314	917,111
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NAV per unit (before income distribution) (USD)	0.3591	0.3920	0.3799	0.3510	0.3413
NAV per unit (after income distribution) (USD)	0.3537	0.3857	0.3735	0.3450	0.3360
Lowest NAV during the period (USD)	0.3268	0.3669	0.3467	0.3187	0.3223
Highest NAV during the period (USD)	0.3536	0.3857	0.3735	0.3450	0.3360
Unit Price as at 30 June (USD)	0.41	0.45	0.49	0.43	0.37
Premium to NAV (%)	15.4	16.2	30.4	24.0	9.3

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² Comprising income distributed for the period from 1 July 2014 to 31 March 2015 of 1.91 cents and proposed final income distribution of 0.59 cents.

FINANCIAL HIGHLIGHTS (CONT'D)

SEGMENTAL PERFORMANCE

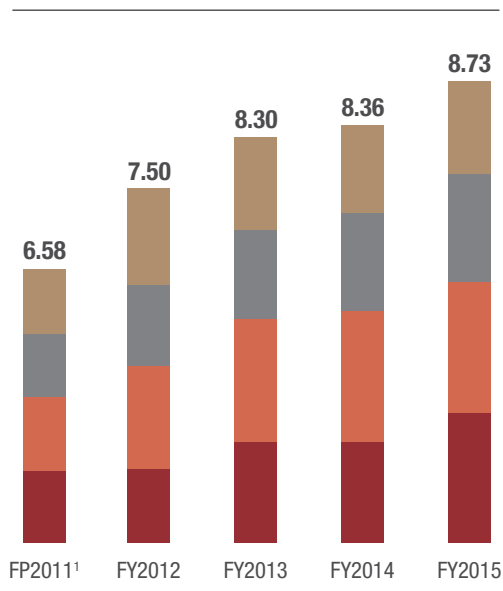
REVENUE [RM'000]	FY2015	FY2014	FY2013	FY2012	FP2011 ¹	CAGR GROWTH
RETAIL	332,664	300,727	296,146	292,268	237,567	9%
HOTEL	61,308	64,630	68,989	71,555	55,660	2%
OFFICE	39,098	43,099	41,260	42,603	34,189	3%
OTHERS	20,384	19,332	9,551	-	-	~*
TOTAL PORTFOLIO	453,454	427,788	415,946	406,426	327,416	8%
NPI [RM'000]	FY2015	FY2014	FY2013	FY2012	FP2011 ¹	CAGR GROWTH
RETAIL	236,883	212,681	205,413	199,691	165,195	9%
HOTEL	58,743	60,811	65,684	68,974	53,155	3%
OFFICE	24,816	28,153	28,548	30,533	25,665	(1%)
OTHERS	20,384	19,332	9,551	-	-	~*
TOTAL PORTFOLIO	340,826	320,977	309,196	299,198	244,015	9%

* Not meaningful

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

FINANCIAL HIGHLIGHTS (CONT'D)

DISTRIBUTION PER UNIT (SEN)

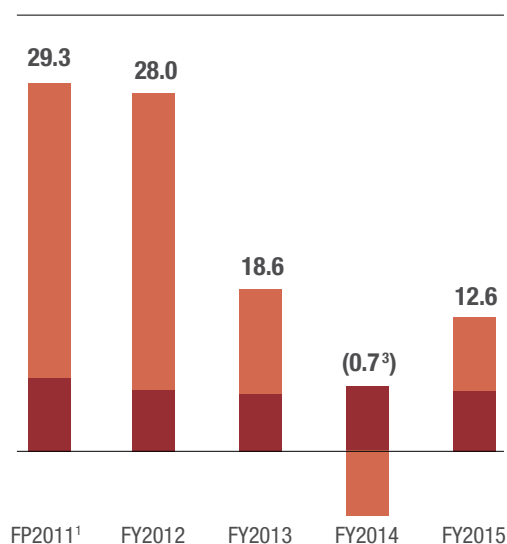


DPU CAGR	7%
Total DPU since IPO	39.47 sen
Total DPU since Placement (February 2013)	20.20 sen

	FP2011 ¹	FY2012	FY2013	FY2014	FY2015
Q1	1.51	1.75	2.03	2.00	2.28
Q2	1.75	1.99	2.19	2.23	2.27
Q3	1.70	1.87	2.06	2.10	2.13
Q4	1.62	1.89	2.02	2.03	2.05
Total DPU	6.58	7.50	8.30	8.36	8.73
Annual DPU Growth	N/A	14.0%	10.7%	0.7% ²	4.4%

² DPU grew marginally for FY2014 at 0.7% due to the loss of income contribution from Sunway Putra Mall which was closed for major refurbishment since May 2013 and the adverse impact which the refurbishment had on the performance of the adjoining Sunway Putra Hotel.
N/A Not Applicable

DISTRIBUTION YIELD & ANNUAL TOTAL RETURN (%)



Price movement since IPO	71%
Price movement since Placement (February 2013)	3%
Average Annual Total Return since IPO	18%
Average Annual Total Return since Placement (February 2013)	7%

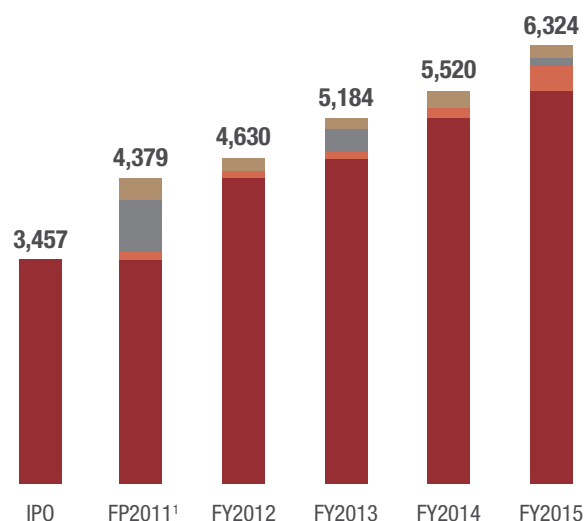
	FP2011 ¹	FY2012	FY2013	FY2014	FY2015
Distribution Yield	6.0%	5.5%	5.4%	5.8%	5.7%
Price movement	23.3%	22.5%	13.2%	(6.5%) ³	6.9%
Annual Total Return	29.3%	28.0%	18.6%	(0.7%)	12.6%

³ The unit price dropped 6.5% from RM1.54 (as at 30 June 2013) to RM1.44 (as at 30 June 2014) pursuant to the announcement on quantitative easing by the Federal Reserve of the United States in May 2013 which triggered a sell down on M-REITs

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

FINANCIAL HIGHLIGHTS (CONT'D)

PROPERTY VALUE (RM MILLION)



Property value grew 83% since IPO contributed by:

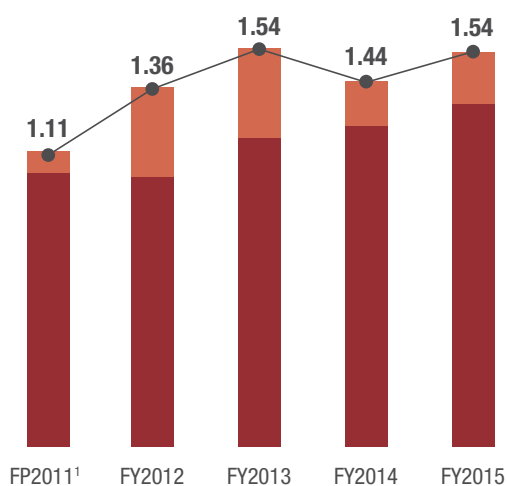
- Acquisition growth of RM971² million or 28%
- Capex of RM620 million or 18%
- Fair value gain of RM1.3 billion or 37%

	IPO	FP2011 ¹	FY2012	FY2013	FY2014	FY2015
Existing Asset	3,457	3,457	4,379	4,630	5,184	5,520
Capex	-	14	21	67	157	361
Acquisition ²	-	522	-	313	-	136
Fair Value Gain ³	-	386	230	174	179	307
Property Value	3,457	4,379	4,630	5,184	5,520	6,324

² Included incidental costs on acquisition i.e. acquisition fee, legal fee and valuation fee

³ Fair Value Gain - net of capex incurred

UNIT PRICE (RM) / NAV PER UNIT (RM) / PREMIUM TO NAV (RM) (%)



CAGR of NAV per unit 7%

	FP2011 ¹	FY2012	FY2013	FY2014	FY2015
NAV per unit (RM)	1.0151	1.0968	1.1809	1.2390	1.3350
Premium to NAV (%)	9.3%	24.0%	30.4%	16.2%	15.4%
Premium to NAV (RM)	0.0949	0.2632	0.3591	0.2010	0.2050
Unit Price as at 30 June (RM)	1.11	1.36	1.54	1.44	1.54

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VALUE ADDED STATEMENT

	FY2015	FY2014	FY2013	FY2012	FP2011 ¹
	RM'000	RM'000	RM'000	RM'000	RM'000
Value Added					
Total turnover	453,454	427,788	415,946	406,426	327,416
Purchases of goods and services	(112,628)	(106,811)	(106,750)	(107,228)	(83,401)
Interest & other income/(expense)	295,119	181,859	172,177	226,213	384,624
Total Value Added	635,945	502,836	481,373	525,411	628,639
Reconciliation					
Total comprehensive income for the year/period	535,913	412,868	392,507	420,768	553,663
Add: Finance costs	70,751	63,031	63,604	81,196	55,190
Manager's fee	28,121	25,834	24,271	22,601	19,003
Trustee's fee	1,160	1,103	991	846	783
Total Value Added	635,945	502,836	481,373	525,411	628,639
Value Distributed					
Trust Expenses					
Manager's fee	28,121	25,834	24,271	22,601	19,003
Trustee's fee	1,160	1,103	991	846	783
Providers of capital					
Finance costs	70,751	63,031	63,604	81,196	55,190
Income distribution ²	256,163	244,533	230,893	201,972	176,578
Reinvestment and growth					
Undistributed income ³	279,750	168,335	161,614	218,796	377,085
Total Value Distributed	635,945	502,836	481,373	525,411	628,639

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

² Income distribution in respect of each financial year. The proposed final income distribution will be recognised and paid in the immediate subsequent financial year.

³ Mainly comprises unrealised income.

TRADING PERFORMANCE

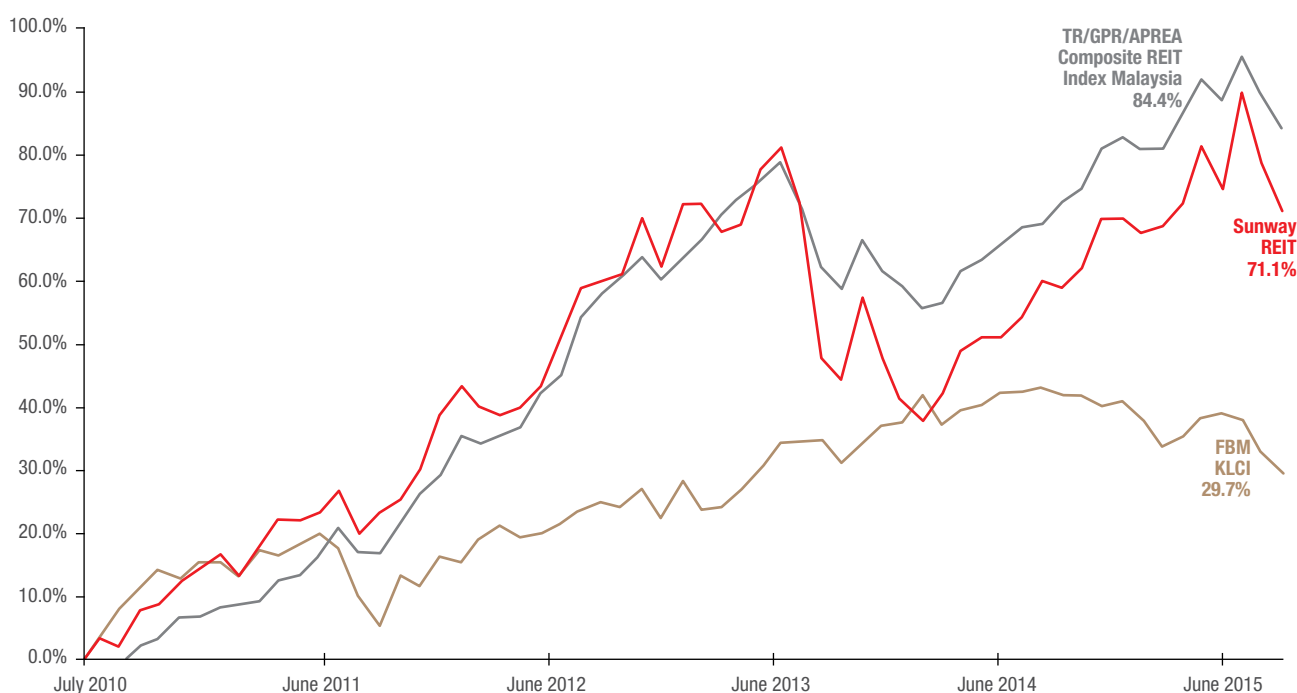
TRADING PERFORMANCE OF SUNWAY REIT

Trading Summary	FY2015	FY2014	FY2013	FY2012	FP2011 ¹
Closing Unit Price (RM)	1.54	1.44	1.54	1.36	1.11
52-Week Highest Traded Price (RM)	1.76	1.56	1.70	1.36	1.14
52-Week Lowest Traded Price (RM)	1.39	1.22	1.33	1.06	0.88
Price Movement (%)	6.9	(6.5)	13.2	22.5	23.3
Annual Total Return (%)	12.6	(0.7)	18.6	28.0	29.3
Number of Units in Circulation (unit '000)	2,937,777	2,928,715	2,919,423	2,696,462	2,686,898
Market Capitalisation (RM '000)	4,524,176	4,217,349	4,495,912	3,667,188	2,982,457
Free Float (%)	63.9	65.4	65.6	63.1	63.3
Free Float (unit '000)	1,877,240	1,915,380	1,915,141	1,701,468	1,700,806

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Source: Sunway REIT Management, Bloomberg

UNIT PRICE PERFORMANCE OF SUNWAY REIT VERSUS FTSE BURSA MALAYSIA KLCI INDEX AND TR/GPR/APREA COMPOSITE REIT INDEX MALAYSIA (JULY 2010 TO JUNE 2015)



Source: Bloomberg

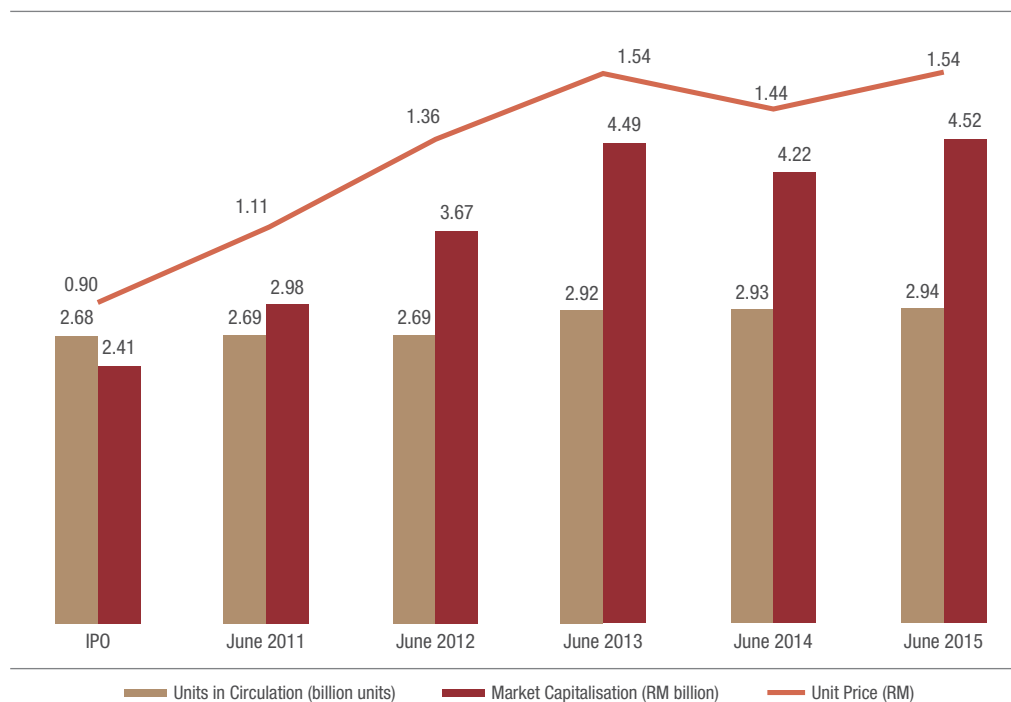
	Percentage change July 2010 - June 2015	Variance compared to Sunway REIT
Sunway REIT	71.1%	-
FBM KLCI Index	29.7%	(41.4%)
TR/GPR/APREA Composite REIT Index Malaysia	84.4%	13.3%

Unit price appreciated by 71% from IPO to FY2015, outperformed the FBM KLCI by 41%.

The TR/GPR/APREA Composite REIT Index Malaysia outperformed Sunway REIT by 13% during the same period.

TRADING PERFORMANCE (CONT'D)

MARKET CAPITALISATION, UNIT PRICE AND UNITS IN CIRCULATION

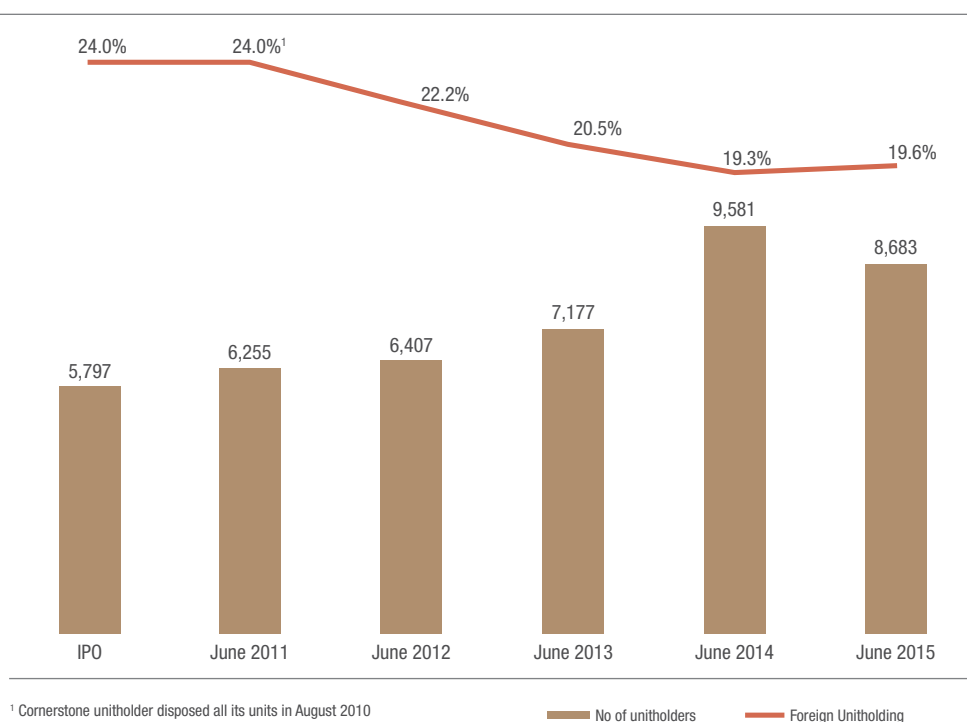


Source: Sunway REIT Management, Bloomberg

Units in circulation growth	10%
Unit price appreciation	71%

Market capitalisation has expanded significantly by 88% from IPO to FY2015, mainly attributable to appreciation in unit price and growth in units.

NUMBER OF UNITHOLDERS



¹ Cornerstone unitholder disposed all its units in August 2010

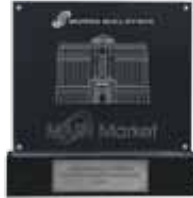
Source: Sunway REIT Management

Number of unitholders trend	+50%
Foreign unitholding trend	(4.4%)

AWARDS AND RECOGNITION



2010
Alpha
Southeast Asia
Best REIT Deal in
Southeast Asia



2010
BURSA
MALAYSIA
Successful listing
on the Main Market
of Bursa Malaysia
Securities Berhad



2010
MALAYSIA'S
LARGEST REIT



2011
APREA
Merit Award for
Emerging Markets
Market Disclosure



2011
PROPERTY
EDITORS'
CHOICE AWARD
Best Malaysia
Real Estate
Investment Trust



2012
APREA
Winner for
Emerging Markets



2012
APREA
Merit Award for
Emerging Markets
Accounting and
Financial Reporting



2012
APREA
Merit Award for
Emerging Markets
Portfolio
Performance



2012
APREA
Merit Award for
Emerging Markets
Corporate
Governance



2012
APREA
Merit Award for
Emerging Markets
Market Disclosure



2012
APREA
Merit Award for
Emerging Markets
Most Improved in
Adoption of
Best Practices



2012
APREA
Merit Award for
Best Country
Submission
-Malaysia

AWARDS AND RECOGNITION (CONT'D)



2012
NACRA
Industry Excellence
Awards for REIT &
Closed-End Funds



2012
THE EDGE
BILLION
RINGGIT CLUB



2013
APREA
Chairman's
Recognition
Award



2013
PRIMARY
PLACEMENT
of RM320 million



2013
Global Excellence
in Management
Awards
Corporate Governance
(Private Sector)



2013
IAIR AWARDS
Excellence in Real
Estate Malaysia



2013
NACRA
Industry Excellence
Awards for REIT &
Investment Funds



**2013-
2014**
THE BRAND
LAUREATE
Corporate
Branding



**2013-
2014**
THE BRAND
LAUREATE
Corporate
Branding



2014
NACRA
Industry Excellence
Awards for REIT &
Investment Funds



2014
THE EDGE
BILLION
RINGGIT CLUB



2014
ACCA MALAYSIA
Shortlisted Report
Sustainability
Reporting Awards

CONTENTS



5 YEARS TRACK RECORD

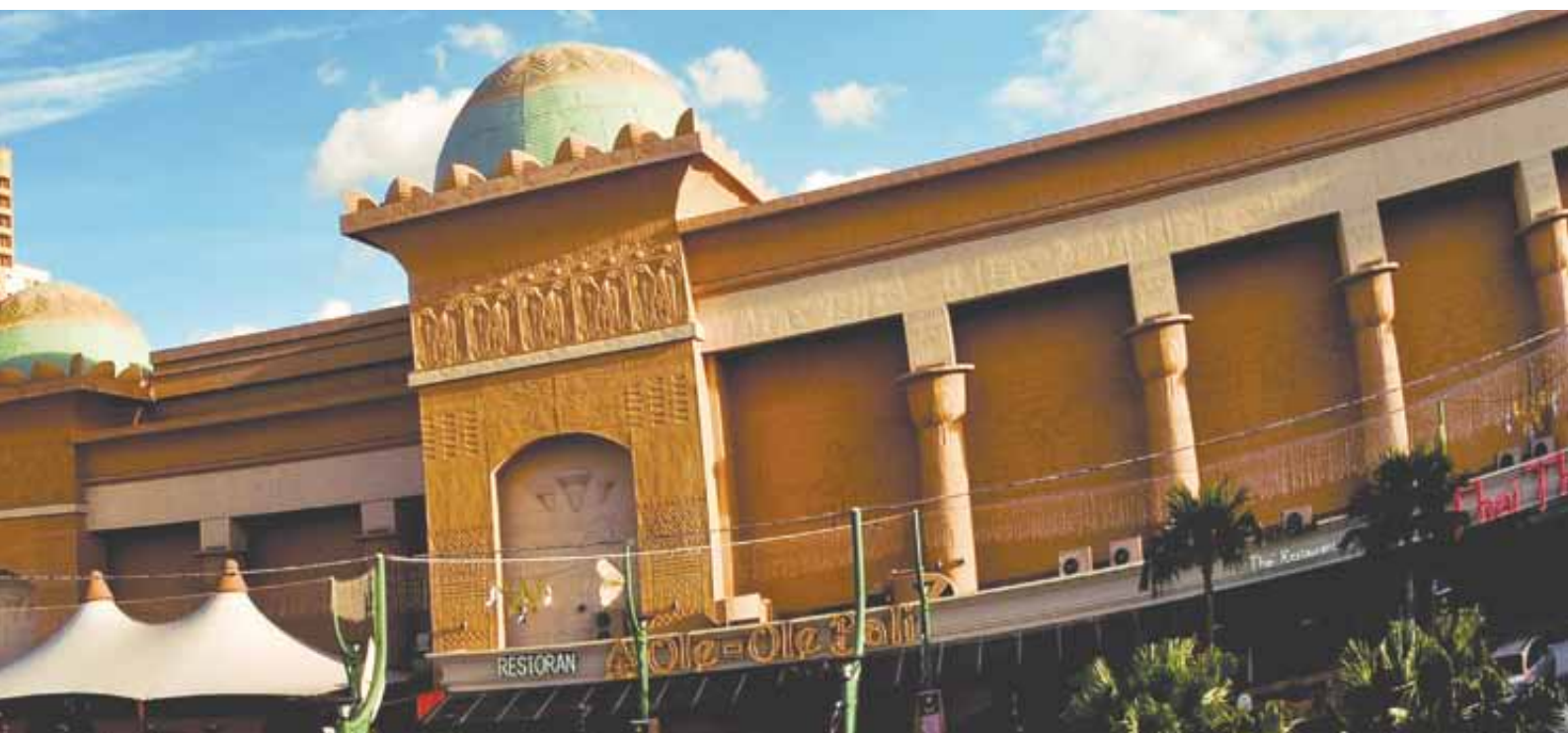
Portfolio	6
Acquisition Track Record	7
Asset Enhancement Initiatives ("AEIs")	8
Capital Management	9
Financial Highlights	10
Value Added Statement	15
Trading Performance	16
Awards and Recognition	18

VITAL ATTRIBUTES

Snap Shot View	24
Vision, Mission, Values, Growth Strategies and Strategic Objectives	25
Corporate Profile	26
Corporate Information	27
Message from the Chairman	28
Salient Features	35
Key Milestones	36
Trading Performance	37

FIRM FOUNDATIONS

Trust Structure	40
Organisation Structure	41
Board of Directors	42
Management Team	47
Corporate Governance Statement	49



EFFECTUAL GROWTH

Message from the CEO	62
Financial Review	69
Operations Review	74
Capital Management	81
Risk Management	83
Investor and Public Relations	85
Market Report Summary	94
Portfolio at a Glance	96
Portfolio Summary and Details	98

CORPORATE RESPONSIBILITY

Introduction	150
Marketplace	152
Workplace	154
Environment	155
Community	159

EFFECTIVE TRANSPARENCY

Board Charter	162
Code of Conduct and Business Ethics	169
Audit Committee Report	171
Statement on Risk Management and Internal Control	175
Additional Information	177

FINANCIAL INSIGHT

Financial Statements	180
Financial Calendar	247
Detailed Market Report	248
Analysis of Unitholdings	256
Notice of 3 rd Annual General Meeting	259
Proxy Form	261
Glossary	263

**MORE THAN 70% OF SUNWAY REIT'S
ASSETS ARE STRATEGICALLY LOCATED IN
VIBRANT TOWNSHIPS MASTERPLANNED
AND DEVELOPED BY THE SPONSOR**



**VITAL
ATTRIBUTES**

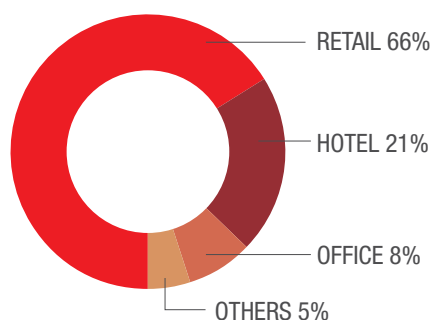
Snap Shot View	24	Corporate Information	27
Vision, Mission, Values, Growth Strategies and Strategic Objectives	25	Message from the Chairman	28
Corporate Profile	26	Salient Features	35
		Key Milestones	36
		Trading Performance	37

“ A unique value proposition which formed the foundation for sustainable growth. Resiliency in assets performance is further strengthened through business synergies amongst the assets ”

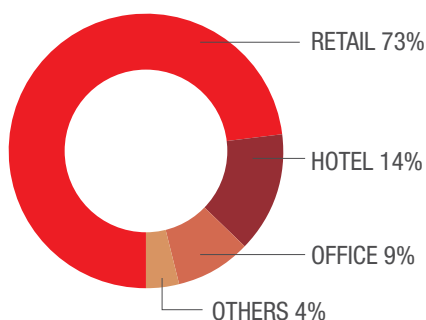


SNAP SHOT VIEW

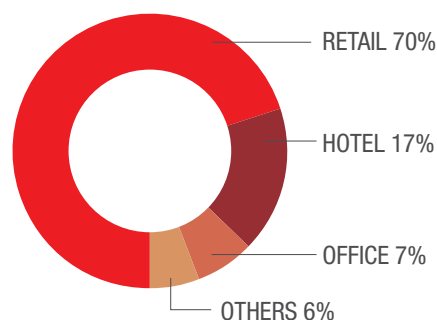
PORTFOLIO BY PROPERTY VALUE



PORTFOLIO BY REVENUE



PORTFOLIO BY NPI



PROPERTY VALUE
RM
6.32 billion

NO. OF ASSETS
14

GROSS FLOOR AREA
12,415,697
sq.ft.

GROSS REVENUE
RM
453 million

DPU
8.73 sen

DISTRIBUTION YIELD
5.7%

NET PROPERTY INCOME
RM
341 million

MARKET CAPITALISATION
RM
4.52 billion

ANNUAL TOTAL RETURN
12.6%

VISION • MISSION • VALUES • GROWTH STRATEGIES • STRATEGIC OBJECTIVES

VISION

To be the leading REIT in Malaysia in terms of property 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:

- 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
- Organic growth strategy by leveraging on the integrated nature of Sunway Resort City and asset turnaround expertise of the Manager to manage the assets. The Manager's proactive measures include optimising tenancy mix, leasing initiatives and asset enhancement initiatives to increase net lettable area and rental rates as well as to improve cost efficiency
- Capital and risk management strategy through optimising capital structure and cost of capital, diversifying sources of debt funding and managing interest rate risk through hedging strategies as well as actively managing debt maturity profile to minimise refinancing risk

STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVES

- Top 3 M-REIT
- Property Value
- Average Annual Total Return
- DPU CAGR

TARGETS

- Measured by Property Value or Market Capitalisation
- Above RM7 billion by FY2017
Above RM10 billion by FY2020
- 10% - 15%
- 5%

CORPORATE PROFILE

Sunway Real Estate Investment Trust (Sunway REIT or the Fund) is one of the largest retail-focused¹ real estate investment trusts (“REITs”) in Malaysia with a diverse portfolio strategically located across award winning integrated townships in key locations in Greater Kuala Lumpur, Penang and Perak.



Sunway REIT was listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 8 July 2010 with an initial market capitalisation of RM2.4 billion (circa USD635 million). The market capitalisation of Sunway REIT stood at RM4.5 billion (circa USD 1.2 billion) as at 30 June 2015. Sunway REIT is a component of FTSE-Bursa Malaysia Mid 70 Index.

With an initial portfolio of 8 assets, Sunway REIT has grown its portfolio to 14 assets comprising 4 retail malls, 5 hotels, 4 offices and a medical centre. Property value has grown by 83% from an initial RM3.46 billion to RM6.32 billion as at 30 June 2015.

The Sponsor, Sunway Berhad (“Sunway”), is an established and reputable property-construction conglomerate group with a market capitalisation of RM6.0 billion (circa USD1.6 billion) as at 30 June 2015. Sunway is among the top 5 largest property stocks and top 100 stocks listed on the Bursa Malaysia. Through a distinctive integrated property business model, Sunway offers a wholesome property value chain, from landbanking to masterplan property development and property investment.

Sunway REIT’s assets are primarily located in Sunway Resort City (“SRC”), Selangor, Malaysia’s first Green Building Index (“GBI”) certified sustainable integrated township masterplanned and developed by the Sponsor. The assets located in SRC are Sunway Pyramid Shopping Mall, Sunway Resort Hotel and Spa, Pyramid Tower East (formerly known as Pyramid Tower Hotel), Menara Sunway and Sunway Medical Centre. The success of SRC is replicated in Sunway City Ipoh, Perak, the first integrated township in Southeast Asia with five FIABCI accolades, where SunCity Ipoh Hypermarket is located. On the mainland of Penang, Sunway REIT owns Sunway Carnival Shopping Mall and Sunway Hotel Seberang Jaya. In FY2015, Sunway REIT added two assets into the portfolio, namely Wisma Sunway in Shah Alam, Selangor and Sunway Hotel Georgetown, marking our maiden foray into Penang Island.

Sunway REIT owns four properties in Kuala Lumpur, namely, Sunway Tower and the remaining three which constitute part of the 3-in-1 integrated development, Sunway Putra (formerly known as Sunway Putra Place). Sunway Putra consists of Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.

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.

¹ Retail-focused is defined as 60% contribution from the retail assets to property value, revenue or NPI

CORPORATE INFORMATION

MANAGER

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

MANAGER'S PRINCIPAL PLACE OF BUSINESS

Level 15, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan
Tel No: (603) 5639 8889
Fax No: (603) 5639 8001

MANAGER'S REGISTERED OFFICE

Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
47500 Subang 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
Ng Sing Hwa

Senior Independent Non-Executive Director
Tan Sri Ahmad Bin Mohd Don

Independent Non-Executive Directors
Willy Shee Ping Yah @ Shee Ping Yan
Elvin A/L Berty Luke Fernandez

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

INVESTMENT APPRAISAL WORKING GROUP

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

RISK MANAGEMENT WORKING GROUP

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

COMPANY SECRETARIES OF THE MANAGER

Tan Kim Aun (MAICSA 7002988)
Chin Soo Ching (MAICSA 7042265)

TRUSTEE

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

PROPERTY MANAGER

AREM (Malaysia) Sdn Bhd
(Company No. 1074784-A)
Unit No. D-20-3, Jalan Atmosphere 6
The Atmosphere Business Centre
Pusat Bandar Putra Permai
43300 Seri Kembangan
Selangor Darul Ehsan

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Public Bank Berhad

AUDITORS

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

REGISTRAR

Sunway Management Sdn Bhd
(Company No. 50661-X)
Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan
Tel No: (603) 5639 8889
Fax No: (603) 5639 9507

STOCK EXCHANGE LISTING

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

WEBSITE ADDRESS

www.sunwayreit.com

INVESTOR RELATIONS

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

MESSAGE FROM THE CHAIRMAN

Dear Esteemed Stakeholders,

On behalf of the Board of Directors of the Manager, it gives me great pleasure to present Sunway REIT's 5th Anniversary Annual Report and audited financial results for the financial year ended 30 June 2015 ("FY2015"). In spite of the persistently challenging operating environment, I am pleased to announce that Sunway REIT continues to deliver moderate growth in FY2015.



HALF A DECADE OF SUCCESS

Marking the momentous 5th anniversary of Sunway REIT on 8 July 2015, it is heartening to emerge as one of the leading players in the Malaysian Real Estate Investment Trusts ("M-REITs"). Backed by the dynamism of the management team who tirelessly strive for excellence and breakthrough, Sunway REIT has achieved several key milestones in the past five years. We have the caliber as the most active M-REIT manager in undertaking asset enhancement initiatives ("AEIs"), successfully completed the largest refurbishment in the history of M-REITs and embarking on turning around of underperforming assets.

PORTFOLIO VALUE SURPASSED RM6 BILLION

The unwavering endeavours in the last 5 years, from acquisitions to active AEIs, have positioned Sunway REIT on a strong growth trajectory. Over the last five financial years, Sunway REIT's property value expanded by 83% to RM6.32 billion as at 30 June 2015, making it the 2nd largest M-REITs after KLCC Stapled Group.

"We are confident of achieving the management target of above RM7.0 billion property value by FY2017, underpinned by acquisition growth and continuous AEIs as well as asset management initiatives ("AMIs") on the existing assets."

The Sponsor played imperative roles in facilitating the growth of Sunway REIT. Sunway Berhad, the Sponsor of Sunway REIT, a master community developer enriched with a distinctive build-own-operate business model, offers a full suite of property development services from landbanking to property development and management of investment properties. The comprehensive business model provides an inherent platform to propel Sunway REIT's future growth. The integrated township master builder's continuous development of commercial properties in Sunway Resort City ("SRC"), Sunway City Ipoh and Sunway Seberang Jaya will further strengthen and grow the business synergies in these townships and prosperity of the communities. Notwithstanding that, potential future development beyond the existing townships such as the 1,800-acre Sunway Iskandar, Johor and the recently acquired landbank in Penang may offer tremendous growth potential to Sunway REIT in the long-term.

For the financial year ended June 2015, the property value recorded a gain of 14.6% on the back of acquisition totaling RM134 million, for the completion of several AEIs amounting to RM426 million (kindly refer to page 75 for further details) and fair value gain of RM307 million after accounting for capital expenditure ("capex") incurred. Correspondingly, net asset value per unit (after income distribution) increased by 7.7% to RM1.335.

SUSTAINING PROMINENCE IN M-REITS

The debut of Sunway REIT in July 2010 was a game changer for the M-REITs industry leading to the introduction of M-REITs with large market capitalisation. This transformed the investment landscape of M-REITs and placed M-REITs in the international frontier. The subsequent listing of Pavilion REIT, IGB REIT and KLCC Stapled Group further raised the prominence and investability of M-REITs.

The market capitalisation of M-REITs expanded by 7.9% to RM36.8 billion as at 30 June 2015, compared to RM34.1 billion as at 30 June 2014, primarily due to increase in unit prices and units in circulation. In line with the growth in M-REITs' market capitalisation, Sunway REIT's market capitalisation grew by 7.3% to RM4.5 billion as at 30 June 2015, sustaining its position as the top 3 M-REITs ranked by market capitalisation. Sunway REIT is a component of the FTSE Bursa Malaysia Mid 70 Index and TR/GPR/APREA Composite REIT Index Malaysia.

UNITHOLDERS VALUE CREATION

I am pleased to reinforce that Sunway REIT has adhered to its commitment of delivering sustainable distributions and growth in total return to unitholders over the long-term. Cognizant of income distribution as the principal investment objective for unitholders, the Manager places utmost importance in ensuring sustainability in income distribution and delivered a total distribution per unit ("DPU") of 39.47 sen since July 2010 to June 2015, translating into a compounded annual growth rate ("CAGR") of 7.3% since its listing. In addition, the ability of the Manager in driving earnings growth has further boosted the performance of Sunway REIT which registered an impressive 5-year average annual total return of 17.6%.

MESSAGE FROM THE CHAIRMAN (CONT'D)

During the financial year, the extended period of low interest rate regime globally continued to attract influx of funds into REIT investment, offering an attractive yield spread of between 290bps to 320bps over the 10-year Malaysian Government Securities (“MGS”). From the start of the financial year, Sunway REIT has enjoyed unit price appreciation of as high as 21.5% (on 5 May 2015 based on the unit price of RM1.75) before retreating to RM1.54 as at 30 June 2015 on global financial markets meltdown due to intensified concerns over Greece and China, which vapourised part of the gains. Sunway REIT has generated a total return of 12.6% for the financial year ended 30 June 2015, consisting of 6.9% in unit price appreciation and distribution yield of 5.7%. On the contrary, the FTSE Bursa Malaysia KLCI fell by 9.4% during the financial year.

LARGEST RETAIL REIT (BY NLA) IN MALAYSIA

We are committed to be a leading retail focused REIT in the country, riding on the resiliency of the retail segment. Sunway REIT’s retail assets comprising its flagship asset, Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall, SunCity Ipoh Hypermarket and the recently re-opened Sunway Putra Mall with a combined retail net lettable area (“NLA”) of approximately 3.0 million sq.ft., making it the largest retail M-REIT by NLA. Leveraging on the strength of the Sponsor, we aspire to grow the retail assets to maintain dominance.

NEW FRONTIERS IN PUBLIC TRANSPORTATION

Malaysia’s first Bus Rapid Transit (“BRT”) system was officially launched by Prime Minister Dato’ Seri Najib Tun Razak on 1 June 2015. Breaking new frontiers in public transportation, the BRT-Sunway Line uses eco and disabled friendly electric buses which operate on a dedicated and elevated 5.4 km track. The game-changing BRT-Sunway Line connects the Setia Jaya KTM station along the Federal Highway and the future Kelana Jaya LRT Extension line in USJ 6, serving more than 500,000 commuters in the vicinity. The first of its kind transportation system in the country enhances mobility amongst the community and helps reduce traffic congestion in the Klang Valley.

This state of the art public transportation system is further complemented by covered and elevated pedestrian walkways connecting the BRT stations to various commercial assets in SRC such as Sunway Pyramid Shopping Mall, Sunway Resort Hotel & Spa, Pyramid Tower East, Menara Sunway, Sunway Medical Centre, Sunway Pinnacle, Sunway University and Monash University Malaysia and Sunway Lagoon.

“Through the seamless connectivity from the BRT stations, assets of Sunway REIT are strategically positioned to benefit from expected higher footfalls which continue to expand beyond the traditional market catchment.”

The pilot development is officially penned as the first BRT project in Malaysia in the Malaysia Book of Records (“MBOR”) – the official keeper of Malaysia’s outstanding records and achievements. The environmentally-friendly electric buses are also recorded as the nation’s first electric buses for public transportation system by MBOR.

ENRICHING THE COMMUNITIES

As a master community developer, the Sponsor is steadfast in enriching the communities they build, serving the community through improved connectivity and accessibility where communities live, learn, work, play and grow in a healthy, safe and well-connected environment. Towards this purpose, Sunway Group has contributed approximately RM150 million towards infrastructure enhancement surrounding SRC and its vicinity through various initiatives, namely, construction of covered and elevated pedestrian walkways, more parking bays, expansion of roads, improved landscaped and safety features.

The RM40 million link to KESAS highway was built to facilitate direct access in and out of Bandar Sunway and was completed in CY2013. The ingress into Sunway South Quay was opened in conjunction with the launch of the BRT-Sunway Line along Jalan Lagoon Selatan on 1 June 2015.



Malaysia's First Bus Rapid Transit System

MESSAGE FROM THE CHAIRMAN (CONT'D)

In addition to the RM40 million link, a proposed elevated road directly linking Sunway South Quay to the New Pantai Expressway (“NPE”) is in the pipeline.

Sunway has also undertaken the expansion of the road along the NPE from Sunway Pyramid Shopping Mall leading up to Persiaran Kewajipan roundabout. The construction of this phase commenced in CY2013 and is targeted to complete by the fourth quarter of CY2015. The widened NPE road, partially completed from the junction of Jalan SS13/3 to the Kewajipan Roundabout, was open for public use as of November 2014.

Improvement in connectivity and accessibility aside, reduction of traffic congestion, and ample car parks will certainly encourage higher shoppers and hotel guests’ visitation to our mall and hotels.

In addition, Sunway REIT’s assets and other assets of Sunway Group enjoy tremendous business synergies through the rapid growing membership of Sunway Pals. Sunway Pals is a unique loyalty programme with membership in excess of 300,000 and is one of the fastest growing loyalty programmes in the country.

ALIGNMENT OF CSR WITH BUSINESS INTEREST

As a staunch advocate of healthy living, I personally delineated a plan in making Sunway-owned buildings within the 800-acre SRC to be 100% smoke-free by 2018. We are pleased to share that we have formalised the CSR Framework and identified the Smoke-Free Initiative as the core corporate social responsibility (“CSR”) initiatives to be undertaken by Sunway REIT for the next three years from FY2016 to FY2018. A CSR Working Committee is proposed to execute a series of programmes ranging from awareness to enforcement and community engagement. Sunway Pyramid Shopping Mall, being the flagship asset of Sunway REIT, will spearhead this initiative and will be replicated by other assets over time.

LOOKING AHEAD

Volatility in the commodity and currency markets coupled with recent developments of Europe and China have caused vulnerability in the global economy. The International Monetary Fund (“IMF”) has revised global economic growth further from 3.5% to 3.3% for CY2015 on the back of slowdown in emerging markets and developing economies. In CY2016, global economic growth is expected to strengthen to 3.8%.

The underlying fundamentals of the Malaysian economy remained resilient. Contrary to market expectation, Fitch Ratings has affirmed Malaysia’s long-term foreign currency Issuer Default Rating at A- and local currency Issuer Default Rating at A. The outlook was simultaneously revised from negative to stable.

Following a firm 5.6% expansion in the first quarter of CY2015, the Malaysian economy is expected to be moderate in the second quarter of CY2015 following the front loading activities prior to the implementation of Goods and Services Tax (“GST”) in April 2015, softer business and consumer sentiment, weak currency and subdued crude oil prices. Bank Negara Malaysia (“BNM”) projected a steady Gross Domestic Product (“GDP”) growth of 4.5% - 5.5% for CY2015.

Inflationary trend continued to be on the upward trajectory and accelerated to 2.5% y-o-y in June 2015. Although inflation for the first half of CY2015 was benign at 1.4%, it is expected to inch higher to reflect the impact of GST and recent adjustments to the domestic fuel prices. BNM’s inflation expectation is between 2.0% to 3.0% in CY2015.

BNM remained accommodative in its monetary policy stance to ensuring sustainability of the growth prospect of the country. In the recent Monetary Policy Committee (“MPC”) meeting on 9 July 2015, BNM has decided to maintain the Overnight Policy Rate (“OPR”) at 3.25%. BNM recognised the heightened risks to global growth, and to monitor the development and assess the implications on macroeconomic stability to the Malaysian economy.



NPE Road Widening



Launch of Sunway Pals

MESSAGE FROM THE CHAIRMAN (CONT'D)

The global macroeconomic indicators and domestic uncertainties are signaling towards challenging times, against the backdrop of softening economic growth, weakening currency and commodity prices, softening business and consumer sentiment. Moreover, the property sub-sectors are facing headwinds arising from intensifying competition due to oversupply market condition for the office sub-sector and new incoming supply for the hospitality and retail sub-sectors.

“Inevitably, the performance of Sunway REIT will not be spared from these developments although the township assets are more resilient supported by its captive market. We will stay focused on our business strategies by being vigorously competitive in the market place to weather through this challenging period.”

RECOGNITION FOR EXCELLENCE

We are truly humbled by the awards and recognition bestowed upon Sunway REIT by reputable awarding bodies in recognition of our excellence in observing superior standards of corporate governance, financial reporting and best practices.

For three consecutive years, Sunway REIT was awarded the National Annual Corporate Report Awards (“NACRA”) under the category of Industry Excellence Awards for REITs and Closed-End Funds. The recognition epitomises Sunway REIT’s steadfast belief in corporate reporting excellence, transparency and accountability.

Sunway REIT continues to be recognised as part of the elite group of listed companies on Bursa Malaysia under The Edge Billion Ringgit Club 2015 for the fifth consecutive year. Likewise, Sunway REIT was nominated by the Malaysian Investor Relations Association in their annual Malaysia Investor Relations Awards 2015 under the Mid Capitalisation category for Best Company for Investor Relations, Best CEO for Investor Relations, Best CFO for Investor Relations, Best Investor Relations Website and Best Quality of Annual Reports / Formal Disclosure.

We wish to express our sincere gratitude to the regulatory bodies, the esteemed awarding bodies and all stakeholders for their acknowledgement. Well done to our dynamic team and continue to strive for higher excellence benchmarks in becoming a leading M-REIT.

IN APPRECIATION

I would like to express my sincere appreciation to the Board Members for their valuable guidance and steering the management team to strive for excellence. On behalf of the Board, I would like to convey my heartfelt gratitude to the management team for their dedication and commitment in delivering remarkable track records despite increasingly challenging operating environment.

We would also like to extend our appreciation to our valued stakeholders - unitholders, employees, trustee, property manager, business partners, fellow analysts and investment community, members of the press for their continuous support and confidence in Sunway REIT over the past five years.

I am confident that we are well positioned to embark on the next phase of growth.

Yours sincerely,



Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO
Chairman
Sunway REIT Management Sdn Bhd
11 August 2015

PERUTUSAN Pengerusi

Pemegang Kepentingan Yang Dihargai,

Sukacita saya, sebagai wakil Lembaga Pengarah Pengurusan, membentangkan Laporan Tahunan Ulang Tahun Kelima Sunway REIT dan keputusan kewangan beraudit bagi tahun kewangan yang berakhir pada 30 Jun 2015 ("TK2015"). Walaupun persekitaran operasi terus-menerus mencabar, dengan sukacitanya saya mengumumkan bahawa Sunway REIT terus mencapai pertumbuhan yang sederhana dalam TK2015 ini.

KEJAYAAN SEPARUH DEKAD

Pada tahun yang bersejarah ini, Sunway REIT menyambut ulang tahun kelima pada 8 Julai 2015, kami berasa gembira kerana telah berjaya muncul sebagai salah satu peneraju Amanah Pelaburan Harta Tanah Malaysia ("M-REITs"). Dengan sokongan pasukan pengurusan dinamik yang bersungguh-sungguh berusaha mencapai kecemerlangan dan meraih kejayaan, Sunway REIT telah mencapai beberapa batu tanda dalam tempoh lima tahun yang lepas. Kami mempunyai kaliber sebagai pengurus M-REIT paling aktif dalam menjalankan inisiatif peningkatan aset ("AEIs"), telah berjaya menyiapkan kerja-kerja pengubahsuaian terbesar dalam sejarah M-REIT dan memulakan usaha pemulihan aset berprestasi rendah.

PORTFOLIO BERNILAI MELEBIHI RM6 BILION

Dalam tempoh 5 tahun yang lepas, usaha bersungguh-sungguh kami dalam pengambilalihan sehinggalah kepada inisiatif peningkatan aset ("AEIs") secara aktif, telah meletakkan Sunway REIT kepada trajektori pertumbuhan yang kukuh. Nilai harta tanah Sunway REIT dalam tempoh lima tahun kewangan ini juga telah meningkat sebanyak 83% kepada RM6.32 bilion pada 30 Jun 2015, menjadikannya M-REIT kedua terbesar selepas KLCC Stapled Group.

"Kami yakin mampu mencapai sasaran pengurusan untuk nilai harta tanah melebihi RM7.0 bilion menjelang TK2017 dengan sokongan pertumbuhan pemerolehan dan AEI yang berterusan dan juga inisiatif pengurusan aset ("AMIs") ke atas aset sedia ada."

Sebagai Penaja, Sunway Berhad memainkan peranan penting dalam memudahkan pertumbuhan Sunway REIT. Sunway Berhad adalah pemaju komuniti unggul dengan model perniagaan bina-milik-kendali yang tersendiri. Model perniagaan yang komprehensif tersebut bertindak sebagai platform bagi melonjakkan pertumbuhan Sunway REIT pada masa hadapan. Pemajuan berterusan pembina induk perbandaran berintegrasi Sunway Resort City ("SRC"), Sunway City Ipoh dan Sunway Seberang Jaya akan mengukuhkan dan mengembangkan lagi sinergi perniagaan dalam perbandaran-perbandaran tersebut dan secara tidak langsung akan memakmurkan serta menyejahterakan komuniti di sana. Walaupun begitu, potensi pembangunan masa hadapan yang melangkaui sempadan perbandaran sedia ada seperti pembangunan 1,800 ekar di Sunway Iskandar, Johor dan simpanan tanah yang diperolehi baru-baru ini di Pulau Pinang dapat menawarkan potensi pertumbuhan yang besar kepada Sunway REIT dalam masa jangka panjang.

Bagi tahun kewangan yang berakhir pada Jun 2015, nilai harta tanah mencatatkan keuntungan sebanyak 14.6% berikutan pengambilalihan berjumlah RM134 juta, selesainya beberapa AEI yang berjumlah RM426 juta (sila rujuk muka surat 75 untuk maklumat lanjut) dan keuntungan nilai saksama sebanyak RM307 juta selepas mengambil kira tanggungan

perbelanjaan modal ("capex"). Sejalan dengan itu, nilai aset bersih seunit (selepas agihan pendapatan) meningkat sebanyak 7.7% kepada RM1.335.

MENGEKALKAN KEUNGGULAN DALAM M-REITS

Kemunculan Sunway REIT pada July 2010 telah menjadi pengubah pemain industri M-REIT yang membawa kepada pengenalan M-REIT dengan permodalan pasaran yang besar. Ia telah mengubah landskap pelaburan M-REIT dan meletakkan M-REIT di persada antarabangsa. Penyenaaraian Pavilion REIT, IGB REIT dan KLCC Stapled Group telah menonjolkan lagi serta menaikkan kebolehlaluran M-REIT.

Permodalan pasaran M-REIT berkembang sebanyak 7.9% kepada RM36.8 bilion pada 30 Jun 2015, berbanding RM34.1 bilion pada 30 Jun 2014, terutamanya disebabkan peningkatan harga unit dan bilangan unit dalam edaran. Selaras dengan pertumbuhan permodalan pasaran M-REIT, permodalan pasaran Sunway REIT telah meningkat sebanyak 7.3% kepada RM4.5 bilion pada 30 Jun 2015, mengekalkan kedudukannya di tiga tempat teratas M-REIT mengikut ranking permodalan pasaran. Sunway REIT adalah salah satu komponen Indeks Pertengahan 70 FTSE Bursa Malaysia dan Indeks Komposit REIT TR/GPR/APREA Malaysia.

PEMEGANG UNIT MENGHARGAI PEWUJUDAN

Dengan sukacitanya saya menegaskan sekali lagi bahawa Sunway REIT tidak berganjak daripada komitmennya untuk menyampaikan pengagihan mampan dan menjaga pertumbuhan pulangan menyeluruh kepada pemegang unit dalam jangka masa panjang. Menyedari pengagihan pendapatan sebagai objektif utama pelaburan bagi pemegang unit, Pengurus telah menjadikan pengagihan pendapatan mampan sebagai keutamaan dan dengan itu telah menyampaikan jumlah pengagihan seunit ("DPU") sebanyak 39.47 sen sejak Julai 2010 hingga Jun 2015, iaitu kadar pertumbuhan tahunan terkumpul ("CAGR") sebanyak 7.3% sejak penyenaaraannya. Di samping itu, keupayaan Pengurus memacu pertumbuhan pendapatan telah meningkatkan lagi prestasi Sunway REIT dengan mencatatkan pulangan purata tahunan bagi tempoh 5 tahun sebanyak 17.6%.

Pada tahun kewangan tersebut, tempoh kadar faedah rendah yang berpanjangan di seluruh dunia terus menarik kemasukan besar-besaran dana ke dalam pelaburan REIT, menawarkan spread kadar menarik antara 290 mata asas kepada 320 mata asas kepada Sekuriti Kerajaan Malaysia ("MGS") bertempoh 10 tahun. Sejak bermulanya tahun kewangan tersebut, Sunway REIT telah menikmati peningkatan harga seunit setinggi 21.5% (pada 5 Mei 2015 berdasarkan harga seunit sebanyak RM1.75) sebelum kembali kepada RM1.54 pada 30 Jun 2015 akibat kecairan pasaran kewangan global berikutan kebimbangan keterlaluan terhadap Greece dan China, yang telah menyenyapkan sebahagian daripada keuntungan yang diperolehi. Sunway REIT telah menjaga pulangan sejumlah 12.6% bagi tahun kewangan berakhir 30 Jun 2015, yang merangkumi peningkatan harga unit sebanyak 6.9% dan pengagihan hasil sebanyak 5.7%. Sebaliknya, pada tahun kewangan tersebut, FTSE Bursa Malaysia KLCI telah merosot sebanyak 9.4%.

REIT RUNCIT TERBESAR (MENGIKUT NLA) DI MALAYSIA

Kami komited dalam usaha menjadi REIT yang memfokuskan kepada peruncitan terulung di negara ini, berikutan kebingkasan segmen peruncitan. Aset runcit Sunway REIT terdiri daripada aset utamanya iaitu Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall, SunCity Ipoh Hypermarket dan Sunway Putra Mall yang baru dibuka semula. Gabungan keseluruhan kawasan boleh sewa ("NLA") bersih runcit ini adalah seluas 3.0 juta kaki persegi yang menjadikannya M-REIT runcit terbesar mengikut NLA. Dengan mengumpul kekuatan Penaja,

PERUTUSAN Pengerusi (SAMB.)

kami bercita-cita untuk mengembangkan lagi aset runcit tersebut bagi mengekalkan kedudukan sebagai peneraju aset runcit terunggul.

ERA BARU DALAM PENGANGKUTAN AWAM

Sistem Bas Rapid Transit yang pertama di Malaysia telah dilancarkan oleh Perdana Menteri Dato' Seri Najib Tun Razak pada 1 Jun 2015. Laluan BRT-Sunway ini telah membuka sempadan baru bagi pengangkutan awam dengan penggunaan bas elektrik yang mesra alam dan mesra pengguna kurang upaya. Laluan ini beroperasi di atas trek bertingkat tersendiri sejauh 5.4 km. Laluan BRT-Sunway yang mengubah kebiasaan ini menghubungkan Stesen KTM Setia Jaya yang selari dengan Lebuhraya Persekutuan dan Laluan Tambahan LRT Kelana Jaya di USJ 6. Perkhidmatan ini dapat dinikmati oleh lebih daripada 500,000 pengguna di sekitar kawasan laluan. Sistem pengangkutan yang julung kali wujud di negara ini meningkatkan pergerakan dalam kalangan komuniti dan secara tidak langsung mengurangkan kesesakan lalu lintas di Lembah Klang.

Sistem pengangkutan awam yang canggih ini dipertingkatkan lagi dengan laluan pejalan kaki berbumbung dan bertingkat yang menghubungkan stesen BRT tersebut kepada pelbagai aset komersial di SRC seperti Sunway Pyramid Shopping Mall, Sunway Resort Hotel & Spa, Pyramid Tower East, Menara Sunway, Sunway Pinnacle, Sunway Medical Centre, Sunway University, Monash University Malaysia dan Sunway Lagoon.



Sistem Bas Rapid Transit Pertama di Malaysia

“Menerusi perhubungan tanpa halangan dari stesen-stesen BRT tersebut, aset Sunway REIT berada pada kedudukan strategik yang membolehkannya memperoleh faedah daripada bilangan pengunjung yang dijangka lebih tinggi dan terus berkembang melangkaui kawasan pasaran tradisional.”

Pembangunan perintis ini telah disenaraikan secara rasmi sebagai projek BRT pertama di Malaysia dalam Malaysia Book of Records (“MBOR”) - penyimpan rasmi rekod cemerlang dan pencapaian di Malaysia. Bas elektrik mesra alam tersebut juga direkodkan sebagai bas elektrik pertama untuk sistem pengangkutan awam Malaysia oleh MBOR.

MEMPERKAYAKAN KOMUNITI

Sebagai pembangun komuniti yang utama, Penaja bersungguh-sungguh memperkayakan komuniti yang dibina dengan memberikan perkhidmatan kepada komuniti melalui peningkatan keterhubungan dan keupayaan mengakses di tempat komuniti tinggal, bekerja, bermain dan membangun dalam persekitaran yang sihat, selamat dan terhubung dengan baik. Bagi memenuhi tujuan ini, Kumpulan Sunway telah menyumbang kira-kira RM150 juta ke arah peningkatan infrastruktur di sekeliling SRC dan sekitarnya melalui perbagai inisiatif, antaranya, pembinaan laluan pejalan kaki berbumbung dan bertingkat, tempat letak kereta yang lebih banyak, pelebaran jalan serta mempertingkatkan landskap dan ciri keselamatan.

Jalan pintas ke Lebuhraya KESAS bernilai RM40 juta telah dibina bagi menyediakan akses langsung keluar masuk ke Bandar Sunway dan telah siap pada TK2013. Jalan masuk ke Sunway South Quay di sepanjang Jalan Lagoon Selatan, telah dibuka serentak dengan pelancaran Laluan BRT-Sunway pada 1 Jun 2015.

Sebagai tambahan kepada jalan pintas bernilai RM40 juta tersebut, cadangan pembinaan sebuah jalan bertingkat bagi menghubungkan Sunway South Quay terus ke Lebuhraya Pantai Baharu (“NPE”) kini sedang dalam perancangan.

Sunway juga telah mengambil tanggungjawab melebarkan jalan di sepanjang NPE dari Sunway Pyramid Shopping Mall sehingga ke bulatan Persiaran Kewajipan. Pembinaan fasa ini telah bermula pada TK2013 dan dijangka siap menjelang suku keempat TK2015. Jalan NPE yang dilebarkan, telah siap separuh dari persimpangan Jalan SS13/3 ke Bulatan Kewajipan, dan telah dibuka untuk kegunaan awam pada bulan November 2014.

Selain daripada penambahbaikan keterhubungan dan kebolehan mengakses, pengurangan kesesakan lalu lintas dan bilangan tempat letak kereta yang mencukupi pastinya menggalakkan lebih ramai orang datang membeli-belah di pusat beli-belah dan menginap di hotel kami.

Selain daripada itu, aset-aset Sunway REIT dan aset Kumpulan Sunway yang lain menikmati sinergi perniagaan yang besar melalui peningkatan ketara keahlian Sunway Pals. Sunway Pals adalah sebuah program kesetiaan unik yang keahliannya melebihi 300,000 orang dan adalah salah satu program kesetiaan di negara ini yang paling pesat berkembang.

PENJAJARAN CSR DENGAN KEPENTINGAN PERNIAGAAN

Sebagai penyokong setia kehidupan sihat, secara peribadi saya telah menggariskan rancangan menjadikan bangunan milik Sunway dalam lingkungan 800 ekar SRC supaya bebas daripada asap rokok menjelang 2018. Dengan sukacitanya kami memaklumkan bahawa kami telah memformalkan Rangka Kerja CSR dan telah mengenal pasti Inisiatif Bebas Asap Rokok sebagai inisiatif teras tanggungjawab sosial korporat (“CSR”) yang akan diambil oleh Sunway REIT untuk tiga tahun akan datang dari TK2016 hingga TK2018. Penubuhan sebuah Jawatan Kuasa Kerja CSR telah dicadangkan untuk melaksanakan program-program yang berkisar daripada kesedaran ke penguatkuasaan dan penglibatan komuniti. Sunway Pyramid Shopping Mall, sebagai aset utama Sunway REIT, akan menerajui inisiatif ini dan aset yang lain akan menjalankan inisiatif tersebut apabila tiba masanya.

PERUTUSAN Pengerusi (SAMB.)

SOROTAN KE HADAPAN

Kemudahubahan pasaran komoditi dan mata wang ditambah pula dengan perkembangan terbaharu di China dan Eropah telah menyebabkan kerentanan dalam ekonomi global. Tabung Kewangan Antarabangsa ("IMF") telah merombak pertumbuhan ekonomi global bagi TK2015 daripada 3.5% kepada 3.3% berikutan kemelesetan dalam pasaran baru muncul dan ekonomi membangun. Pada TK2016, pertumbuhan ekonomi global dijangka mengukuh kepada 3.8%.

Asas ekonomi Malaysia kekal teguh. Bertentangan dengan jangkaan pasaran, Fitch Ratings telah mengesahkan Issuer Default Rating mata wang asing jangka panjang Malaysia sebagai A- dan Issuer Default Rating mata wang tempatan sebagai A. Dengan itu, gambaran ekonomi Malaysia telah dirombak secara serentak daripada negatif kepada stabil.

Susulan daripada pengembangan jitu setinggi 5.6% dalam suku pertama TK2015, ekonomi Malaysia dijangka akan menuju kesederhanaan dalam suku kedua TK2015 berikutan aktiviti muatan hadapan sebelum pelaksanaan Cukai Barangan dan Perkhidmatan ("GST") pada bulan April 2015, sentimen perniagaan dan pengguna yang lebih lembut, mata wang yang lemah dan harga minyak mentah yang merudum. Bank Negara Malaysia ("BNM") telah mengunjurkan pertumbuhan mantap Keluaran Dalam Negeri Kasar ("KDNK") pada 4.5% - 5.5% untuk TK2015.

Trend inflasi terus menunjukkan trajektori ke atas dan memecut kepada 2.5% tahun atas tahun pada bulan Jun 2015. Walaupun inflasi untuk setengah tahun pertama TK2015 berada pada tahap baik iaitu 1.4%, ia dijangka naik sedikit demi sedikit, menggambarkan impak GST dan pelarasan terhadap harga bahan bakar domestik baru-baru ini. Jangkaan inflasi BNM bagi TK2015 adalah antara 2.0% hingga 3.0%.

BNM kekal bersifat bertolak ansur dalam pendirian dasar kewangannya demi memastikan kelestarian prospek pertumbuhan negara. Dalam mesyuarat terbaharu Jawatankuasa Dasar Kewangan ("MPC") pada 9 Julai 2015, BNM telah memutuskan akan mengekalkan Kadar Polisi Semalaman ("OPR") pada 3.25%. BNM mengiktiraf peningkatan risiko pertumbuhan global, dan akan memantau perkembangan tersebut dan menilai implikasinya ke atas kestabilan makroekonomi kepada ekonomi Malaysia.

Penunjuk makroekonomi global dan ketidakpastian domestik memberi tanda-tanda negara kita sedang memasuki era yang mencabar, dengan pertumbuhan ekonomi yang bertambah perlahan, kejatuhan mata wang dan harga komoditi, serta sentimen perniagaan dan pengguna yang mereda. Selain daripada itu, sub-sektor harta tanah sedang menghadapi cabaran yang timbul daripada persaingan sengit akibat keadaan lambakan dalam pasaran sub-sektor pejabat dan kemasukan bekalan baharu untuk sub-sektor hospitaliti dan peruncitan.

"Prestasi Sunway REIT sudah tentu tidak dapat mengelak daripada terjejas dengan perkembangan ini walaupun aset perbandaran lebih teguh dengan sokongan pasaran yang telah diperolehnya. Kami akan terus fokus dalam strategi perniagaan kami dengan memberikan persaingan yang sengit dalam pasaran sewaktu mengharungi waktu-waktu mencabar ini."

PENGIKTIRAFAN KECEMERLANGAN

Dengan rendah hati kami berterima kasih atas anugerah dan pengiktirafan yang dikurniakan kepada Sunway REIT oleh badan penganugerahan berwibawa sebagai mengiktiraf kecemerlangan kami menitikberatkan piawaian yang superior dalam pentadbiran korporat, pelaporan kewangan dan amalan terbaik.

Selama tiga tahun berturut-turut semenjak anugerah diperkenalkan dalam tahun 2012, Sunway REIT telah dikurniakan Anugerah Laporan Korporat Tahunan Nasional ("NACRA") di bawah kategori Anugerah Kecemerlangan Industri untuk REIT dan Dana Hujung Tertutup. Anugerah ini menjulang kepercayaan jitu Sunway REIT dalam kecemerlangan, ketelusan dan kebertanggungjawaban pelaporan korporat.

Seterusnya Sunway REIT telah memperoleh pengiktirafan sebagai sebahagian daripada kumpulan elit syarikat tersenarai di Bursa Malaysia di bawah Kelab Billion Ringgit 2015 The Edge, untuk tahun kelima berturut-turut. Sunway REIT juga telah dicalonkan oleh Malaysian Investor Relations Association dalam Anugerah Perhubungan Pelabur Malaysia 2015 di bawah kategori Permodalan Pertengahan untuk Syarikat Terbaik dalam Perhubungan Pelabur, CEO Terbaik dalam Perhubungan Pelabur, CFO Terbaik dalam Perhubungan Pelabur, Laman Web Perhubungan Pelabur Terbaik dan Kualiti Terbaik dalam Laporan Tahunan / Pendedahan Formal.

Kami ingin menyampaikan ucapan terima kasih yang tidak terhingga kepada badan pengawal aturan, badan penganugerahan yang dihormati dan semua pemegang kepentingan atas pengiktirafan mereka. Tahniah diucapkan kepada pasukan kami yang dinamik. Terus usaha ke arah pencapaian penanda aras kecemerlangan yang lebih tinggi dengan menjadi peneraju dalam M-REIT.

PENGHARGAAN

Saya ingin mengucapkan setinggi-tinggi penghargaan kepada Ahli Lembaga Pengarah atas bimbingan berharga dan usaha mereka memacu pasukan pengurusan untuk mencapai kecemerlangan. Bagi pihak Lembaga Pengarah, saya ingin menyampaikan penghargaan ikhlas saya kepada pasukan pengurusan atas dedikasi dan iltizam mereka dalam menghasilkan rekod kerja yang luar biasa walaupun berhadapan dengan persekitaran operasi yang semakin mencabar.

Kami juga ingin menyampaikan penghargaan kami kepada para pemegang kepentingan yang kami hargai - pemegang unit, pekerja, pemegang amanah, pengurus harta tanah, rakan perniagaan, para penganalisis dan komuniti pelaburan serta pihak media, atas sokongan dan keyakinan mereka yang berterusan kepada Sunway REIT di sepanjang lima tahun yang lepas.

Saya yakin bahawa kita semua telah di posisi yang mantap untuk menghadapi fasa pertumbuhan yang seterusnya.

Yang benar,



Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO
Pengerusi
Sunway REIT Management Sdn Bhd
11 Ogos 2015

SALIENT FEATURES

Name of Fund	Sunway REIT
Type of Fund	Income and Growth
Category of Fund	Real estate investment trust
Duration of Fund / Termination Date	The earlier of : <ul style="list-style-type: none"> • 999 years falling on 19 May 3009 • the date on which Sunway REIT is terminated by the Trustee or the Manager, in such circumstances as set out under the provisions of the Deed
Approved Fund Size	3,650,888,858 units
Investment Objective	To provide Unitholders with an exposure to a diverse portfolio of authorised investments that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit
Investment Policy	<ul style="list-style-type: none"> • To invest in retail, hospitality, office and other real estate assets, subject to the Securities Commission's Guidelines on Real Estate Investment Trust • At least 95% of Sunway REIT's total asset value must be invested in real estate and/or single purpose companies at all times with the remainder 5% invested in cash, deposits and money market instruments
Key Acquisition Criteria	<ul style="list-style-type: none"> • Retail and mixed-use assets • High growth cities and townships in Malaysia • Compatibility and synergistic to asset portfolio
Distribution Policy	<ul style="list-style-type: none"> • 100% distributable income since FP2011 to FY2015 and at least 90% for each subsequent financial year • Quarterly distribution
Revaluation Policy	Annually by an independent registered valuer
Gearing Policy	Up to 50% of total asset value of the Fund
Performance Benchmark	<ul style="list-style-type: none"> • FTSE Bursa Malaysia Kuala Lumpur Composite Index (KLCI) • Thomson Reuters/Global Property Research/APREA Composite REIT Index Malaysia
Manager's Fees	<ul style="list-style-type: none"> • Base Fee : 0.3% per annum of total asset value • Performance Fee : 3% per annum of net property income, but before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement • Acquisition Fee : 1% of acquisition price • Divestment Fee : 0.5% of sale price
Trustee's Fee	0.03% per annum of the net asset value of Sunway REIT
Financial Year End	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

October 2014



Completion and opening of the underground and above ground connectivity which links Menara Sunway to Sunway Pinnacle and onward to Sunway Resort Hotel & Spa. An Annex to Sunway Resort Hotel & Spa (Pinnacle Annex) which houses 2 restaurants and a ballroom was also completed and commenced operations subsequently

January 2015



Acquisition of Sunway Hotel Georgetown was completed at a purchase consideration of RM74 million

March 2015



Acquisition of Wisma Sunway was completed at a purchase consideration of RM60 million

April 2015



Formalisation of Corporate Social Responsibility Framework

May 2015

June 2015



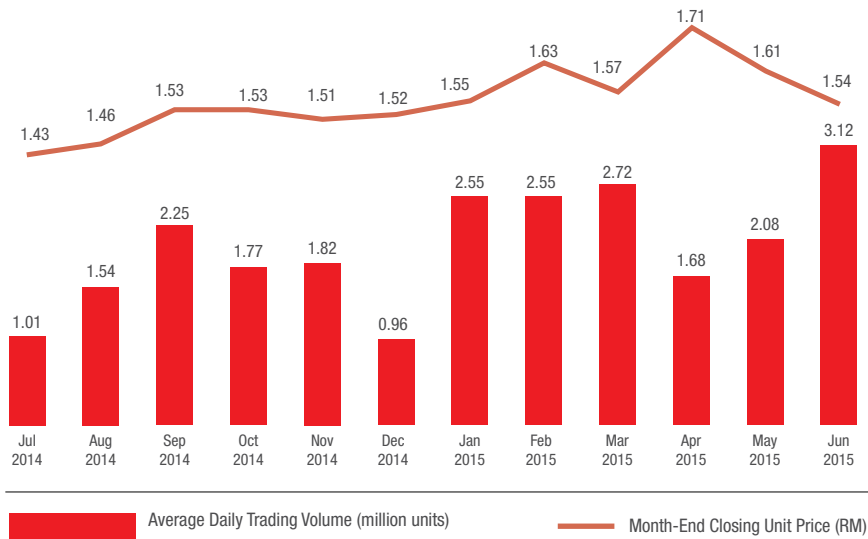
Completion and opening of the Bus Rapid Transit ("BRT") Elevated Walkway which connects Sunway Lagoon BRT Station to Pinnacle Annex, Sunway Resort Hotel & Spa and Sunway Pyramid Shopping Mall



Soft opening of Sunway Putra Mall after a hiatus of 2 years and RM307 million rejuvenation exercise

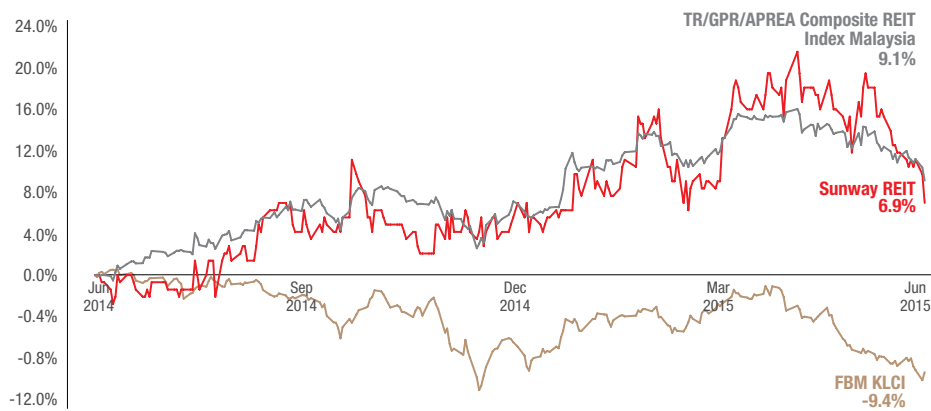
TRADING PERFORMANCE

SUNWAY REIT'S MONTHLY TRADING PERFORMANCE



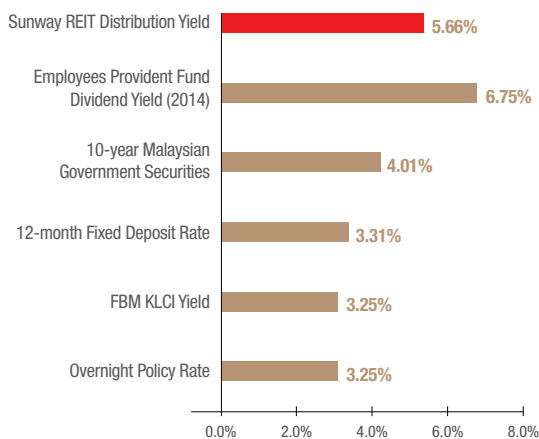
Source: Sunway REIT Management, Bloomberg

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



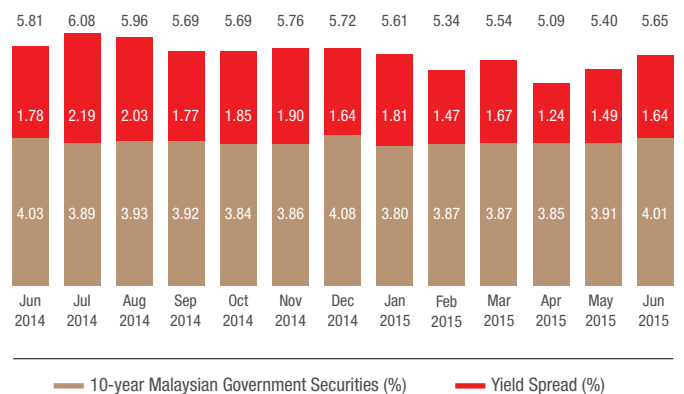
Source: Sunway REIT Management, Bloomberg

COMPARATIVE YIELDS (AS AT 30 JUNE 2015)



Source: Sunway REIT Management, Bloomberg, Bank Negara Malaysia, Employees Provident Fund

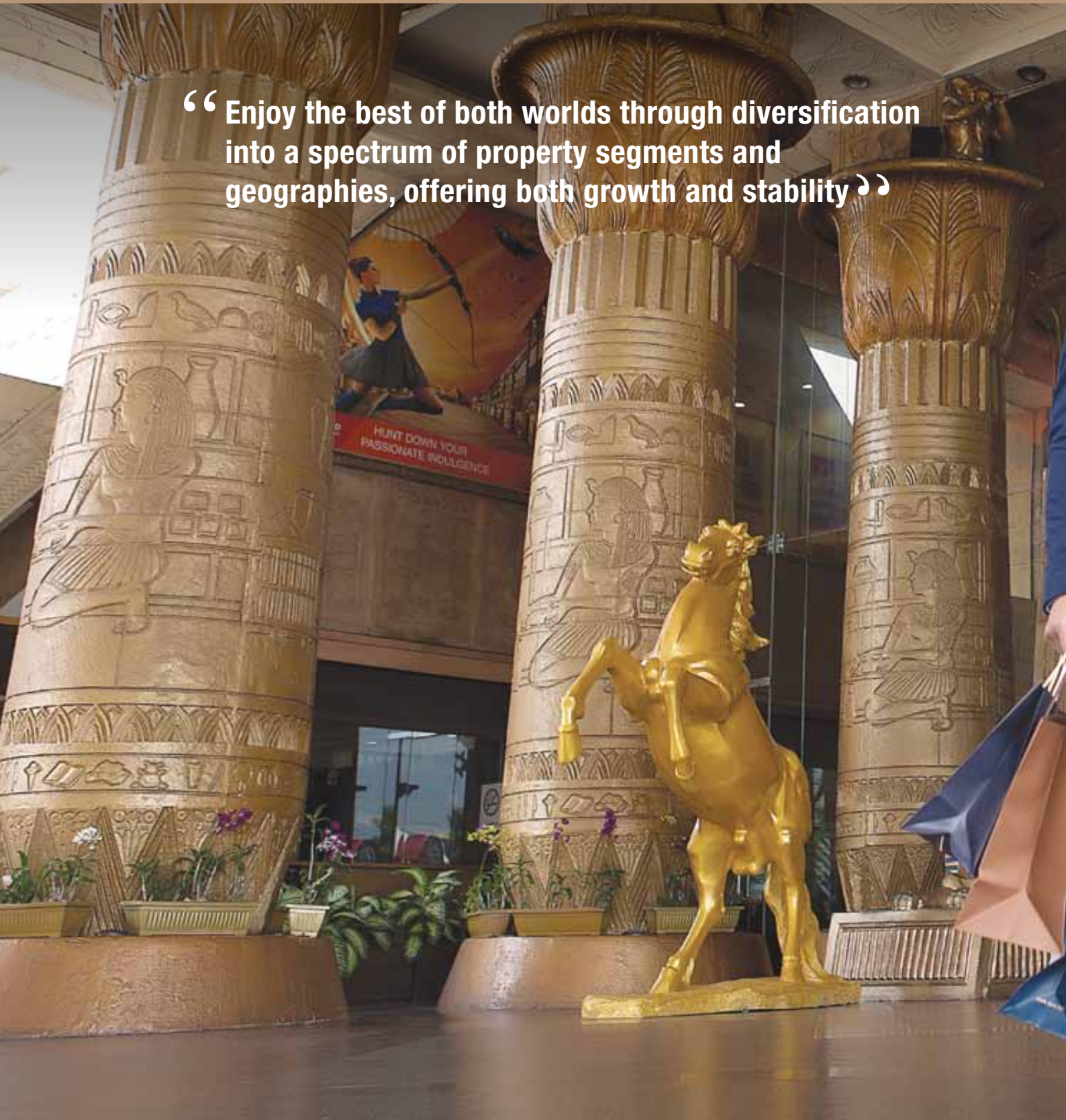
SUNWAY REIT MONTHLY YIELDS COMPARISON



Note: All information is based on month end data
Source: Sunway REIT Management, Bloomberg

**A RETAIL FOCUSED REIT WITH A DIVERSIFIED
ASSET PORTFOLIO SPANNING ACROSS KEY HIGH
GROWTH STATES (SELANGOR, KUALA LUMPUR,
PENANG AND PERAK) IN MALAYSIA**

**“ Enjoy the best of both worlds through diversification
into a spectrum of property segments and
geographies, offering both growth and stability ”**

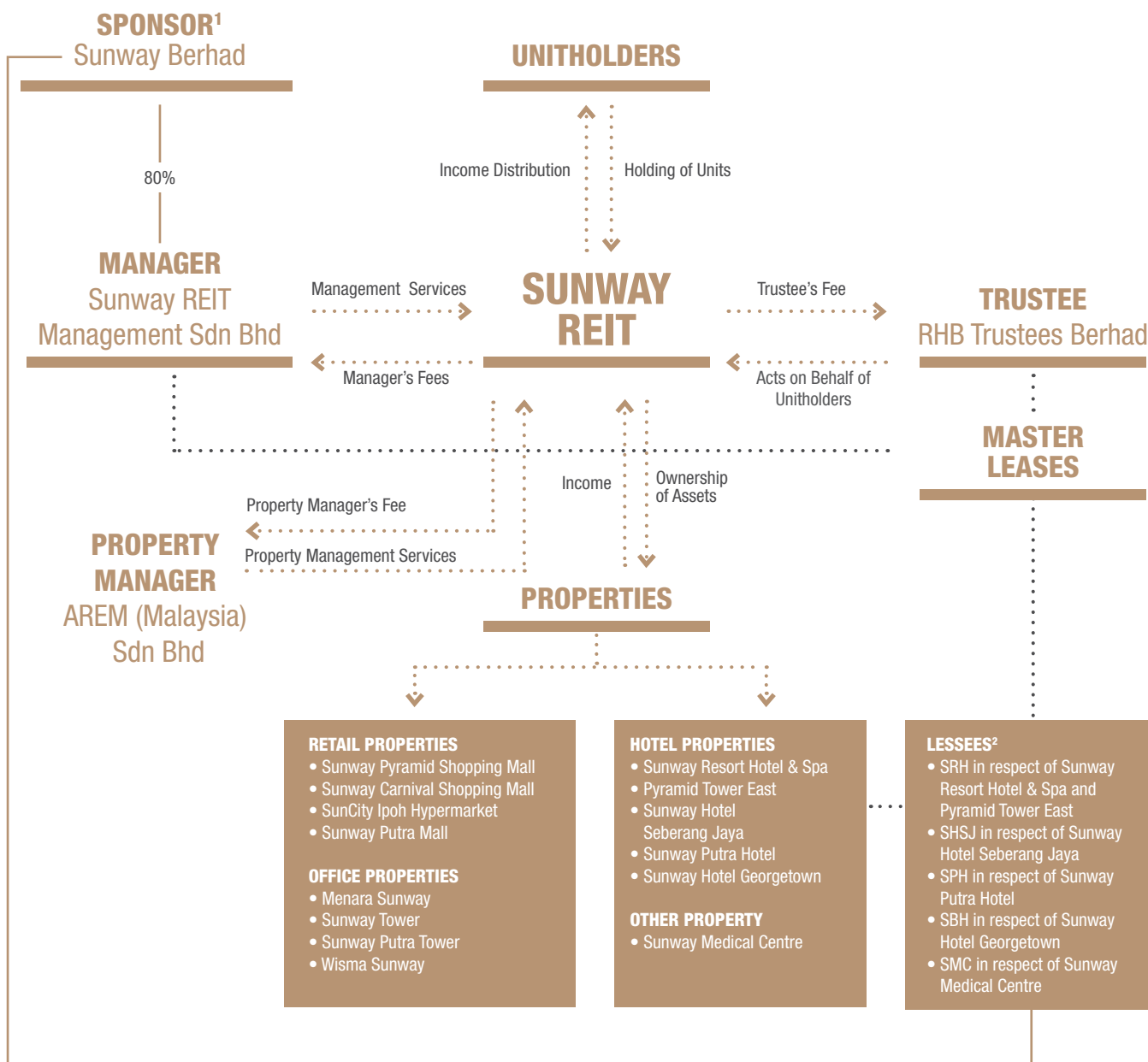


**FIRM
FOUNDATIONS**

Trust Structure	40
Organisation Structure	41
Board of Directors	42
Management Team	47
Corporate Governance Statement	49



TRUST STRUCTURE



— Equity interest

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

..... Contractual relationships under the Master Leases

¹ Sunway Berhad has a 36.12% investment in Sunway REIT as at 30 June 2015

² Sunway Resort Hotel Sdn Bhd ("SRH") is the lessee for Sunway Resort Hotel & Spa and Pyramid Tower East (formerly known as Pyramid Tower Hotel)

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

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

Sunway Biz Hotel Sdn Bhd ("SBH") is the lessee for Sunway Hotel Georgetown

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

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

ORGANISATION STRUCTURE

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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



Compliance Officer

Samantha Khoo May Lin

INTERNAL AUDIT TEAM



CHIEF EXECUTIVE OFFICER

Dato' Jeffrey Ng Tiong Lip



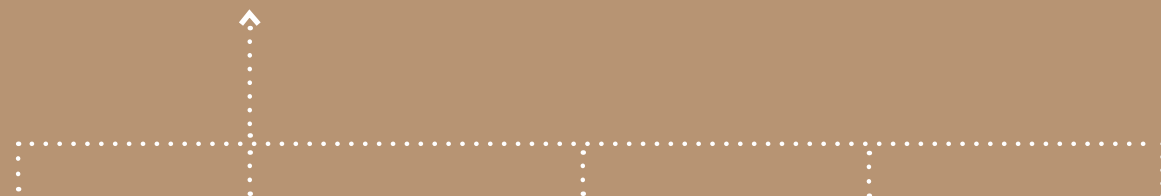
Chief Financial Officer
 Wai Sow Fun

Investor Relations Manager
 Crystal Teh Lay Ling

Investment/Business Development Manager
 Shankar Arasaratnam

Head of Retail Properties
 Chan Hoi Choy

Head of Commercial Properties
 Goh Hai Thun @ Ng Hai Thun



FINANCE TEAM



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 70, is the Founder and Executive Chairman of Sunway Group, a formidable conglomerate with core businesses in property and construction, and a multitude of established businesses spanning across 50 locations worldwide.

A business and accounting graduate of Victoria University in Melbourne, Australia, Tan Sri Dr Jeffrey Cheah began his career as an accountant at a motor assembly plant in Malaysia. In 1974, he founded and started Sunway Group.

He has been conferred nine (9) honorary doctorates by leading universities worldwide. In 2007, Tan Sri Dr Jeffrey Cheah established the eponymous "Jeffrey Cheah Foundation" and in 2009, he endowed all his equity in 12 institutions of Sunway Education Group, inter alia, Sunway University, Monash University Malaysia, Jeffrey Cheah School of Medicine and Health Sciences, Sunway College and Sunway International School, valued at more than RM720 million to the Jeffrey Cheah Foundation ("JCF"). JCF was officially launched by the Prime Minister of Malaysia on 18 March 2010 in the presence of its foundation's patron, His Royal Highness Sultan of Selangor.

In December 2011, Tan Sri Dr Jeffrey Cheah was appointed to Malaysia's education panel to review the nation's education system by the Minister of Education. He is the Founding Trustee of the Board of Mahathir Science Award Foundation, Razak School of Government, and the Perdana Leadership Foundation.

In July 2013, Tan Sri Dr Jeffrey Cheah through JCF, endowed USD6.2 million (approximately RM20 million) to Harvard University to establish the Jeffrey Cheah Professorship of South East Asia, Jeffrey Cheah Visiting Professorship and Fellowship, and the Jeffrey Cheah Travel Grants to advance teaching and research on Southeast Asia Studies.

In August 2014, Tan Sri Dr Jeffrey Cheah received a special invitation to be a member of the Global Advisory Council of Harvard University from The President of Harvard University.

Other notable achievements and appointments of Tan Sri Dr Jeffrey Cheah include:

- 2014 - Prominent Player Award by Construction Industry Development Board (CIDB) Malaysia.
- Value Creator: Malaysia's Outstanding CEO by The Edge Billion Ringgit Club.
- 2013 - Malaysia Outstanding Property Personality Award by The Edge Malaysia.
- Appointed as Advisor to Institut Darul Ridzuan ("IDR") in the State of Perak, Malaysia.
- Conferred Honorary Assistant Commissioner of Police by Malaysia's Inspector-General of Police for his commendable efforts in crime awareness and prevention.

- Appointed as Council Member of United Nations Sustainable Development Solutions Network.
- 2012 - Appointed as Permanent Honorary President to the Federation of Hakka Associations Malaysia, in appreciation of his invaluable contributions to the Associations.
- Awarded Honorary Gold Award from the Royal Rotary Club of Kuala Lumpur, in recognition of his leadership and development of education and research in Malaysia.
- Conferred the Honorary Fellowship by the Malaysian Scientific Association (MSA) for his exemplary and overall contribution to the development of science education as well as the advancement of science and technology in Malaysia.
- 2009 - Listed one of Malaysia's "Heroes of Philanthropy" by Forbes Asia.
- 2008 - Appointed Officer of the Order of Australia ("AO") by the Prime Minister of Australia. AO is one of Australia's most prestigious awards conferred to a non-citizen of Australia.
- Appointed as Chairman of Malaysia Crime Prevention Foundation (MCPF) Selangor Chapter, by the Deputy Prime Minister and Chairman of MCPF Malaysia.
- 2007 - Monash University School of Medicine and Health Sciences was named after Tan Sri Dr Jeffrey Cheah (Jeffrey Cheah School of Medicine and Health Sciences) in appreciation of his contribution to Monash University Malaysia and Malaysia-Australia bilateral ties.
- 2006 - Installed as Chancellor of Sunway University Malaysia by His Royal Highness Sultan of Selangor.
- 2005 - Asia's Most Innovative Chinese Entrepreneur Award.
- 2002 - Deputy President and Trustee of National Kidney Foundation of Malaysia.
- First non-Malay Honorary Member of Kuala Lumpur Malay Chamber of Commerce.
- Paul Harris Fellow Award by Rotary Club Malaysia.
- 1999 - Founding Trustee of Malaysian Liver Foundation.
- 1997 - President of Malaysian Hakka Association (until 2004).
- Council Member of the Financial Reporting Foundation, Malaysia.
- 1996 - Appointed by the Minister of Education to the Higher Education Council of Malaysia.
- Chairman of Malaysian Industry-Government Group for High Technology for Construction and Housing.
- EXCO member of the Malaysian Tourism Action Council.
- CEO of the Year (Malaysia) by Business Times - American Express
- 1993 - Property Man of the Year (Malaysia) by FIABCI, Malaysia Chapter.
- 1990 - Director of National Productivity Centre, Malaysia

Tan Sri Dr Jeffrey Cheah was appointed to the Board of the Manager on 24 March 2010 and he also serves as Member of the Remuneration and Nomination Committees. He attended 5 out of the 6 Board Meetings held in the financial year.

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

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

He has not been convicted for any offence within the past 10 years other than traffic offences, if any.

BOARD OF DIRECTORS (CONT'D)



Dato' Jeffrey Ng Tiong Lip
Chief Executive Officer & Non-Independent
Executive Director
Malaysian

Dato' Jeffrey Ng, aged 58, 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 30 years of extensive experience in finance, corporate planning and executive management in the property and hotel industry in both Malaysia and Australia.

Prior to joining Sunway Group, Dato' Jeffrey Ng was the former Managing Director of AP Land Berhad. He was also the former Executive Director of Sunway City Berhad, a company formerly listed on Bursa Malaysia. He has held various positions in the past, such as the President of Real Estate and Housing Developers Association (REHDA), Past Chairman of REHDA Wilayah Persekutuan (KL) Branch, Director of Construction Industry Development Board (CIDB), Vice President and Secretary General of FIABCI Malaysian Chapter (International Real Estate Federation), Vice President of Malaysian Association of Hotel Owners (MAHO), Chapter Chairman of Young Presidents Organisation (YPO) Malaysian Chapter and Vice Chairman of Malaysia Australia Business Council (MABC). Dato' Jeffrey Ng was also a panel member of the Appeal Board under the Federal Territory (Planning) Act 1982.

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

Dato' Jeffrey Ng was appointed to the Board of the Manager on 24 March 2010. He attended all of the 6 Board Meetings held in the financial year.

His directorships in other public companies are SunREIT Capital Berhad, SunREIT Unrated Bond Berhad, Sunway Lagoon Club Berhad and United Overseas Bank (Malaysia) Berhad. He is also a Director of Urban Hallmark Properties Sdn Bhd.

He has no family relationship with any other director of the Manager and/or major unitholder of Sunway REIT.

He has not been convicted for any offence within the past 10 years other than traffic offences, if any.



Dato' Ngeow Voon Yean
Non-Independent Non-Executive Director
Malaysian

Dato' Ngeow, aged 63, holds a Bachelor of Commerce Degree majoring in Business Studies and Economics from University of Auckland, New Zealand. He is a Council Member of Malaysian Association of Hotel Owners (MAHO) and an Honorary Advisor to Malaysian Association for Shopping and Highrise Complex Management.

Dato' Ngeow has 34 years of working experience in property development and investment, and management industry. He was the Founder President of Shopping and Highrise Buildings Association in both Malaysia and Singapore. He has wide experience in the development and management of mixed-use developments. He began his career with Landmarks Holdings Bhd, the developer owner of Sungei Wang Plaza, Regent Hotel and Metroplex Holdings Sdn Bhd, the developer of The Mall. He subsequently moved to Singapore to join Marina Centre Holdings Pte Ltd, the developer and manager of Marina Square, a mixed-use waterfront development comprising 3 international class hotels, shopping mall and offices in Singapore. He later joined

Suntec City Development Pte Ltd as part of the pioneering team in the development of one of Singapore's largest private mixed-use projects comprising an international convention and exhibition centre, shopping mall and 5 office towers. Currently, he manages the investment portfolio which includes retail, commercial, leisure and other asset management components of Sunway Berhad Group.

Dato' Ngeow was appointed to the Board of the Manager on 24 March 2010. He attended all of the 6 Board Meetings held in the financial year.

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

He has no family relationship with any other director of the Manager and/or major unitholder of Sunway REIT.

He has not been convicted for any offence within the past 10 years other than traffic offences, if any.

BOARD OF DIRECTORS (CONT'D)



Sarena Cheah Yean Tih
Non-Independent Non-Executive Director
Malaysian

Ms Sarena Cheah, aged 40, graduated from University of Western Australia with a Bachelor of Commerce (Accounting and Finance) Degree in 1994. She also obtained a Master Degree in Business Administration from Melbourne Business School in 2001.

Ms Sarena Cheah has been with Sunway Group since 1995, starting her career in the Corporate Finance and Group Internal Audit divisions. In 2000, she left to pursue her Master Degree in Business Administration at Melbourne Business School. Upon her return, she joined the Education and Healthcare divisions as Business Development Manager. In 2003, she rejoined the Corporate Finance division to lead the asset-backed securitisation exercise for Sunway City Berhad. In 2006, she became the Sales & Marketing General Manager in the Property Development division before holding the position as the Director of Strategy & Corporate Development in 2009. Thereafter, she assumed the position as the Executive Director of Strategy & Corporate Development of Sunway Berhad in August 2011. On 1 May 2013, she was appointed as Managing Director of Strategy & Corporate

Development as well as Joint Managing Director of Property Development Division, Malaysia/Singapore. Effective 1 May 2015, she took over the role of Managing Director of Property Development Division of Sunway.

Ms Sarena Cheah was appointed to the Board of the Manager on 25 August 2010. She attended all of the 6 Board Meetings held in the financial year.

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

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

She has not been convicted for any offence within the past 10 years other than traffic offences, if any.



Tan Sri Ahmad Bin Mohd Don
Senior Independent Non-Executive Director
Malaysian

Tan Sri Ahmad, aged 68, graduated with an Honours Degree in Economics and Business from Aberystwyth University, United Kingdom in 1969. He is a Fellow Member of Institute of Chartered Accountants in England and Wales as well as a Member of Malaysian Institute of Certified Public Accountants.

Tan Sri Ahmad started his career with the Corp of Accountants, Government of Malaysia from 1972 to 1974 before joining the private sector. He served as the Financial Controller from 1974 to 1980 in companies such as Syarikat Jengka Sdn Bhd, Mansfield Berhad and Pemas Securities Sdn Bhd where he was also the Company Secretary. In November 1980, he joined Permodalan Nasional Berhad as the Deputy General Manager and was involved in the planning and launching of the National Unit Trust Scheme in 1981. Subsequently in April 1982, he joined Malayan Banking Berhad as the General Manager of Treasury. During his service with Malayan Banking Berhad, he rose through the ranks of Senior General Manager and Board Member, then as Executive Director and in January 1991, he was appointed the Group Managing Director and Chief Executive Officer, a position which he held until 1994.

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

Tan Sri Ahmad was appointed to the Board of the Manager on 25 August 2010 and he also serves as Chairman of the Audit and Remuneration Committees as well as a Member of the Nomination Committee. He attended all of the 6 Board Meetings held in the financial year.

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

He has no family relationship with any other director of the Manager and/or major unitholder of Sunway REIT.

He has not been convicted for any offence within the past 10 years other than traffic offences, if any.

BOARD OF DIRECTORS (CONT'D)



Willy Shee Ping Yah @ Shee Ping Yan
Independent Non-Executive Director
Singaporean

Mr Willy Shee, aged 66, graduated from University of Auckland, New Zealand. He is an Associate Member of New Zealand Property Institute, a Fellow Member of Singapore Institute of Surveyors and Valuers (FSISV) and a Fellow Member of Association of Facilities & Property Management. He is an Honorary Advisor (Valuation) of Real Estate Developers' Association of Singapore (REDAS).

Mr Willy Shee is currently the Chairman (Asia) of CBRE Pte. Ltd, a company listed on the New York Stock Exchange and is a leading real estate service provider with more than 400 offices in more than 50 countries. He is also a Director of NTUC Fairprice Co-operative Ltd, Lafe (Emerald Hill) Development Pte Ltd, Mercatus Co-operative Ltd, Bund Center Investment Ltd, Shanghai Golden Bund Real Estate Co., Ltd and CBRE Management Pte. Ltd.

Mr Willy Shee was appointed to the Board of the Manager on 24 March 2010 and he also serves as a Member of the Audit, Remuneration and Nomination Committees. He attended all of the 6 Board Meetings held in the financial year.

He does not hold any directorships in other public companies in Malaysia.

He has no family relationship with any other director of the Manager and/or major unitholder of Sunway REIT.

He has not been convicted for any offence within the past 10 years other than traffic offences, if any.



Ng Sing Hwa
Non-Independent Non-Executive Director
Malaysian

Mr Ng, aged 69, is a qualified Chartered Accountant and is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. In May 1977, he completed the Program for Management Development at the Harvard University Graduate School of Business Administration, Boston. He was elected President of the Harvard Business School Alumni Club of Malaysia 1980/81.

Mr Ng was formerly the Executive Chairman of Bertam Alliance Berhad, a company listed on the Malaysian Stock Exchange, whose principal activities are property development, construction and planting of plantation. Mr Ng resigned from Bertam Alliance Berhad as Director and Executive Chairman on 1 March 2012 following the disposal of his substantial shareholding in the Company.

He has vast experience in the areas of corporate finance, hospitality industry, property & construction industry and manufacturing of building materials. He had held the positions of Group Chief Executive of Faber Merlin Malaysia Berhad from 1977 to

1985 and Managing Director of CI Holdings Berhad from 1985 to 1988 prior to venturing into management consultancy services and own property development in 1989.

He is currently the Executive Chairman of Miramas Development Sdn Bhd and the Managing Director of Golden Clay Industries Sdn Bhd. He is also a Director of Millennium Pavilion Sdn Bhd, a major shareholder of the Manager. He does not hold any directorships in other public companies in Malaysia.

He was appointed to the Board of the Manager on 18 November 2013 and he also serves as Member of the Audit Committee. He attended 5 out of the 6 Board Meetings held in the financial year.

He has no family relationship with any other director of the Manager and/or major unitholder of Sunway REIT.

He has not been convicted for any offence within the past 10 years other than traffic offences, if any.

BOARD OF DIRECTORS (CONT'D)



Elvin A/L Berty Luke Fernandez
Independent Non-Executive Director
Malaysian

Mr Elvin Fernandez, aged 66, graduated from the Institution of Surveyors Malaysia (ISM), now known as The Royal Institution of Surveyors Malaysia (RISM).

He is the Managing Director of Khong & Jaafar Group of Companies, a Past Chairman of the International Valuation Standards Council (2007/2008), a Past President of the Royal Institution of Surveyors Malaysia (Session 2010/2011), a former Member/Exco-Member of the Board of Valuers, Appraisers & Estate Agents Malaysia (1993-2007), a Past President of the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (2000/2002) and a past Secretary-General of the ASEAN Valuers Association (2010/2014). He is also a former Adjunct Professor of University Malaya - Faculty of Built Environment (2013/2014).

He was appointed as a member of the RICS Malaysia Board on 1 June 2014 for a two-year term until 31 May 2016. He is also a National Committee Member of FIABCI, a Member of Malaysian Institute of Estate Agents and the Malaysian Institute of Professional Property Managers, a Fellow of the Royal Institution of Chartered Surveyors, United Kingdom, Honorary Member of Institution of Valuers India, Institute of Philippine Real Estate Appraisers, National Association of Valuers in Romania, China Appraisal Society, Practising Valuers Association India, Indonesian Society of Appraisers and the International Association of Consultants, Valuators and Analysts (Business Valuer). He is also a Member of the Malaysian Association of Professional Property Managers and the Investigating Tribunal Panel of the BAR Council Malaysia.

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.

On 21 February 2013, he was appointed as a Director of Malaysia Property Incorporated.

Mr Elvin Fernandez was awarded the "Property Consultant of the Year 2005" by the Board of Valuers, Appraisers & Estate Agents Malaysia on 12 January 2006. He was also conferred with "Professional Excellence" Award in the "Engineering, Construction & Property" category by the Malaysian Professional Centre or Balai Ikhtisas Malaysia on 21 May 2011. He was invited in 2013 by the China Appraisal Society to advise the CAS as well as the Ministry of Finance of the People's Republic of China on their proposed valuation law. Only four International experts from around the world were called to be on the Advisory Committee. On 10 January 2014, Mr Elvin Fernandez was conferred with "Valuer of the Year 2013" Award by the Valuation Division of the Royal Institution of Surveyors Malaysia.

Mr Elvin Fernandez was appointed to the Board of the Manager on 24 March 2010 and he also serves as a Chairman of the Nomination Committee and Member of the Audit and Remuneration Committees. He attended all of the 6 Board Meetings held in the financial year.

He does not hold any directorships in other public companies in Malaysia.

He has no family relationship with any other director of the Manager and/or major unitholder of Sunway REIT.

He has not been convicted for any offence within the past 10 years other than traffic offences, if any.

MANAGEMENT TEAM



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

CHIEF EXECUTIVE OFFICER

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

CHIEF FINANCIAL OFFICER

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

COMPLIANCE OFFICER

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

INVESTOR RELATIONS MANAGER

Responsible for developing and implementation of effective communications strategies with all stakeholders to achieve high levels of transparency in disclosures. The role encompasses continuous engagement with the investment community and maintaining the various communication channels. The Investor Relations Manager ensures key strategies of the Manager are effectively communicated to project consistent brand equity to the market.

INVESTMENT/BUSINESS DEVELOPMENT MANAGER

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

ASSET MANAGEMENT TEAM

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

MANAGEMENT TEAM

Wai Sow Fun Chief Financial Officer

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

Samantha Khoo May Lin Compliance Officer

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

Crystal Teh Lay Ling Investor Relations Manager

Crystal Teh Lay Ling was appointed on 2 January 2015. Prior to joining the Manager, she was attached to Westports Holdings Berhad, and was instrumental in the formation of the investor relations functions of the company. Crystal has a diverse experience in investor relations, equity research and fund management. She graduated with a Bachelor of Science (Hons) Banking and Finance from University of London.

Shankar Arasaratnam Investment/Business Development Manager

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

Chan Hoi Choy Head of Retail Properties

Chan Hoi Choy was appointed on 20 May 2010 and currently serves as the Chief Executive Officer of Sunway Shopping Malls and Theme Parks. He oversees the portfolio of Sunway Pyramid, Sunway Carnival, Sunway Giza, Sunway Putra, Sunway Velocity, Sunway Lagoon and Lost World of Tambun. Having spent his entire 32 years of professional career in mall management and development, he has acquired extensive experience in general mall management, operations and marketing management. Mr Chan began his career in Sungei Wang Plaza in 1983 where he spent 11 years with this successful shopping mall before joining Berjaya Starcity (now known as Times Square) as the General Manager principally responsible for the development of this major shopping mall in the heart of Kuala Lumpur from 1994 to 1999. His next career move was to Sunway Pyramid.

He is the current Advisor of Malaysia Shopping Malls Association (PPK Malaysia) after serving a two-term presidency in advocating the industry interest at both international and national levels. He also serves as the current Advisor of Council of Asian Shopping Centres (CASC). Mr Chan is an alumnus of University of Aston, Birmingham, United Kingdom and holds a Bachelor of Science (Hons) degree in Managerial and Administrative Studies.

Goh Hai Thun @ Ng Hai Thun Head of Commercial Properties

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

CORPORATE GOVERNANCE STATEMENT

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

The Manager has implemented the principles and recommendations of the Malaysian Corporate Governance Code 2012 (“Corporate Governance Code”) and the Asia Pacific Real Estate Association (“APREA”) Best Practices Handbook (2nd Edition) and to the extent that the Manager is not able to comply, the Manager is progressively putting measures in place to ensure compliance in the years ahead.

THE MANAGER’S ROLE

The Manager holds a valid Capital Markets Services License (CMSL) by the Securities Commission (“SC”) as required under the new licensing regime for REIT Managers which took effect from 28 December 2012. Its 2 licensed representatives, namely Dato’ Jeffrey Ng Tiong Lip and Dato’ Ngeow Voon Yean respectively hold valid Capital Markets Services Representatives License (CMSRL).

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

The Manager has the general power of management over the assets of Sunway REIT. Its primary role is to manage Sunway REIT and the properties in accordance with the Deed in the sole interest of the unitholders focusing on generating rental income and, where appropriate, increasing Sunway REIT’s assets over time to enhance the return on investments and ultimately the distributions to the unitholders. On the corporate governance front, the Manager continues to update and enhance its investment, strategic direction and risk management policies of Sunway REIT.

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

- **Asset Management**

Supervise and oversee the management of Sunway REIT’s properties including procurement of service providers for specialised activities, including but not limited to onsite property management, property maintenance, letting and leasing services, rent collection and arrears control. The Manager is also responsible for developing a business plan for the short, medium and long term with a view to maximise 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 OF THE MANAGER

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

PRINCIPLES OF THE CORPORATE GOVERNANCE CODE

There are 8 principles and their corresponding recommendations which amongst others, focuses on laying a strong foundation for the Board and its committees to carry out their roles effectively, promote timely and balanced disclosure, safeguard the integrity of financial reporting, emphasises the importance of risk management and internal controls and encourages shareholder participation in general meetings. This section of the corporate governance statement elaborates on the Manager and Trustee’s efforts in complying with the Corporate Governance Code.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Main Function

The Board has established clear functions reserved for the board and those delegated to management. Some of the roles of the Board are as follows:-

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

These functions and roles of the Board are further elaborated in the Board Charter on page 162. The Board Charter establishes the clear roles and responsibilities of the Board in discharging its fiduciary leadership functions.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Committees and Working Groups

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

(a) Audit Committee

The Audit Committee comprising Tan Sri Ahmad Bin Mohd Don as Chairman, Mr Willy Shee Ping Yah @ Shee Ping Yan, Mr Elvin A/L Berty Luke Fernandez and Mr Ng Sing Hwa, has an active role in assisting the Board in discharging its governance responsibilities. The composition of the Audit Committee, its terms of reference, attendance of meetings and a summary of its activities are set out on pages 171 to 174 of the Annual Report. The minutes of the Audit Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.

(b) Remuneration Committee

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

During the financial year, 2 meetings were held to deliberate on the following matters:-

- i) to evaluate the performance of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Manager and to endorse their annual increment and bonuses; and
- ii) to review and to approve the terms of the contract of employment of the CEO.

The Chief Human Resources Officer and Senior Manager of Group Human Resources attended the said meetings at the invitation of the Committee. At the meetings, the targeted key performance indicators ("KPI") of the CEO and CFO were compared to the actual achievements for the relevant financial year. In addition, industry benchmarks were also tabled for comparison.

(c) Nomination Committee

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

The main role of the Nomination Committee is to ensure that the Board comprises directors with appropriate skills, knowledge, expertise and experience, as well as to ensure a proper balance of Executive Directors and Independent Non-Executive Directors. In discharging its responsibilities, the Nomination Committee has developed a set of criteria used for identifying and recruitment of potential directors.

The functions of the Nomination Committee are set out in the Board Charter on page 165.

During the financial year, 2 meetings were held to deliberate on the following matters :-

- i) Review the Terms of Reference of the Committee.
- ii) Discussion on the results of the Board Effectiveness assessment, Directors' Peer Review, Audit Committee Evaluation, Audit Committee Members' Self and Peer Evaluation and Effectiveness of Board Committee Evaluation for financial year ended 2014. The aforesaid evaluation reports were tabled for discussion and areas needed improvements were highlighted to the Board and management for action.
- iii) Identifying training needs of the Directors and training programmes available.
- iv) The Nomination Committee report to be included in the Corporate Governance Statement for Annual Report 2014 and approved.
- v) Discussion on Management succession planning whereby the Chief Human Resources Officer presented the potential successors for the key management positions.
- vi) Discussion of the results of the Board Effectiveness assessment, Directors' Peer Review, Audit Committee Evaluation, Audit Committee Members' Self and Peer Evaluation, Evaluation of Independent Non-Executive Directors, Independent Directors' Self-Assessment and Effectiveness of Board Committee Evaluation for financial year ended 2015. The aforesaid evaluation reports were tabled for discussion and areas which needed improvements were highlighted to the Board and management for action.
- vii) Assessment of the size, structure and composition of the Board and Board Committee.
- viii) Review the competencies, independence and time commitment of Directors.
- ix) Assessment of the performance of retiring Directors and to endorse their eligibility for re-election. The Nomination Committee endorsed the proposed re-appointment of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling who was over the age of 70 years, as Director of the Company pursuant to Section 129 of the Companies Act, 1965 subject to the approval of the shareholders at the Company's Annual General Meeting. The performance and contribution of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling for the financial year 2015 were also discussed. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling abstained from all deliberations on his proposed re-appointment.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

- x) Assessment of the performance for re-election of directors. The performance of Ms Sarena Cheah Yean Tih was assessed based on the results obtained from the Directors' Peer Review. The performance of Mr Elvin A/L Berty Luke Fernandez was assessed based on the results obtained from the Directors' Peer Review and fulfillment of independence criteria as per Paragraph 1.01 of the Listing Requirements of Bursa Securities as well as the REIT Guidelines. Both Ms Sarena Cheah Yean Tih and Mr Elvin A/L Berty Luke Fernandez abstained from all deliberations on their proposed re-election as Directors.

Meetings and Attendance

Name of Committee Members	Number of meetings attended
Elvin A/L Berty Luke Fernandez	2/2
Tan Sri Ahmad Bin Mohd Don	2/2
Willy Shee Ping Yah @ Shee Ping Yan	2/2
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, A0	2/2

(d) Investment Appraisal Working Group ("IAWG")

The IAWG was established to determine the investment and divestment strategies of Sunway REIT, with the aim of improving the growth of Sunway REIT and improve its distribution yields. The IAWG consists of Dato' Jeffrey Ng Tiong Lip, Dato' Ngeow Voon Yean, Sarena Cheah Yean Tih, Shankar Arasaratnam and Wai Sow Fun. During the financial year, the IAWG had evaluated 11 assets for acquisition.

(e) Risk Management Working Group ("RMWG")

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

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

Company Secretary

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

Compliance Officer

The Manager has a designated compliance officer working towards ensuring compliance with the Deed and all legislation, rules and

guidelines issued by the SC and Bursa Securities applicable to Sunway REIT.

Setting High Ethical Standards

The Board has formalised ethical standards for the Manager by having in place the following comprehensive framework:

(a) Board Charter

Board Charter provides broad guidance to the Board in the effective discharge of its roles and responsibilities as well as clear definition of the functions delegated to management and Board Committees. The Board Charter will be periodically reviewed. Please refer to page 162 for the details of the Board Charter, which also contain information on the company's strategies on promoting sustainability and accessibility of information by its unitholders.

(b) Code of Conduct and Business Ethics

Code of Conduct and Business Ethics provides an ethical framework to guide actions and behaviors of all Directors and its employees while carrying out their respective roles and duties. Please refer to page 169 for a summary of the said code.

(c) Whistleblowing

Whistleblowing Policy has been adopted to encourage all employees of the Manager to report suspected inappropriate behaviour or misconduct. The policy covers fraud, corrupt practices and abuses.

(d) Insider Trading

Insider Trading Policy has been introduced to satisfy the Manager's obligation to prevent insider trading and to prevent employees of the Manager from committing acts that contravene the insider trading laws.

PRINCIPLE 2: STRENGTHENING COMPOSITION

Transparency in Selection of Directors

The Nomination Committee has been set up to identify and make recommendations for any new appointment and re-election of Board members and oversees the succession and leadership development plan of the Manager. In discharging its responsibilities, the Nomination Committee has developed a set of criteria used for recruitment of new directors and an annual assessment of all directors on the Board which has been made a formal policy. It assesses the effectiveness of the Board as a whole as well as the performance of each Director. This is a positive step towards the Board's commitment on transparency in governance.

The policy details the processes and criteria for selection and assessment of potential candidates for election to the Board. It also sets out the criteria for assessment of the appropriateness of the Board mix and composition. The policy was approved and adopted by the Board on the recommendation of the Nomination Committee. Based on the policy, the Board has delegated the responsibility for recommending a potential candidate to fill a board vacancy to the Nomination Committee but the ultimate decision on the appointment of a candidate is solely that of the Board as a whole.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Nomination Committee complements the Remuneration Committee which recommends to the Board, the proposed remuneration for the CEO and CFO, with the aim of ensuring that the Company attracts and retains the best possible talents needed to manage Sunway REIT successfully.

Composition of the Board

The Board consists of 8 members, with 3 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 performances of the retiring Directors have been assessed by the Nomination Committee and subsequently recommended to the Board for their re-election to be tabled at the Manager's AGM. The composition of the Board will annually be reviewed by the Nomination Committee. The Nomination Committee will also look into strengthening the independence of the Board, by attracting and retaining Directors.

The Board had adopted a diversity and inclusion policy whereby it reinforces the Manager's commitment to encourage diversity and inclusion in the workplace including but not limited to the diversity in the composition of the Board. Ms Sarena Cheah Yean Tih is currently the only female director on the Board and hence, it is the Manager's intention to balance up the Board with a capable and suitable candidate subject to the requirements of the Manager and the Nomination Committee.

The Manager aims to create a culture that respects and values each other's differences, promotes equality and diversity, and encourages individuals to grow and develop in order to realize their full potential.

The Board will ensure the effective mix of competencies, skills as well as relevant experience and knowledge are always in place in order to strengthen its effectiveness.

Remuneration

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

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

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

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

	Executive Director RM	Non-Executive Directors RM	Total RM
Director Fee	-	370,000	370,000
Other Emoluments	-	12,517	12,517
Meeting Allowance	-	21,895	21,895
Salaries and Other Remuneration	841,532	-	841,532
Bonus	317,194	-	317,194
Benefits-in-kind	9,012	-	9,012
Total:	1,167,738	404,412	1,572,150

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

Range of Remuneration	Executive Director	Non-Executive Directors	Total
Below RM110,000	-	5	5
RM950,001 to RM1,500,000	1	-	1
Total:	1	5	6

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 3: REINFORCING INDEPENDENCE

The composition of the Board will be reviewed regularly to ensure that it has an appropriate mix of expertise and experience. The review was conducted through surveys and assessments on individual Directors. In addition, the Company's diversity and inclusion policy will promote equality and diversity, including gender diversity ensuring that an effective combination of ideas and expertise are brought to the Board and permeate through all levels of management.

There is a clear segregation of roles and responsibilities between the Chairman and the 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 Nomination Committee reviews the independence of Independent Directors annually according to the criteria set out in the Listing Requirements of Bursa Securities and the REIT Guidelines. All of the Independent Non-Executive Directors remain independent from the substantial shareholders of the Company. They are neither directly nor indirectly associated with any substantial shareholder and each of them is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company.

In accordance with Recommendation 3.2 of the Code, an Independent Non-Executive Director who has reached the threshold of 9 years tenure, will have to seek prior shareholders' approval to be retained in the Board as Independent Non-Executive Director. Presently, none of the Independent Non-Executive Directors has reached the 9-year cumulative tenure in the Company.

The Board does not comprise a majority of independent directors where the Chairman of the Board is not an independent director as recommended under Recommendation 3.5 of the Code. Whilst the Manager is keeping an eye out for a suitable candidate with the appropriate skills to join the Board, the Manager is of the view that the current three Independent Directors are highly respected persons with extensive experience in various fields which are beneficial to the Board. Thus, their existing presence commands a strong independent element on the Board for the exercise of independent judgment.

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 42 to 46 of the Annual Report.

PRINCIPLE 4: FOSTERING COMMITMENT

Meetings and Supply of Information

The Board meets regularly at least once a quarter, to discuss and approve the release of the quarterly and annual financial results, review acquisitions or disposals, annual budget, capital expenditure requirements, property reports, investor relations reports, funding requirements, risk management, performance of 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 immediate attention. To facilitate participation at the Board meetings, Directors may attend in person, via telephone or video-conference. Board meetings are also supplemented by resolutions circulated to the Directors for decision between the scheduled meetings.

Notices and agenda of meetings duly endorsed by the Chairman together with the relevant board papers are normally given at least 1 week prior to the meetings for the Board to study and evaluate the matters to be discussed. In response to technological advancement, the Manager had invested in a software to implement paperless meetings where board papers are uploaded onto a secure platform and is accessible via laptop, tablet devices and mobile phone. The Directors will be able to download and have access to the electronic board papers conveniently and immediately wherever they might be.

The board papers provided include inter alia, the financial results, business plan and budget, progress report on the properties' developments, risk management and internal control reports, minutes of meetings of Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.

A Director who has direct or indirect interest in any proposal or transaction will declare his or her interest and abstain from deliberation and voting at the Board meeting.

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

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board met 6 times during the financial year ended 30 June 2015 and the details of attendance of the Directors are as follows:-

Name of Directors	Number of Board Meetings Attended	Percentage of Attendance (%)
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	5/6	83
Dato' Jeffrey Ng Tiong Lip	6/6	100
Dato' Ngeow Voon Yean	6/6	100
Sarena Cheah Yean Tih	6/6	100
Tan Sri Ahmad Bin Mohd Don	6/6	100
Willy Shee Ping Yah @ Shee Ping Yan	6/6	100
Elvin A/L Berty Luke Fernandez	6/6	100
Ng Sing Hwa	5/6	83

Directors' Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. The attendance record of the Directors at the Board Meetings is disclosed in this statement.

The Director must advise the Board and the Company Secretary of his/her appointment as director in other public listed company. The Company Secretary will monitor the number of directorships and the changes, if any, of each Director.

In compliance with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities, the Directors of the Company must not hold more than 5 directorships in public listed companies. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

Directors' Training

The Board recognizes the importance of training and development in enhancing its skills and knowledge to meet the changing business environment. The role to review the training and development needs of the Directors has been delegated to the Nomination Committee.

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

The training programmes, seminars and workshops attended by the Directors during the financial year were, inter alia, on areas relating to corporate leadership and governance, financial reporting, property market, economic trends, strategic planning and implementation of new regulations by the Government.

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	• PTD Alumni International Conference 2014 - Transformational Leadership in Malaysia (PTD Alumni)	9 September 2014
	• Pangkor International Development Dialogue * (Institut Darul Ridzuan)	20 October 2014
	• Forbes Global CEO Conference * - The Next Horizon (Forbes)	28 to 30 October 2014
	• Sunway Managers Conference 2014 (Sunway Group)	8 November 2014
Tan Sri Ahmad Bin Mohd Don	• Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers (Bursa Malaysia Securities Berhad)	2 July 2014
	• Seminar on Amendments and Changes to Several MFRS Standards applicable in 2014 and IFRS 15 - Revenue from Contracts with Customers (Ernst & Young)	9 September 2014
	• Boardroom Effectiveness and Accountability Corporate Disclosure Equity Updates on Bursa Listing Requirements (Boardroom Corporate Services)	12 March 2015

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Name of Directors	Course Title / Organiser	Date
Dato' Jeffrey Ng Tiong Lip	• Managing the Strategic Risk of a Financial Institution (United Overseas Bank Malaysia)	21 August 2014
	• Looking Beyond REIT IPOs (Real Estate and Housing Developers' Association Malaysia)	25 August 2014
	• Malaysia Corporate Day (United Overseas Bank Malaysia)	4 September 2014
	• Talk on Governance & Compliance for Board of Directors (United Overseas Bank Malaysia)	10 September 2014
	• Intellectual Property (IP) Financing Conference (Bank Negara Malaysia)	23 September 2014
	• Sunway Managers Conference 2014 (Sunway Group)	8 November 2014
	• FIDE Corporate Governance Program (Module A) (Financial Institution Directors' Education Program)	10 to 13 March 2015
	• Seminar Pembangunan Bandar Raya Kuala Lumpur 2015 (Dewan Bandaraya Kuala Lumpur)	13 May 2015
	• Financial Risk Management (Malaysian Rating Corporation Berhad)	26 to 27 May 2015
	• Behavioral Finance - Impact Analysis on Investors' Decision Training (VIA Commerce Sdn Bhd)	11 June 2015
Dato' Ngeow Voon Yean	• Sunway Managers Conference 2014 (Sunway Group)	8 November 2014
	• Insight Knowledge in Property Business (PNB Investment Institute Sdn. Berhad)	17 March 2015
	• Alternative Investments - Global REITs & REITs IPO (It's Time to Buy & Best Laid Plans) (PNB Investment Institute Sdn. Berhad)	27 March 2015
Sarena Cheah Yean Tih	• Sunway Managers Conference 2014 (Sunway Group)	8 November 2014
Elvin A/L Berty Luke Fernandez	• CIPAA 2012: A Practical Approach to Adjudication (Royal Institution of Chartered Surveyors)	21 July 2014
	• Seminar on Understanding Valuation Requirements: MVS, IVS & SC's Asset Valuation Guidelines* [Persatuan Penilai, Pengurus Harta, Ejen Harta & Perunding Harta Swasta Malaysia (PEPS)]	8 September 2014
	• Seminar on Amendments and Changes to Several MFRS Standards applicable in 2014 and IFRS 15 Revenue from Contracts with Customers (Ernst & Young)	9 September 2014
	• 27th Pan Pacific Congress of Real Estate Appraisers, Valuers and Counsellors (Singapore Institute of Surveyors and Valuers)	21 to 24 September 2014
	• Malaysia Land Conference: Law & Finance* (Comfori Sdn Bhd)	24 to 25 September 2014
	• Joint Valuation Conference 2014 (Value in a Changing World - Policy Compliance and Client Mandates)* (Royal Institution of Chartered Surveyors (RICS) and The Hong Kong Institute of Surveyors)	14 November 2014
	• The Impact of GST on Property (JW Marriott KL)	15 January 2015
	• Homefinder Property and Investment Exhibition - What's Next 2015?* (Ttien Media Group Sdn Bhd)	23 January 2015
	• Property Market Outlook for 2015^ (Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector, Malaysia)	4 February 2015
	• Malaysia Real Estate Summit^ (Cityscape Malaysia)	5 February 2015
	• Property Market Outlook 2015: Residential, Office & Retail* (Sime Darby Property Berhad)	6 February 2015
	• Regional Corporate Outlook Conference (Malaysia Property Incorporated)	3 March 2015
	• Future Trends of the Residential Property Sector in Malaysia (Royal Institution of Chartered Surveyors)	4 March 2015

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Name of Directors	Course Title / Organiser	Date
Willy Shee Ping Yah @ Shee Ping Yan	<ul style="list-style-type: none"> • Vistage CEO Summit (Vistage Malaysia Sdn Bhd) • Sunway Managers Conference 2014 (Sunway Group) • Audit Committee Conference 2015 - Rising to New Challenges (Malaysian Institute of Accountants) 	7 November 2014 8 November 2014 24 March 2015
Ng Sing Hwa	<ul style="list-style-type: none"> • Advocacy Session on Corporate Disclosure for Directors (Bursa Malaysia Securities Berhad) • Great Companies Deserve Great Boards (Bursa Malaysia Securities Berhad) • Board Chairman Series: The Role of the Chairman (The Iclif Leadership and Governance Centre) • Implementing Goods and Services Tax GST for Construction & Property Development Industries (Training Com Asia Sdn Bhd) • The 12th Asean Leadership Forum 2015 (The Asian Strategy & Leadership Institute) 	2 July 2014 10 October 2014 12 November 2014 4 to 5 December 2014 26 to 27 April 2015

* Attended as speaker

^ Attended as panelist

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

PRINCIPLE 5: UPHOLDING INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

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

Relationship with External Auditors

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

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

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

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Dealings with Conflict of Interest

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

- The Manager will be a dedicated manager of Sunway REIT and will not manage any other real estate investment trust or be involved in any other real property business;
- The appointment or renewal of appointment of any delegate or service provider who is a related party of the Manager must be approved by the Independent Directors of the Manager;
- Any related party transactions must be duly disclosed by the related parties to the Audit Committee and the Board;
- The Audit Committee shall review the terms of the related party transaction before recommending to the Board;
- The Board shall ensure one-third (1/3) of its Directors are Independent Directors; and
- In circumstances where any Director or officer of the Manager may have a direct or indirect interest in any related party transaction, they will abstain from deliberation and voting at any Board meeting and will require the Trustee's approval prior to entering into any transaction/agreement.

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

Dealings with Related Party Transactions

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

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

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

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

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

Real Estate Related Party Transactions

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

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

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

Furthermore, the Trustee has the ultimate discretion under the Deed to decide whether or not to enter into a transaction involving a related

party of the Manager. Where the value of the proposed related party real estate transaction exceeds 5% of the total asset value of Sunway REIT (after completion of the transaction), the Trustee will obtain prior approval from unitholders in a meeting held specifically for that purpose, and the approval of the SC, if required.

The related parties shall not vote on the resolution at any meeting held for such purposes.

Non-Real Estate Related Party Transactions

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

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

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

Note:

Paragraph 10.08 (1) - Where any one of the percentage ratios of a related party transaction is 0.25% or more, a listed issuer must announce the related party transaction to the Exchange as soon as possible after terms of the transaction have been agreed, unless -

- (a) the value of the consideration of the transaction is less than RM500,000; or
- (b) it is a Recurrent Related Party Transaction.

Paragraph 10.09 (1) - Notwithstanding Paragraph 10.08 (1) (b) above, a listed issuer must immediately announce a Recurrent Related Party Transaction as follows:

- (a) in relation to a listed issuer with an issued and paid-up capital of RM60 million and above -
 - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
 - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more, whichever is the higher; or
- (b) in relation to a listed issuer with an issued and paid-up capital which is less than RM60 million -
 - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
 - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more, whichever is the lower.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Internal Audit Function

The Internal Audit function is performed in-house by the Manager's internal audit team. It reports to the Audit Committee on its activities based on the approved annual plan. The internal auditors adopt a risk-based auditing approach, taking into account global best practices and industry standards. The main role of the internal auditor is to provide the Audit Committee with independent and objective reports on the adequacy and effectiveness of the system of internal controls, risks and governance framework within the Manager. The internal auditors' reports arising from assignments were issued to the management for their response, corrective actions and status of implementation of audit recommendations. The internal auditor's reports were subsequently tabled to the Audit Committee for their deliberation and approval. The Head of the Internal Audit has unrestricted access to the Audit Committee and reports directly to the Audit Committee.

Further details of the internal audit activities are set out in the Audit Committee Report of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Main Market Listing Requirements of Bursa Securities require immediate disclosure to the market on matters that could, or might be expected to have a material effect on the price of the entity's securities. In line with Sunway REIT's disclosure obligations, the Board's policy is to inform unitholders in a timely manner, of all significant and material developments which could impact Sunway REIT's fundamentals.

In addition to the above, any announcements released to Bursa Securities and developments on Sunway REIT will be available to unitholders and stakeholders via Sunway REIT's website. Other information such as the corporate information, Sunway REIT's structure, portfolio of assets and investment strategies are disclosed on Sunway REIT's website.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND UNITHOLDERS

Unitholders and Investor Dialogues

The Board values constant dialogue and is committed to clear communication with unitholders and investors. In this respect, as part of Sunway REIT's active investor relations programmes, 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 Securities via Bursa LINK. Such announcements include the quarterly results, material transactions and other developments relating to Sunway REIT requiring disclosure under the Listing Requirements. Communication channels with unitholders are also made accessible via:-

- Press and analysts' briefings.
- One-on-one/group meetings, conference calls, investor luncheons, domestic/overseas roadshows and conferences.

- Annual reports.
- Press releases on major developments of Sunway REIT.
- Notices of, and explanatory memoranda for annual general meetings; and
- Sunway REIT's website at www.sunwayreit.com.

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

In addition to ensuring that a published Annual Report is sent to all unitholders and quarterly results announced to Bursa Securities, Sunway REIT has established a website at www.sunwayreit.com from which investors and unitholders can access for information. Sunway REIT also takes the extra mile to inform investors the date of release of the quarterly results in advance.

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

General Meetings

As part of the effort in strengthening its relationship with the unitholders, Sunway REIT is committed to continuously disclose and disseminate comprehensive and timely information to its unitholders as well as to the general investing public. Sunway REIT believes that by maintaining consistent and extensive communication with its unitholders, its mutual relationship with its unitholders would be strengthened. This would also enhance the unitholders' understanding of Sunway REIT as well as their ability in making informed investment decisions.

The Board also recognizes the importance of unitholders' participation in general meetings and encourages such participation. The Annual General Meeting of Sunway REIT provides the principal forum for dialogue and interaction between the Board and the unitholders. The Annual General Meeting was held in one of our hotel assets, Sunway Resort Hotel & Spa, which is an easily accessible location. Further with the completion of the Bus Rapid Transit system, the unitholders would have access which may be described as "right up to the doorstep" of the hotel using the elevated walkway which connects the Sunway Lagoon BRT station to the side entrance of Sunway Lagoon and Sunway Pyramid Shopping Mall. The participation of unitholders, both individuals and institutional at general meetings is encouraged by allowing ample time for questions and clarification from the unitholders. It also continued with poll voting at its annual general meeting which is supervised by an independent scrutineer which also applies to matters which are not related party transactions or significant corporate exercises. This has been practised since the first annual general meeting of Sunway REIT.

As the annual report of Sunway REIT is also another main channel of communication between Sunway REIT and its unitholders as well as stakeholders, the management takes the opportunity through this report to communicate comprehensive information of the financial results and activities undertaken by Sunway REIT. The annual report in the form

CORPORATE GOVERNANCE STATEMENT (CONT'D)

of CD-ROM together with an executive summary would be sent to the unitholders.

Investor Relations Service

Sunway REIT's website has a section dedicated to investor relations which provides detailed information on Sunway REIT's businesses and latest developments. Any enquiries on investor related matters may be conveyed to:-

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

DIRECTORS' RESPONSIBILITY STATEMENT ON AUDITED FINANCIAL STATEMENTS

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

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

The Board is also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy, the financial position of the Manager and Sunway REIT and to ensure that the financial statements comply with the relevant statutory requirements. The Board has the overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of Sunway REIT to prevent and detect fraud and other irregularities.

NEW INITIATIVES

Sunway REIT continues its mission to strengthen its internal policies and procedures by the implementation of new corporate governance initiatives.

Following the formalisation of the corporate social responsibility ("CSR") framework in April 2015, the Manager is proposing the establishment of a CSR working group to oversee, monitor and report on all CSR initiatives undertaken by the Manager. This step will further enhance Sunway REIT's corporate governance initiatives for business sustainability.

New initiatives by the Manager in this FY2015 include the roll-out of paperless board meetings by using a digital board paper application, which ensures timely dissemination of board papers and updates prior to the board meetings. The Manager also has drawn up a non-audit services policy which outlines the guidelines and procedures for the Audit Committee to assess and monitor the provision of non-audit services by the external auditors.

The Manager is resolute in its continuous drive to fulfill all recommendations of the Corporate Governance Code and the APREA Best Practices Handbook (2nd Edition), and is committed to continuously grow and enhance the value and standards of its corporate governance practices to achieve the highest quality and integrity of the Manager, whilst maximising value and ultimately returns to its unitholders.

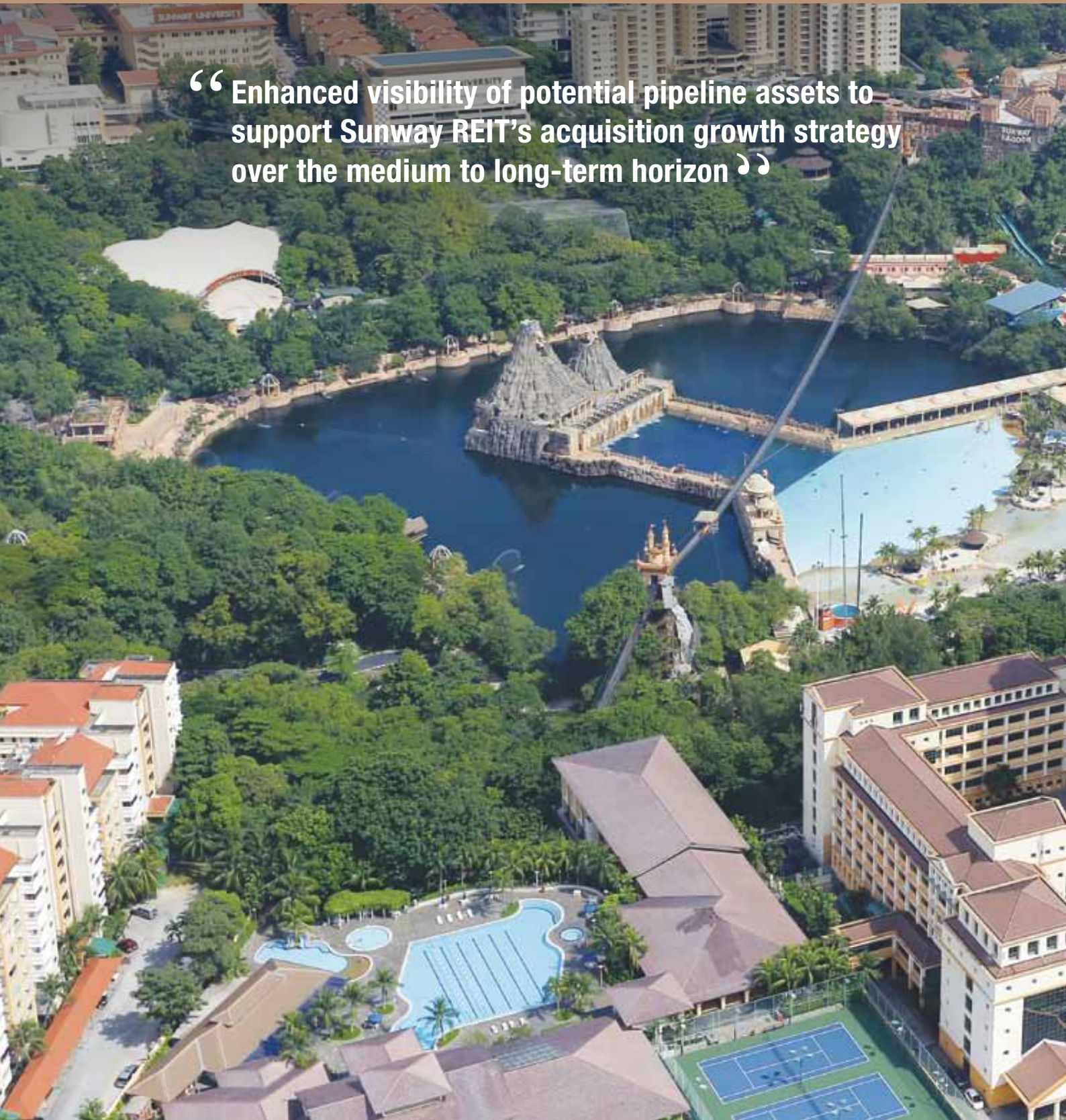
This Corporate Governance Statement was approved by the Board on 11 August 2015.



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

**SPONSORED BY A RENOWNED AND
LEADING PROPERTY-CONSTRUCTION
CONGLOMERATE PROPELLING FUTURE
ACQUISITION GROWTH PROSPECTS**

“Enhanced visibility of potential pipeline assets to support Sunway REIT’s acquisition growth strategy over the medium to long-term horizon”



EFFECTUAL GROWTH

Message from the CEO	62	Investor and Public Relations	85
Financial Review	69	Market Report Summary	94
Operations Review	74	Portfolio at a Glance	96
Capital Management	81	Portfolio Summary	
Risk Management	83	and Details	98



MESSAGE FROM THE CEO

Dear Esteemed Stakeholders,

It gives me pleasure to share with you our key accomplishments of Sunway REIT for the financial year ended 30 June 2015 (“FY2015”). In this 5th Anniversary Annual Report, I would like to share our performance scorecards and major achievements as well as the key strategic objectives for the second half of the decade.



PUTTING A TICK ON THE SCORECARD

The past five years have been an interesting and fulfilling journey. At the start of this journey in July 2010 upon the listing of Sunway REIT on the Main Market of Bursa Malaysia Securities Berhad, we had set a 5-year strategic objectives where the targets are closely monitored. We are pleased to share that these strategic objectives are on track as shown in Table 1 below.

In addition, Sunway REIT has achieved remarkable milestones over the past five years. The key milestones include:

1. **One of the largest M-REITs acquiror**
– total acquisition of approximately RM1 billion
2. **Largest combined asset enhancement initiatives**
– total completed and ongoing AEIs of approximately RM650 million
3. **Value creation through AEIs**
– Added value creation of RM223 million consists of additional 185,000 sq.ft. NLA (retail and office) and 32 hotel rooms
4. **Lowest average cost of debt**
– Average cost of debt at 3.93% as at 30 June 2015
5. **Largest acquisition through a public auction in Malaysia**
6. **Completed the most challenging AEI**
– Sunway Putra Mall refurbishment
7. **NACRA Award winner for three consecutive years (2012 – 2014) under the category of Industry Excellence Awards for REITs and Closed-End Funds**
8. **Winner of APREA Best Practices Award and six merits awards in 2012**
9. **One of analysts’ top pick for M-REITs over the last five years**
10. **Exceeded analysts’ consensus estimates for four consecutive years**

Table 1: Sunway REIT’s Strategic Objectives (FP2011 to FY2015)

Strategic Objectives	Targets (FP2011 – FY2015)	Achievements (FP2011 – FY2015)	Status
Top 3 M-REIT	Top 3 ranked by property value or market capitalisation	<ul style="list-style-type: none"> • Ranked 2nd by property value as at 30 June 2015 • Ranked 3rd by market capitalisation as at 30 June 2015 	Achieved
Property Value	Above RM7 billion by FY2017	RM6.32 billion	On track. Achieved 90% of target
Average Annual Total Return	10% - 15%	17.6%	Exceeded
DPU CAGR	5%	7.3%	Exceeded

MESSAGE FROM THE CEO (CONT'D)

MODERATE GROWTH AMIDST STRONG HEADWINDS

Reflecting the financial year ended in June 2015, it was a challenging yet fulfilling year. The financial year started on a firm ground in the first half. However, business sentiment and consumers' sentiment turned delicate in the second half of the financial year ahead of implementation of Goods and Services Tax ("GST"). Business and consumer sentiment remained subdued post implementation of GST and was further aggravated by the weaker ringgit. This was exacerbated by the headwinds in the property market sub-sectors, against the backdrop of oversupply and intense competition. Within our property portfolio, performance of Sunway Putra Hotel was adversely affected by the disruption arising from the refurbishment of the adjoining Sunway Putra Mall and its ongoing refurbishment at the hotel.

Against the challenging operating environment, Sunway REIT recorded a moderate growth in DPU for FY2015. DPU increased by 4.4% to 8.73 sen in FY2015, compared to 8.36 sen in FY2014 and exceeded consensus estimates of 8.7 sen. This is the fourth consecutive year where Sunway REIT outperformed the analysts' consensus estimates.

The set of encouraging financial performance was achieved on the back of resilient growth in the retail segment. In addition, we enjoyed new income contribution following the completion of acquisition of Sunway Hotel Georgetown, Penang and Wisma Sunway, Shah Alam.

The tough operating market environment had inevitably caused temporary setback to the financial performance of the office and hotel segments. The office segment was adversely affected with the progressive giving up of spaces in Sunway Tower by an anchor tenant and exit of an anchor tenant in Sunway Putra Tower. Performance for the hotel segment was affected by the weakening of business and consumers' sentiment as mentioned above and increased competition from opening of new hotels. Despite the weaker currency, we have not seen major surge in the leisure business.

LARGEST COMBINED AEIs TOTALING RM650 MILLION

We are pleased to report that several major AEIs have come into fruition during the financial year. The major refurbishment of Sunway Putra Mall and Sunway Putra Tower was completed. Other completed AEIs include the elevated and covered pedestrian walkway connecting Menara Sunway to Sunway Pinnacle, Pinnacle Annex and onward to Sunway Pyramid Shopping Mall. The elevated pedestrian walkway and seamless parking connectivity which was completed in FY2013 serve convenience and enhanced mobility to users which in turn is expected to translate into higher footfall to the assets. The Pinnacle Annex with approximately 31,000 sq.ft. NLA houses two renowned F&B tenants.

To further complement the F&B offerings at the Pinnacle Annex, we embarked on a rejuvenation exercise for the F&B outlets in Sunway Resort Hotel & Spa and Pyramid Tower East (formerly known as Pyramid Tower Hotel). The exercise involved consolidation of F&B outlets and transforming them into specialised F&B concepts.

“Our proactive and tenacious endeavours in AEIs over the last five years have placed us as the most active REIT manager in the country with a total completed and ongoing AEIs of approximately RM650 million. More importantly, these initiatives are meticulously planned and executed in boosting or enhancing the competitiveness of the assets in their respective market segment.”

The closure of Sunway Putra Mall for the period of 24 months has resulted in loss of income contribution from the mall. We had estimated a loss of DPU contribution from Sunway Putra amounting to 0.8 sen for FY2014. However, through carefully planned and execution of mitigating strategies, we managed to overcome the challenges and recorded marginally higher DPU of 8.36 sen (0.86 sen higher than the anticipated DPU or growth of 0.7%).

From a flattish growth in FY2014, DPU growth improved further to a moderate growth of 4.4% in FY2015.

DIVERSIFIED BUSINESS MODEL

Sunway REIT is committed to remain as a retail focused REIT with a diversified asset portfolio spanning across key high growth states in Malaysia. The strength of this business model allows us to enjoy the best of both world through diversification into a spectrum of property sub-sectors and geographic locations, offering both growth and stability.

The business model has proven to be resilient in an increasingly challenging operating environment. Sub-sector concentration risk is minimized resulting in contained adverse impact if any, in the event of a downturn in any sub-sector. Under the prevailing property market landscape, Sunway REIT's property portfolio was adversely affected by the challenging office sub-sector. Due to the low exposure of the office sub-sector in our diversified property portfolio, the impact was merely 1.0% of the total NPI for FY2015.

“Reinforcing the resiliency of our property portfolio, Sunway REIT is exploring further diversification opportunities such as data centres, industrial and logistic warehouses to strengthen income stability over long-term horizon.”

Such properties along with the existing medical centre shall be classified under the “Others” segment (excluding retail, hotel and office) and shall not exceed 15% of total property value.

MESSAGE FROM THE CEO (CONT'D)

APPROXIMATELY RM1 BILLION WORTH OF ACQUISITIONS OVER 5 YEARS

Sunway REIT has demonstrated a strong acquisition track record from both external parties and the Sponsor with a combined acquisition value of RM958 million since listing. Backed by an award winning township masterplan developer and property conglomerate Sponsor, Sunway REIT leverages on the Sponsor to continuously supply pipeline assets for the future growth of its assets portfolio.

For this financial year, Sunway REIT has completed the acquisition of Sunway Hotel Georgetown and Wisma Sunway for a total purchase consideration of RM134 million. The acquisition of Sunway Hotel Georgetown marked Sunway REIT's maiden foray into the Penang Island.



Acquisition of Sunway Hotel Georgetown and Wisma Sunway

Based on the latest property value of RM6.32 billion as at 30 June 2015 which has grown by 83%, acquisition growth has contributed 28% of the overall growth in property value since IPO to FY2015. The other contributing factors include fair value gains (37%) and capital expenditure (18%).

THE JOURNEY OF SUNWAY PUTRA

The journey of Sunway Putra (formerly known as Sunway Putra Place) has been an enriching experience, from acquisition to refurbishment and turnaround of the 3-in-1 mixed use assets. The acquisition of Sunway Putra in March 2011 was the largest acquisition through a public auction in Malaysian history. Pursuant to the acquisition, the former owner launched a barrage of litigations against Sunway REIT where we have successfully defended and the Courts have ruled in our favour in all the legal suits.

We have enforced our rights to recover the loss of income and damages awarded by the Court and successfully recovered RM6.189 million in July 2015 out of the total of RM9.37 million awarded. The recovered sum of RM6.189 million will flow directly to the distribution income and will be distributed to unitholders upon finalisation of all litigation proceedings related to the matter. We are in the process of recovering the balance of RM3.18 million.

The Manager embarked on a massive refurbishment exercise to turnaround the 25 years old 3-in-1 integrated assets, involving Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower. Rejuvenation and upgrading aside, the emphasis of the major refurbishment was value creation and eventual rebranding and repositioning of the assets upon completion. Through meticulous planning, Sunway Putra Mall was completely transformed and added more than 100,000 sq.ft. of GFA. Sunway Putra Hotel will see the addition of 32 hotel rooms to the existing 618 tastefully appointed hotel rooms, refurbished public area, F&B outlets and modernised facilities. Sunway Putra Tower was upgraded to meet market expectation. The 3-in-1 mixed use assets are strategically flanked by public transportation where the Light Rail Transit ("LRT") station is connected to the retail mall. To further enhance connectivity and as part of CSR initiative, Sunway REIT has adopted the elevated pedestrian walkway connecting Sunway Putra to the KTM Komuter station and the surrounding buildings.

The refurbishment project involved both construction challenges and operational challenges. Whilst the retail mall was completely closed, the hotel and office tower were still in operation. The Manager faced an uphill task in managing challenges to minimize operational and financial disruptions.



Sunway Putra - 3-in-1 mixed use development

In the last annual report, we mentioned that we challenged ourselves to re-open the mall earlier than the targeted 3Q FY2015. In order to achieve the earlier than expected target timeline, construction works had to be completed ahead of the target timeline which did not materialize due to the complexity of the renovation. The construction was completed as scheduled in February 2015 and the soft launch was on 28 May 2015 with a secured occupancy of above 80%.

“Upon the full completion of Sunway Putra Hotel in 1H FY2016, the 3-in-1 Sunway Putra is well positioned for a total rebranding and repositioning exercise. We strongly believe in the long-term potential of turning this unpolished stone into a gem.”

MESSAGE FROM THE CEO (CONT'D)

CAPITAL MANAGEMENT – MANAGING REFINANCING AND INTEREST RATE RISK

During the financial year, the volatility in the global economy and recovery in the U.S. economy was pointing towards rising interest rate trend. After taking the volatility into consideration, we have adopted a prudent capital management strategy for FY2015 by gradually increasing Sunway REIT's fixed rate loan profile. As at 30 June 2015, 88% of our total debt is on fixed rate basis with the remaining 12% on floating rate basis. Sunway REIT is enjoying an average cost of debt of 3.93%, the lowest amongst M-REITs, through our proactive capital management strategies. Going forward, we will continue to actively review these capital management strategies. The remaining variable rate portion provides us the flexibility to review and vary our strategies in line with the interest rate outlook in order to optimise the capital management profile.

MINIMAL IMPACT OF GST ON REIT

In a broad perspective, the introduction of GST is not expected to have any significant impact on the earnings and operation of Sunway REIT. Under the GST guidelines, any issuance of new units undertaken by a REIT will result in the classification of a REIT as a mixed supplier. The classification will result in GST implications to the REIT. Sunway REIT alongside with the Malaysian REIT Managers Association ("MRMA") are engaging with the relevant authorities pertaining to this with reference to precedence in the region.

INTRODUCTION OF STRATEGIC OBJECTIVES FOR FY2016 – FY2020

We will not rest on our laurels and strive to challenge ourselves for greater achievements in the coming years. As part of our endeavour of promoting greater transparency, we have decided to share the next five years' key strategic objectives commencing this year. By doing this, stakeholders are guided in a transparent manner.

Table 2: Sunway REIT's Strategic Objectives (FY2016 – FY2020)

Strategic Objectives	Targets (FY2016 – FY2020)
Top 3 M-REIT	Top 3 ranked by property value or market capitalisation
Property Value	Above RM7 billion by FY2017 Above RM10 billion by FY2020
Average Annual Total Return	10% - 15%
DPU CAGR	5%

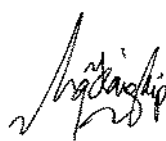
“Propelling to the next phase of growth to strive towards our goal of achieving property value of above RM10 billion, we have set a clear vision to focus on growth via acquisitions and AEs. We take the view that more acquisition opportunities are likely to prevail in the current property market landscape.”

However, we are adopting a prudent and selective acquisition strategy with key emphasis on the value creation and growth potential of the acquisitions over the long term horizon. Our future acquisition growth will be supported by leveraging on the Sponsor's ongoing development.

As demonstrated in the last five years, where opportunities arise, we are prepared to embark on large-scale AEs in upgrading the standards or specifications of the assets to position the assets competitively in the market.

In an increasingly challenging operating landscape, we will focus on cost containment in managing all our assets as well as value adding through active asset management initiatives ("AMIs") such as tenancy reconfiguration and optimization, upgrading of facilities in catering to tenants' requirement and service levels in enhancing customers' experience.

In view of the domestic uncertainties, we remain cautious on the growth prospect for FY2016. Growth for FY2016 will be underpinned by resilient performance from the retail segment, re-opening of Sunway Putra Mall and completion of refurbishment of Sunway Putra Hotel. The Manager will reduce the payment of Manager's fees in the form of new units, from 50% to 25% in FY2016 and shall cease payment of Manager's fees in the form of new units in FY2017. In all, we endeavour to deliver stable growth in distribution per unit in FY2016.



Dato' Jeffrey Ng Tiong Lip

CEO

Sunway REIT Management Sdn Bhd

11 August 2015

PERUTUSAN KPE

Pemegang Kepentingan Yang Dihormati,

Dengan sukacita saya memaklumkan pencapaian penting Sunway REIT bagi tahun kewangan berakhir 30 Jun 2015 ("TK2015"). Dalam laporan ulang tahun ke-5 ini, saya ingin berkongsi prestasi kad skor dan pencapaian utama di samping memaklumkan objektif strategik utama untuk lima tahun yang akan datang.

CATATAN PENCAPAIAN

Sunway REIT telah melalui perjalanan selama lima tahun yang penuh menarik. Bermula dari penyenaian Sunway REIT pada Pasaran Utama Bursa Malaysia Securities Berhad pada bulan Julai 2010, kami telah menetapkan objektif strategik 5 tahun dan telah memantau dengan teliti sasaran yang ditetapkan. Sukacita kami kongsi di sini bahawa objektif strategik ini sedang berjalan lancar seperti yang tertera pada jadual 1 di bawah.

Di samping itu, Sunway REIT juga mencatatkan beberapa pencapaian penting sepanjang lima tahun yang lepas. Antara pencapaian penting tersebut adalah:

1. **Menjadi salah satu daripada Pemeroleh M-REIT terbesar**
- jumlah pemerolehan lebih kurang RM1 bilion.

2. **AEI terbesar setakat ini**
- jumlah AEI yang sudah siap dan sedang berjalan lebih kurang RM650 juta.
3. **Penciptaan nilai melalui AEI**
- penciptaan nilai tambahan sebanyak RM223 juta yang terdiri daripada tambahan 185,000 kaki persegi NLA (runcit dan pejabat) dan 32 bilik hotel.
4. **Purata Kos Hutang Terendah**
- Purata kos hutang pada 30 Jun 2015 ialah 3.93%.
5. **Pemerolehan terbesar melalui lelong awam di Malaysia**
6. **Penyelesaian AEI paling mencabar**
- Pengubahsuaian Sunway Putra Mall
7. **Pemenang Anugerah NACRA selama tiga tahun berturut-turut (2012 - 2014) di bawah kategori Anugerah Kecemerlangan Industri untuk REIT dan Dana Hujung Tertutup**
8. **Pemenang Anugerah Amalan Terbaik APREA dan enam anugerah merit pada tahun 2012**
9. **Salah satu daripada pilihan teratas penganalisis untuk M-REIT sepanjang lima tahun yang lepas**
10. **Melangkaui anggaran kesepakatan penganalisis selama empat tahun berturut-turut**

Jadual 1: Objektif Strategik Sunway REIT (TK2011 hingga TK2015)

Objektif Strategik	Sasaran (TK2011 – TK2015)	Pencapaian (TK2011 – TK2015)	Status
3 M-REIT Teratas	Kedudukan ke-3 teratas mengikut nilai harta tanah atau permodalan pasaran	<ul style="list-style-type: none"> • Kedudukan ke-2 berdasarkan nilai harta tanah pada 30 Jun 2015 • Kedudukan ke-3 berdasarkan permodalan pasaran pada 30 Jun 2015 	Dicapai
Nilai Harta Tanah	Melebihi RM7 bilion menjelang TK2017	RM6.32 bilion	Berjalan lancar. Mencapai 90% daripada sasaran
Purata Pulangan Keseluruhan Tahunan	10% - 15%	17.6%	Melebihi sasaran
DPU CAGR	5%	7.3%	Melebihi sasaran

PERTUMBUHAN SEDERHANA DI TENGAH-TENGAH SITUASI PENUH CABARAN

Apabila direnung kembali, tahun kewangan yang berakhir pada Jun 2015 adalah tahun yang penuh cabaran namun memberi kepuasan. Tahun kewangan tersebut bermula dengan mantap pada pertengahan pertama. Namun begitu, sentimen perniagaan dan pengguna mula melemah pada bahagian kedua tahun kewangan tersebut apabila Cukai Barangan dan Perkhidmatan ("GST") hampir dilaksanakan. Sentimen perniagaan dan pengguna kekal lemah selepas pelaksanaan GST ditambah pula oleh kelemahan nilai ringgit. Keadaan bertambah getir dengan cabaran dalam sub-sektor pasaran harta tanah, dengan lebih tawaran dalam sub-sektor pejabat serta peningkatan persaingan dalam sub-sektor runcit dan hotel dengan wujudnya bekalan baharu dalam sub-sektor tersebut. Dalam portfolio harta tanah kami, prestasi Sunway Putra Hotel, telah terjejas teruk oleh gangguan daripada pengubahsuaian Sunway Putra Mall yang bersebelahan dengannya dan pengubahsuaian hotel yang masih berjalan.

Walaupun persekitaran operasi penuh cabaran, Sunway REIT mampu mencatat pertumbuhan sederhana DPU pada TK2015. DPU pada TK2015 meningkat 4.4% kepada 8.73 sen, berbanding 8.36 sen pada TK2014 dan melebihi anggaran kesepakatan iaitu 8.7 sen. Tahun ini adalah tahun ketiga berturut-turut Sunway REIT melangkaui anggaran kesepakatan penganalisis.

Prestasi kewangan menggalakkan telah dicapai dalam kebingkasan pertumbuhan segmen runcit. Di samping itu, kami juga menikmati sumbangan pendapatan baharu berikutan selesainya pemerolehan Sunway Hotel Georgetown di Pulau Pinang dan Wisma Sunway di Shah Alam.

Persekitaran pasaran operasi yang sukar telah menjejaskan buat sementara waktu segmen pejabat dan hotel. Sektor pejabat telah terjejas teruk akibat penyewa utama di Sunway Tower yang melepaskan ruang sewaan secara berperingkat-peringkat dan keluarnya penyewa utama di Sunway Putra Tower. Seperti yang disebutkan di atas, prestasi segmen perhotelan telah terjejas oleh sentimen perniagaan dan pengguna yang melemah dan meningkatnya persaingan daripada hotel yang baharu dibuka. Walaupun ringgit lemah, kami tidak melihat penambahan besar dalam perniagaan pelancongan.

GABUNGAN TERBESAR AEI BERJUMLAH RM650 JUTA

Sukacita kami melaporkan bahawa beberapa AEI besar telah membuahkan hasil dalam tahun kewangan tersebut. Pengubahsuaian besar-besaran Sunway Putra Mall dan Sunway Putra Tower telah selesai dijalankan. AEI lain yang telah siap termasuklah laluan pejalan kaki bertingkat menghubungkan Menara Sunway dan Sunway Pinnacle, Pinnacle Annex dan bersambung ke Sunway Pyramid Shopping Mall. Laluan pejalan kaki bertingkat dan keterhubungan tempat letak kereta tanpa halangan yang siap pada TK2013 memberi kemudahan dan meningkatkan pergerakan pengguna yang dijangka akan menjana pertumbuhan pengunjung ke aset-aset tersebut. Ruang tambahan

PERUTUSAN KPE (SAMB.)

seluas lebih kurang 31,000 kaki persegi NLA tersebut dihuni oleh dua penyewa F&B terkenal.

Bagi melengkapai kemudahan F&B di ruang tambahan tersebut, kami telah mengambil inisiatif untuk menyemarakkan semula kedai-kedai F&B di Sunway Resort Hotel & Spa dan Pyramid Tower East (sebelum ini dikenali sebagai Pyramid Tower Hotel), inisiatif tersebut termasuklah penggabungan kedai-kedai F&B dan mengubahnya kepada konsep F&B yang khusus.

“Usaha kami yang proaktif dan bersungguh-sungguh dalam mengendalikan AEI sepanjang lima tahun yang lepas telah menjadikan kami pengurus REIT paling aktif di negara ini dengan jumlah keseluruhan AEI yang sudah siap dan masih berjalan bernilai lebih kurang RM650 juta. Yang lebih utama, semua inisiatif telah dirancang dengan teliti dan dilaksanakan agar melonjakkan atau meningkatkan kebersejajaran aset-aset tersebut dalam segmen pasaran masing-masing.”

Penutupan Sunway Putra Mall selama 24 bulan telah mengakibatkan kehilangan sumbangan pendapatan daripada pusat beli-belah tersebut. Kami menganggarkan jumlah kerugian sumbangan DPU daripada Sunway Putra sebanyak 0.8 sen pada TK2014. Namun begitu, dengan perancangan dan pelaksanaan berhemat strategi pelega, kami berjaya mengatasi cabaran tersebut dan mencatatkan sedikit peningkatan DPU iaitu sebanyak 8.36 sen (0.86 sen lebih tinggi daripada DPU jangkaan atau pertumbuhan sebanyak 0.7%)

Daripada pertumbuhan agak mendatar pada TK2014, pertumbuhan DPU bertambah baik pada TK2015 dengan pertumbuhan sederhana 4.4%.

MODEL PERNIAGAAN BERANEKA

Sunway REIT komited untuk kekal sebagai REIT fokus peruncitan dengan portfolio beraneka aset yang merangkumi negeri-negeri pertumbuhan tinggi utama di Malaysia. Kekuatan model perniagaan ini membolehkan kami menikmati yang terbaik daripada kedua-dua ciri melalui pempelbagaian lingkungan sub-sektor harta tanah dan lokasi geografi, justeru, sekali gus menawarkan pertumbuhan dan kestabilan.

Model perniagaan tersebut telah terbukti mampu bertahan dalam persekitaran operasi yang semakin mencabar ini. Risiko penumpuan sub-sektor dapat diminimumkan justeru membendung kesan buruk, jika ada, sekiranya berlaku kemerosotan dalam mana-mana sub-sektor.

Di bawah landskap pasaran harta tanah semasa, portfolio harta tanah Sunway REIT telah terjejas teruk oleh cabaran kepada sub-sektor pejabat. Namun begitu, ia tidak meninggalkan kesan yang ketara, iaitu 1.0% daripada jumlah NPI bagi TK2015 disebabkan pendedahan sub-sektor pejabat yang rendah dalam portfolio harta tanah kami yang dipelbagaikan.

“Bagi mengukuhkan semula portfolio harta tanah kami, Sunway REIT sedang meninjau peluang pempelbagaian yang lain seperti pusat data serta gudang industri dan logistik bagi memantapkan kestabilan pendapatan untuk tempoh jangka panjang.”

Harta tanah tersebut akan dikelaskan bersama-sama pusat perubatan sedia ada iaitu di bawah segmen “Lain-Lain” (tidak termasuk peruncitan, perhotelan dan pejabat) dan tidak akan melebihi 15% daripada jumlah keseluruhan harta tanah.

PEMEROLEHAN BERNILAI LEBIH KURANG RM1 BILION DALAM TEMPOH 5 TAHUN

Sunway REIT telah mencatatkan rekod pemerolehan yang mantap daripada pihak luaran dan juga Penaja dengan gabungan nilai pemerolehan berjumlah RM958 juta sejak penyenaraianya. Dengan sokongan pelan induk perbandaran yang memenangi anugerah, Penaja konglomerat pemaju dan harta tanah, Sunway REIT mengumpul Penaja agar terus membekalkan aset dalam perancangan untuk pertumbuhan masa hadapan portfolio asetnya.

Bagi tahun kewangan ini, Sunway REIT telah menyelesaikan pemerolehan Sunway Hotel Georgetown dan Wisma Sunway yang berjumlah RM134 juta. Pemerolehan Sunway Hotel Georgetown mencatatkan kemasukan Sunway REIT ke Pulau Pinang.



Pemerolehan Sunway Hotel Georgetown dan Wisma Sunway

Berdasarkan nilai harta tanah terkini berjumlah RM6.32 bilion pada 30 Jun 2015 yang mencatatkan pertumbuhan 83%, pertumbuhan pemerolehan telah menyumbang 28% daripada keseluruhan pertumbuhan nilai harta tanah sejak IPO hingga ke TK2015. Sumbangan daripada faktor-faktor lain adalah daripada laba nilai saksama (37%) dan perbelanjaan modal (18%).

LATAR KISAH SUNWAY PUTRA

Bermula daripada pemerolehan hingga kepada pengubahsuaian dan seterusnya pembaikpulihan aset berbilang guna 3 dalam 1 tersebut, pengalaman menangani Sunway Putra (sebelum ini dikenali sebagai Sunway Putra Place) adalah sesuatu yang amat berharga. Pemerolehan Sunway Putra pada Mac 2011 adalah pemerolehan terbesar melalui lelong awam dalam sejarah Malaysia. Berikutan daripada pemerolehan tersebut, pemilik terdahulu telah melancarkan litigasi yang bertalu-talu ke atas Sunway REIT yang telah berjaya kami pertahankan dan pihak Mahkamah telah membuat penghakiman yang berpihak kepada kami bagi semua tindakan guaman tersebut.

Kami telah memastikan kami mendapatkan hak kami bagi menampung kerugian kehilangan pendapatan dan ganti rugi yang dianugerahkan oleh Mahkamah dan telah berjaya mengutip RM6.189 juta daripada jumlah keseluruhan RM9.37 juta pada bulan Julai 2015. Jumlah yang dikutip sebanyak RM6.189 juta tersebut akan dialirkan terus kepada pembahagian pendapatan dan akan disampaikan kepada pemegang unit apabila semua prosiding guaman berkenaan perkara tersebut selesai. Kami sedang dalam proses mengutip baki sebanyak RM3.18 juta tersebut.

Pengurus telah menjalankan pengubahsuaian besar-besaran bagi membaik pulih aset berintegrasi 3 dalam 1 berusia 25 tahun tersebut, yang terdiri daripada Sunway Putra Mall, Sunway Putra Hotel dan Sunway Putra Tower. Selain daripada pembaikpulihan dan penaiktarafan, pengubahsuaian tersebut menekankan kepada penciptaan nilai dan seterusnya penjenamaan dan memposisikan semula aset-aset tersebut apabila semuanya selesai. Melalui perancangan yang teliti, Sunway Putra Mall telah melalui perubahan menyeluruh dan menerima tambahan GFA seluas 100,000 kaki persegi. Sunway Putra Hotel akan memperolehi 32 bilik hotel baharu sebagai tambahan kepada 618 bilik hotel terhias indah sedia ada, ruang awam yang diubahsuai, kedai F&B dan kemudahan moden. Sunway Putra Tower telah dinaiktarafkan bagi menepati jangkaan pasaran. Aset kegunaan pelbagai 3 dalam 1 tersebut terletak di lokasi strategik dengan kemudahan pengangkutan awam iaitu stesen Transit Aliran Ringan (“LRT”) yang bersambung dengan pusat beli-belah tersebut. Bagi meningkatkan lagi keterhubungan dan sebagai sebahagian daripada inisiatif CSR, Sunway REIT telah mengambil alih penjagaan laluan pejalan kaki yang menghubungkan Sunway Putra ke stesen Komuter KTM dan bangunan sekitarnya.

PERUTUSAN KPE (SAMB.)

Projek pengubahsuaian tersebut melibatkan cabaran dari segi pembinaan dan operasi. Walaupun pusat beli-belah tersebut ditutup sepenuhnya, hotel dan menara pejabat masih beroperasi. Pengurus telah menghadapi cabaran yang getir dalam usaha meminimumkan gangguan kepada operasi dan kewangan.



Dalam laporan tahunan yang lepas, kami telah menyatakan bahawa kami menasarkankan akan membuka semula pusat beli-belah tersebut lebih awal daripada tarikh sasaran iaitu suku ke-3 TK2015. Bagi memastikan kami berjaya melakukannya, kerja-kerja pembinaan perlu diselesaikan lebih awal daripada masa yang ditetapkan. Namun ia tidak dapat dilakukan kerana kerumitan pengubahsuaian tersebut. Pembinaan telah selesai dijalankan seperti yang terjadual pada bulan Februari 2015 dan pelancaran lunak telah diadakan pada 28 Mei 2015 dengan penghunian terjamin melebihi 80%.

“Apabila Sunway Putra Hotel siap sepenuhnya pada separuh tahun pertama TK2016, Sunway Putra 3 dalam 1 tersebut akan berada di kedudukan yang sesuai untuk penjenamaan dan memposisikan semula secara menyeluruh. Kami sangat yakin akan potensi jangka panjang harta tanah ini.”

PENGURUSAN MODAL - MENGURUSKAN PEMBIAYAAN SEMULA DAN RISIKO KADAR FAEDAH

Pada tahun kewangan tersebut, kemudahubahan ekonomi global dan pemulihan ekonomi AS mengarah kepada trend kadar faedah yang menaik. Setelah mengambil kira kemudahubahan tersebut, kami telah melaksanakan strategi pengurusan modal berhemat untuk TK2015 dengan menaikkan profil kadar tetap pinjaman Sunway REIT secara beransur-ansur. Pada 30 Jun 2015, 88% daripada jumlah keseluruhan hutang kami adalah berasaskan kadar tetap dan bakinya sebanyak 12% berasaskan kadar terapung. Pada waktu ini, Sunway REIT menikmati purata kos hutang sebanyak 3.93%, yang paling rendah dalam kalangan M-REIT, melalui strategi pengurusan modal proaktif kami. Kami akan sering menyemak strategi pengurusan modal ini pada masa hadapan. Bahagian kadar berubah yang selebihnya memberikan keluwesan bagi kami menyemak dan mempelbagaikan strategi sejajar dengan jangkaan kadar faedah bagi mengoptimalkan profil pengurusan modal.

IMPAK MINIMUM GST KE ATAS REIT

Melihat melalui perspektif yang luas, perlaksanaan GST tidak dijangka akan memberi impak signifikan kepada pendapatan dan operasi Sunway REIT. Di bawah garis panduan GST, sebarang pengeluaran unit baharu yang dilakukan oleh sebuah REIT akan menyebabkan ia dikelaskan sebagai pembekal bercampur. Pengelasan tersebut akan mendatangkan implikasi GST kepada REIT tersebut. Sunway REIT dan Pertubuhan Pengurus REIT Malaysia (“MRMA”) sedang berbincang dengan pihak berkuasa berkenaan hal ini berdasarkan teladan di rantau ini.

PENGENALAN OBJEKTIF STRATEGIK BAGI TK2016 - TK2020

Kami tidak akan bersikap berdiam diri dan akan terus meningkatkan usaha bagi memperoleh pencapaian yang lebih hebat pada tahun-tahun yang mendatang. Sebagai sebahagian daripada usaha kami menggalakkan lebih ketelusan, kami mengambil keputusan untuk berkongsi objektif strategik utama lima tahun akan datang mulai tahun ini. Dengan ini, para pemegang kepentingan akan dapat melihat hala tuju kami dengan telus.

Jadual 2: Objektif Strategik Sunway REIT (TK2016 hingga TK2020)

Objektif Strategik	Sasaran (TK2016 – TK2020)
3 M-REIT Teratas	Kedudukan ke-3 teratas mengikut nilai harta tanah atau permodalan pasaran
Nilai Harta Tanah	Melebihi RM7 bilion menjelang TK2017 Melebihi RM10 bilion menjelang TK2020
Purata Pulangan Keseluruhan Tahunan	10% - 15%
DPU CAGR	5%

“Sebagai persediaan untuk melonjakkan pertumbuhan fasa seterusnya ke arah mencapai nilai harta tanah melebihi RM10 bilion, kami telah menetapkan wawasan yang jelas untuk memfokuskan kepada pertumbuhan melalui pemerolehan dan AEI. Kami mengambil pandangan bahawa lebih banyak peluang pemerolehan akan wujud dalam landscape pasaran harta tanah semasa.”

Namun begitu, kami mengambil strategi pemerolehan berhemat dan memilih dengan penekanan utama kepada pewujudan nilai dan potensi pertumbuhan pemerolehan tersebut dalam jangka masa panjang. Pertumbuhan pemerolehan masa hadapan kami akan disokong dengan mengumpul pembangunan Penaja yang sedang berjalan.

Seperti yang telah ditunjukkan dalam tempoh lima tahun sebelum ini, apabila terdapat peluang, kami sudah bersedia untuk menjalankan AEI besar-besaran untuk menaik taraf standard atau spesifikasi aset-aset tersebut bagi menempatkannya pada kedudukan boleh bersaing dalam pasaran.

Dalam landscape operasi yang semakin mencabar, kami tetap fokus kepada pembendungan kos dalam pengurusan semua aset dan juga menambah nilai melalui inisiatif pengurusan aset (“AMI”) secara aktif. Sebagai contoh, penyusunan semula dan pengoptimuman penyewaan, menaiktarafkan kemudahan dalam memenuhi keperluan penyewa dan peningkatan tahap perkhidmatan bagi menambah baik pengalaman pelanggan.

Memandangkan keadaan ketidakpastian di dalam negara, kami bersikap berhati-hati dengan prospek pertumbuhan TK2016. Pertumbuhan TK2016 akan disokong oleh prestasi kukuh segmen peruncitan, pembukaan semula Sunway Putra Mall dan siapnya pengubahsuaian Sunway Putra Hotel. Pengurus akan mengurangkan bayaran yuran Pengurus dalam bentuk unit baharu daripada 50% kepada 25% pada TK2016 dan akan memberhentikan pembayaran yuran Pengurus dalam bentuk unit baharu pada TK2017. Akhir kata, kami akan berusaha untuk mencapai pertumbuhan dalam pengagihan setiap unit yang stabil pada TK2016.

Dato' Jeffrey Ng Tiong Lip

KPE

Sunway REIT Management Sdn Bhd

11 Ogos 2015

FINANCIAL REVIEW

Sunway REIT delivered a moderate DPU growth of 4.4% for FY2015 (FY2014: 0.7%) underpinned by resilient performance of its retail segment.

Key Financials	FY2015 RM'000	FY2014 RM'000	Growth %
Gross revenue	453,454	427,788	6.0
Net property income	340,826	320,977	6.2
Profit for the year (realised)	242,032	231,931	4.4
Income available for distribution (realised)	256,577	245,017	4.7
EPU (sen) (realised)	8.25	7.93	4.0
DPU (sen)	8.73	8.36	4.4

KEY HIGHLIGHTS

- Acquisition of Sunway Hotel Georgetown was completed in January 2015
- Acquisition of Wisma Sunway was completed in March 2015
- Sunway Putra Mall's soft launch was in May 2015 after a 2-year closure for a major refurbishment exercise
- Decline in contribution from Sunway Putra Hotel due to disruptions from the major refurbishment at the adjacent Sunway Putra Mall and its own refurbishment
- Weaker performance of its hotel segment due to subdued business sentiment arising from global and domestic uncertainties aggravated by lower tourist arrivals in 1Q CY2015
- Decline in average occupancy at Sunway Tower and Sunway Putra Tower in an oversupply market condition

Property	Gross Revenue			Net Property Income		
	FY2015 RM'000	FY2014 RM'000	Change %	FY2015 RM'000	FY2014 RM'000	Change %
Sunway Pyramid Shopping Mall	283,722	258,452	9.8	212,863	190,481	11.8
Sunway Carnival Shopping Mall	42,659	37,022	15.2	26,962	22,649	19.0
Suncity Ipoh Hypermarket	5,002	4,622	8.2	4,680	4,310	8.6
Sunway Putra Mall ¹	1,281	631	103.0	(7,622)	(4,759)	60.2
Total for Retail Segment	332,664	300,727	10.6	236,883	212,681	11.4
Sunway Resort Hotel & Spa	32,933	33,370	(1.3)	31,591	32,211	(1.9)
Pyramid Tower East	18,392	21,278	(13.6)	18,024	20,908	(13.8)
Sunway Hotel Seberang Jaya	4,058	4,178	(2.9)	3,847	3,967	(3.0)
Sunway Putra Hotel	4,371	5,804	(24.7)	3,821	3,725	2.6
Sunway Hotel Georgetown ²	1,554	-	N.M.	1,460	-	N.M.
Total for Hotel Segment	61,308	64,630	(5.1)	58,743	60,811	(3.4)
Menara Sunway	17,772	17,741	0.2	12,544	12,868	(2.5)
Sunway Tower	12,652	15,922	(20.5)	7,335	10,304	(28.8)
Sunway Putra Tower	6,865	9,436	(27.2)	3,785	4,981	(24.0)
Wisma Sunway ³	1,809	-	N.M.	1,152	-	N.M.
Total for Office Segment	39,098	43,099	(9.3)	24,816	28,153	(11.9)
Sunway Medical Centre	20,384	19,332	5.4	20,384	19,332	5.4
Total for Other Segment	20,384	19,332	5.4	20,384	19,332	5.4
Total Portfolio	453,454	427,788	6.0	340,826	320,977	6.2

¹ Sunway Putra Mall's soft opening was on 28 May 2015 after a 24-month closure for a major refurbishment exercise

² Acquisition completed on 28 January 2015

³ Acquisition completed on 23 March 2015

N.M. Not Meaningful

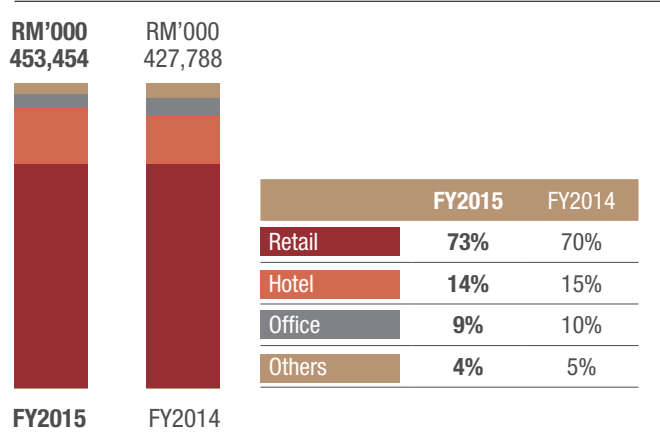
FINANCIAL REVIEW (CONT'D)

BUSINESS REVIEW

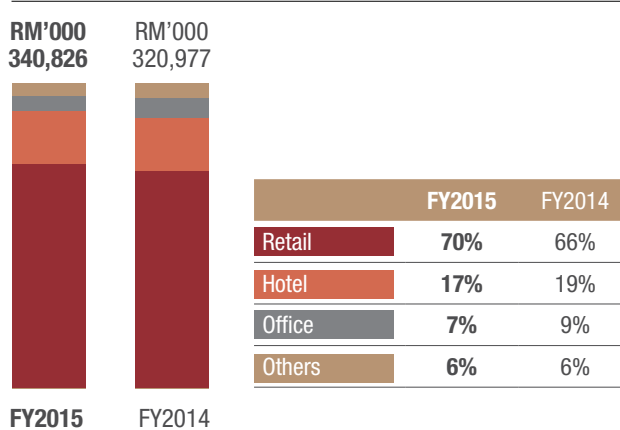
Sunway REIT registered a gross revenue growth of 6.0% to RM453.5 million in FY2015 compared to RM427.8 million in FY2014. Net property income ("NPI") grew to RM340.8 million, an increase of 6.2% from RM321.0 million achieved in FY2014. The revenue and NPI growth were substantially contributed by the robust performance of Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall,

along with contribution from Sunway Hotel Georgetown and Wisma Sunway which were acquired during the financial year. The results were, however, dampened by the pre-opening and operating expenses incurred for Sunway Putra Mall and weaker performance of the hospitality and office segments.

Revenue contribution by segment



NPI contribution by segment



RETAIL SEGMENT

The retail segment remained as the key contributor with contribution of 73% (FY2014: 70%) and 70% (FY2014: 66%) in terms of revenue and NPI respectively. This position will be reinforced with the re-opening of Sunway Putra Mall in May 2015. The retail segment registered a revenue of RM332.7 million, an increase of 10.6% compared to RM300.7 million in FY2014. NPI grew 11.4% from RM212.7 million to RM236.9 million.

Sunway Pyramid Shopping Mall remained as the key growth driver for the retail segment contributing an increase of 9.8% or RM25.3 million to revenue and 11.8% or RM22.4 million to NPI as a result of :

- Full year income contribution from Oasis Boulevard 5 ("OB5") which opened in December 2013
- Full year impact from the major rental reversion exercise of more than 1.0 million sq.ft. (59.1% of total NLA) during FY2014, which achieved a double digit rental reversion over a 3-year term. The rental reversion for FY2015 also contributed to the growth albeit involving a smaller area of 435,061 sq.ft.
- Full year impact from the increase in promotion and service charge in June 2014

Sunway Carnival Shopping Mall which saw an improved average occupancy rate to 97.3% from 92.0% in FY2014 registered a strong 15.2% and 19.0% growth in revenue and NPI respectively. The performance was also boosted by a full year impact from the increase in promotion and service charge in June 2014 and strong double digit rental reversion reaffirming its position as a leading shopping mall in the mainland of Penang.

Sunway Putra Mall re-opened on 28 May 2015 after a 24-month closure for a major refurbishment exercise. However, there was no rental contribution as tenants were given rent free period. Meanwhile, it incurred a net property loss of RM7.6 million (FY2014: RM4.8 million loss) due to pre-opening and operating expenses.

HOTEL SEGMENT

The hotel segment's contribution to revenue and NPI in FY2015 declined to 14% and 17% respectively from 15% of revenue and 19% of NPI in FY2014. The contribution dropped pursuant to lower revenue and NPI of 5.1% and 3.4% respectively. The hotel industry was significantly impacted by an extremely soft 1Q CY2015 which saw lower tourist arrivals of 8.6% aggravated by soft business and consumer sentiment pre and post implementation of GST, slower economic growth as well as domestic and global uncertainties in 1H CY2015.

Sunway Resort Hotel & Spa managed to maintain its business performance for FY2015 with an average occupancy of 78.0% (FY2014: 78.8%). Its strong performance during 1H FY2015 was offset by the challenging market situation in 2H FY2015. Lease rental was marginally lower by 1.3% at RM32.9 million compared to RM33.4 million achieved in FY2014 due to higher hotel operating expenses. The increase in operating expenses was attributable to higher commission arising from higher business contribution from online travel agents and provision of better guest amenities.

FINANCIAL REVIEW (CONT'D)

Pyramid Tower East (formerly known as Pyramid Tower Hotel) similarly managed to maintain its performance from the room division with an average occupancy of 81.4% (FY2014: 82.4%). However, its food & beverage (“F&B”) division’s contribution dropped substantially due to closure of its only F&B outlet for approximately 3.5 months for renovation and subsequently tenanted to an external F&B operator from December 2014. Consequently, lease rental for the year was RM18.4 million or 13.6% lower compared to RM21.3 million achieved in FY2014.

Sunway Hotel Seberang Jaya’s lease rental was marginally lower by RM0.1 million or 2.9% despite achieving slightly better average occupancy at 69.6% (FY2014: 67.8%) whilst maintaining the average daily rate. This is attributable to lower performance from the banquet division where demand was softer aggravated by competition from a new hotel within the vicinity and higher operating expenses such as utilities.

Sunway Putra Hotel’s performance continued to be adversely affected by the major refurbishment at the adjoining Sunway Putra Mall (completed and re-opened in May 2015) and its own refurbishment project. Average occupancy slid further to 28.8% (FY2014: 42.6%) and consequently the lease rental was lower by RM1.4 million or 24.7%. The refurbishment is expected to be completed by 4Q CY2015.

Sunway Hotel Georgetown which was acquired on 28 January 2015 contributed lease rental of RM1.6 million and NPI of RM1.5 million with average occupancy of 69.1%¹. Its performance was below the average occupancy of 82.6% achieved for the corresponding period last year due to soft market conditions as mentioned above as well as competition from new hotels within the vicinity.

¹ From completion of acquisition on 28 January 2015 to 30 June 2015

OFFICE SEGMENT

The office segment’s contribution declined to 9% of revenue and 7% of NPI in FY2015 compared to 10% of revenue and 9% of NPI in FY2014. Revenue declined by 9.3% whilst NPI was lower by 11.9%. The weaker performance was attributable to a decline in average occupancy in Sunway Tower and Sunway Putra Tower amidst an oversupply office environment.

Menara Sunway’s revenue was stable at RM17.8 million (FY2014: RM17.7 million). However NPI was slightly lower by 2.5% at RM12.5 million (FY2014: RM12.9 million) mainly due to higher utility costs pursuant to the 17% increase in tariff in January 2014.

Sunway Tower suffered a decline in average occupancy to 66.9% (FY2014: 84.3%) following progressive release of space by the anchor tenant whose tenancy expired in June 2015. Hence, revenue and NPI declined by 20.5% and 28.8% respectively.

Sunway Putra Tower which recently completed its refurbishment exercise also saw a drop in average occupancy to 52.8% (FY2014: 74.2%). Its anchor tenant did not renew upon expiry in December 2014.

Wisma Sunway which was acquired on 23 March 2015, contributed revenue of RM1.8 million and NPI of RM1.2 million with average occupancy of 89.8%².

² From completion of acquisition on 23 March 2015 to 30 June 2015

OTHER SEGMENT

This segment consists of Sunway Medical Centre which is based on a master lease on a triple net basis with fixed rental and annual increase of 3.5%. It contributed RM20.4million (FY2014: RM19.3 million) to revenue and NPI.

PROFIT FOR THE YEAR

Profit before tax for the year was RM547.3 million (FY2014: RM411.1 million). Profit after tax was RM541.4 million (FY2014: RM411.1 million) comprising realised profit of RM242.0 million (FY2014: RM231.9 million) and unrealised profit of RM299.4 million (FY2014: RM179.2 million). A provision for deferred tax of RM5.9 million was made in the financial year at 5% on cumulative fair value gain of the freehold land component within the investment properties. Realised profit registered an increase of RM10.1 million due to higher NPI of RM19.8 million but partially offset by higher finance costs and manager’s fees. Finance costs rose by RM7.7 million due to marginally higher cost of debt at 3.93% (FY2014: 3.85%) and higher borrowings to finance the capex plans and acquisitions of Sunway Hotel Georgetown and Wisma Sunway. The Manager’s fees increased in accordance with the higher total asset value and NPI. The unrealised profit of RM299.4 million mainly comprised fair value gain after accounting for capex incurred and provision for deferred tax.

DISTRIBUTION PER UNIT (“DPU”)

Total income available for distribution was RM256.6 million (FY2014: RM245.0 million) which represent an increase of 4.7%. RM256.2 million or 99.8% of total income available for distribution was distributed and to be distributed in respect of final income distribution resulting in DPU of 8.73 sen, moderately higher by 4.4% compared to DPU achieved in FY2014 of 8.36 sen.

STATEMENT OF FINANCIAL POSITION

Sunway REIT’s total asset value expanded by RM0.8 billion during the financial year from RM5.6 billion to RM6.4 billion pursuant to

- Acquisition of Sunway Hotel Georgetown and Wisma Sunway for a total purchase consideration of RM134 million and related expenses of RM2.0 million
- Capex amounting to RM361.3 million
- Revaluation exercise which saw a fair value gain of RM306.8 million after accounting for capex incurred

The outstanding borrowings had accordingly increased to RM2.1 billion from RM1.7 billion to fund the capex and acquisitions mentioned above. Other liabilities were higher at RM305.8 million compared to RM176.4 million mainly due to accruals for completed capex and tenants’ deposit for Sunway Putra Mall. Total unitholders’ funds stood at RM4.0 billion an increase of RM0.3 billion attributable to the fair value gain recorded for the financial year.

FINANCIAL REVIEW (CONT'D)

PERFORMANCE BENCHMARK

Performance benchmark	FY2015	FY2014	Commentary
i. Management expense ratio (%)	0.80%	0.78%	Management expense ratio of 0.80% (FY2014: 0.78%) is comparable to the top five M-REITs (in terms of market capitalisation) which ranges from 0.64% - 1.00%.
ii. Total return (%)	12.6%	(0.7%)	Total return for the financial year was 12.6% (FY2014: -0.7%) whereby capital gain was 6.9% (FY2014: capital loss of 6.5%) plus distribution yield of 5.7% (FY2014: 5.8%).
iii. Average annual return (%)	17.6%	18.8%	The average annual return for 5 years since listing was 17.6% (FY2014: 4 years since listing was 18.8%), slightly lower than the average for FY2014 despite a negative return of 0.7% in FY2014. This is attributable to the higher total return achieved in FP2011 and FY2012 of 29.3% and 28.0% respectively.
iv. Average annual return (3 years) (%)	10.2%	15.3%	The average annual return for the last 3 years was 10.2% (FY2014: 15.3%), lower than the average for FY2014 despite a negative return of 0.7% in FY2014. This is attributable to the higher total return achieved in FY2012 of 28.0% .
v. Distribution yield (%)	5.7%	5.8%	Distribution yield has dropped marginally from 5.8% in FY2014 to 5.7% due to the higher closing price of RM1.54 compared to RM1.44 in FY2014.
vi. NAV per Unit (after income distribution) (RM)	1.3350	1.2390	NAV per unit was RM1.3350 (FY2014: RM1.2390), an increase of 7.7% arising from revaluation of the properties.

- i. The ratio of expenses incurred in operating Sunway REIT of RM31.2 million (FY2014: RM28.2 million) to the NAV (after income distribution) of Sunway REIT of RM3,922.0 million (FY2014: RM3,628.6 million)
- ii. Total return represents the change in unit price during the year plus distribution yield for the year
- iii., iv. 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
- v. Based on DPU of 8.73 sen (FY2014: 8.36 sen) divided by its closing price as at 30 June 2015 of RM1.54 (30 June 2014: RM1.44)
- vi. Net asset value of Sunway REIT is determined by deducting the value of all Sunway REIT's liabilities from the total asset value, divided by total issued units

FINANCIAL REVIEW (CONT'D)

FAIR VALUE OF INVESTMENT PROPERTIES

The value of Sunway REIT's properties was RM6.3 billion as at 30 June 2015, which represent an increase of RM804 million compared to RM5.5 billion recorded as at 30 June 2014. The net fair value gain was RM306.8 million after accounting for capex incurred during the financial year of RM361.3 million. The net fair value gain for the financial year represent the highest amount achieved since IPO contributed by the completion of the major refurbishment at Sunway Putra and robust performance of Sunway Pyramid Shopping Mall.

The portfolio property yield for FY2015 was 5.47% compared to 5.81% for FY2014. The yield was lower for the current financial year due to

FAIR VALUE GAIN

RM307 million

losses from Sunway Putra Mall, disruptions faced by Sunway Putra Hotel and weaker performance of the hotel and office segments as explained above. The portfolio yield excluding Sunway Putra Mall and Sunway Putra Hotel was 6.48% (FY2014: 6.37%).

	Fair Value @ 30.6.2015 RM million	Fair Value @ 30.6.2014/ Acquisition Cost ¹ RM million	Change in Value RM million	Property Yield FY2015 %	Property Yield FY2014 %
Retail					
Sunway Pyramid Shopping Mall	3,200	2,908	292	6.65	6.55
Sunway Carnival Shopping Mall	340	296	44	7.93	7.65
Suncity Ipoh Hypermarket	60	56	4	7.80	7.70
Sunway Putra Mall	588	352	236	(1.30)	(1.35)
	4,188	3,612	576	5.66	5.89
Hotel					
Sunway Resort Hotel & Spa	530	530	-	5.96	6.08
Pyramid Tower East	295	295	-	6.11	7.09
Sunway Hotel Seberang Jaya	75	75	-	5.13	5.29
Sunway Putra Hotel	335	258	77	1.14	1.44
	1,235	1,158	77	4.64	5.25
Office					
Menara Sunway	164	160	4	7.65	8.04
Sunway Tower	166	180	(14)	4.42	5.72
Sunway Putra Tower	110	93	17	3.44	5.36
	440	433	7	5.38	6.50
Others					
Sunway Medical Centre	325	317	8	6.27	5.99
	325	317	8	6.27	5.99
Acquisitions during the year					
Sunway Hotel Georgetown	74	75	(1)	4.71 ^{2,3}	N/A
Wisma Sunway	62	61	1	6.85 ²	N/A
	136	136	0	5.68 ²	N/A
Total Portfolio	6,324	5,656	668	5.47	5.81
Less : Capital expenditure			(361)		
Fair Value Gain			307		

¹ Acquisition cost comprise purchase consideration and incidental costs on acquisition i.e. acquisition fee, legal fee and valuation fee

² Annualised property yield is computed based on NPI from completion of acquisition date to 30 June 2015

³ The 1st half of the calendar year is typically a low season for the hotel business, resulting in a low annualised property yield

N/A Not Applicable

OPERATIONS REVIEW

ACQUISITION GROWTH

Property	Sunway Hotel Georgetown	Wisma Sunway
Asset type	Hotel	Office
Location	Georgetown, Penang	Shah Alam, Selangor
Purchase price	RM74 million	RM60 million
Property yield ¹	4.71% ²	6.85%

¹ Annualised property yield is computed based on NPI from completion of acquisition date to 30 June 2015

² The 1st half of the calendar year is typically a low season for the hotel business, resulting in a low annualised property yield

The Trustee had on 8 December 2014, entered into the following agreements with subsidiaries of Sunway Berhad, the Sponsor:

- A sale and purchase agreement (“1st SPA”) with Sunway Biz Hotel Sdn Bhd (formerly known as Sunway Hotel (Penang) Sdn Bhd (“SBH”) to acquire Sunway Hotel Georgetown for RM74 million
- A master lease agreement with Sunway REIT Management Sdn Bhd, as the Manager for Sunway REIT and SBH, as the Lessee for the leaseback of the Sunway Hotel Georgetown
- A sale and purchase agreement (“2nd SPA”) with SunwayMas Sdn Bhd and Daksina Harta Sdn Bhd to acquire all the individual strata titles for various floors of the office building known as Wisma Sunway for RM60 million

Sunway Hotel Georgetown

Sunway Hotel Georgetown is a 4-star, 250-room international class hotel with 102 carpark bays located in Georgetown, Penang. The hotel underwent a major refurbishment exercise which was completed in April 2013. The facilities of the hotel include a 100 pax coffee house, a 60 pax club lounge, 3 function rooms (capacity ranging from 60 pax to 240 pax), a swimming pool and gymnasium. The hotel stands to benefit from the growing tourism activities that are being actively promoted by the Penang Tourism Board due to its close proximity to the Penang

Heritage Trail and the expected increase in economic activities in Penang state with the opening of the Second Penang Bridge. Furthermore, the continued popularity of Penang as an international destination for medical tourism, supported by the opening of more hospitals will also support the hospitality industry.

The hotel is leased to SBH, which has been in operation since December 1994, under a master lease agreement¹. The portfolio's weighted average lease expiry increased from 2.27 years to 2.35 years as at 31 January 2015 as a result of the long-term master lease.

The acquisition of Sunway Hotel Georgetown was completed on 28 January 2015 and was fully funded by debt.

¹ Please refer to page 130 for details of the master lease agreement.

Wisma Sunway

Wisma Sunway is a stratified 19-storey office building with 382 parking bays located in Shah Alam, Selangor. Wisma Sunway was refurbished in 2013 and has a net lettable area of 171,544 sq.ft.

The acquisition of Wisma Sunway was completed on 23 March 2015 and was fully funded by debt.

OPERATIONS REVIEW (CONT'D)

ORGANIC GROWTH & KEY OPERATION DATA

ASSET ENHANCEMENT INITIATIVES

Major AEIs completed in FY2015

RM426 million

A) Completed AEIs

Sunway REIT completed AEIs of RM425.6 million during the financial year with an estimated ROI of 6%¹ and created additional NLA of approximately 88,000 sq.ft.

¹ The estimated ROI based on stabilised year (Year 2) for Sunway Putra Mall and Sunway Putra Tower will be 7%

i) Sunway Putra Mall Refurbishment

During the financial year ended 30 June 2015, Sunway REIT completed the refurbishment of Sunway Putra Mall. The project with an estimated cost of RM307.2 million involved the creation of approximately an additional 51,000 sq.ft. of NLA bringing total NLA to approximately 558,000 sq.ft. The NLA is lower than the earlier estimate of 578,000 sq.ft. due to change in leasing concept whereby there will be mini-anchors instead of an anchor tenant, resulting in creation of more common areas. Total investment cost (including acquisition cost) amount to RM527 million.

The project successfully created a new identity for the mall and aims to revive it as an exciting shopping and entertainment destination. Retail layout plan, connectivity, traffic circulation and carpark facility were improved and the shopping mall is repositioned as a lifestyle urban-chic mall that caters to the mid and mid-upper clientele with merchandise mix from the low bridge to the fashion edge spectrum.

Sunway Putra Mall's soft opening was on 28 May 2015 after a 2-year closure, with a secured occupancy of 82.4% as at 30 June 2015.



Sunway Putra Mall - Facade

Ongoing major AEIs for FY2016

RM126 million



Sunway Putra Mall - Atrium

ii) Sunway Putra Tower Refurbishment

The refurbishment of the Sunway Putra Tower covers the upgrading and modernisation of public areas and washrooms. The project was completed in June 2015 and is estimated to cost RM29 million.

iii) Sunway Resort Hotel & Spa – Pinnacle Annex & Linkages and BRT Elevated Walkway

The above and underground linkages that connect Menara Sunway to Sunway Pinnacle and onward to Sunway Resort Hotel & Spa completes the seamless connectivity between all the commercial buildings within Sunway Resort City. The elevated walkway linkages aim to increase footfall to Sunway Pyramid Shopping Mall by providing pedestrians with a comfortable and safe walkway from the office towers to the hotels and retail mall. The underground carpark linkages offer shoppers additional options of over 1,000 car park bays at the office towers and hotels during weekend and peak season when Sunway Pyramid Shopping Mall's car park is full.

OPERATIONS REVIEW (CONT'D)

The Pinnacle Annex comprising 3 floors with total NLA of approximately 31,000 sq.ft. is constructed above the carpark linkage between The Pinnacle and Sunway Resort Hotel & Spa. The Pinnacle Annex houses 2 floors of restaurants and a ballroom on the 3rd floor. The annex building which has been fully leased out to renowned food & beverage operators commenced operation in late 2014.

As part of the total connectivity plan, the Pinnacle Annex, Sunway Resort Hotel & Spa and Sunway Pyramid Shopping Mall are connected to a Bus Rapid Transit (“BRT”) station via elevated walkways. The BRT-Sunway Line is Malaysia’s first elevated BRT system which connects Sunway Resort City with the Setia Jaya KTM Komuter Station and the USJ6 LRT station. The improved accessibility to Sunway Resort City via public transportation and seamless connectivity will attract higher footfall to Sunway REIT’s properties. The new BRT system enables excellent connectivity between Sunway REIT’s properties in Sunway Resort City and Sunway Putra via the KTM train system.

The projects are estimated to cost RM67.1 million (Pinnacle Annex & Linkages – RM54.1 million, BRT Elevated Walkway – RM13.0 million).

iv) Sunway Resort Hotel & Spa – Relocation and Upgrading of Cooling Towers

In our continuous effort to improve the energy efficiency of equipments, Sunway Resort Hotel & Spa embarked on a project to upgrade and relocate its cooling towers to an area with better air circulation / heat dissipation. The project which is estimated to cost RM3.5 million includes a fitting of variable frequency drive to all pump motors to provide energy usage optimisation thus resulting in energy savings.

v) Sunway Resort Hotel & Spa – Coffee House

To complement and extend the food & beverage offering at the annex building mentioned in (iii) above, the hotel revamped the area which previously housed the West Lake Gardens Chinese Restaurant and the Avanti Italian Restaurant. The area was refurbished into a new 350 seat coffee house known as The Resort Café and an established restaurant with NLA of approximately 6,000 sq.ft. which is leased out. The estimated cost for the project is RM18.8 million.

The old coffee house, Fuzion, which is located at Level 1 will be used to cater for functions and events and the long term use of this space will be studied together with the property’s refurbishment plan slated for CY2017.



Sunway Resort Hotel & Spa - The Resort Café

B) Ongoing AElS

Sunway REIT’s total ongoing AElS amount to RM125.9 million of which RM86.9 million have been incurred as at 30 June 2015, mainly for remaining areas of Sunway Putra Hotel.

i) Sunway Putra Hotel Refurbishment

The major refurbishment which commenced in FY2014 is estimated to cost RM123 million and is undertaken by phases with a target completion in 4Q CY2015. The project aims to reposition the hotel on par with 5-star standard to better meet the expectations of more discerning corporate clients.

As at 30 June 2015, 366 rooms have been refurbished out of 618 rooms whilst all public area have been refurbished. Upon full completion, the hotel will have 650 rooms, an additional 32 rooms as a result of reconfiguration of bigger units into smaller but more popular units. In addition, Level 34 and 35 will be converted into a club lounge and meeting facilities respectively.

ii) Sunway Pyramid Shopping Mall – Extension of Oasis Boulevard North

As part of the continuous AEl initiative at Sunway Pyramid Shopping Mall, an additional 3,606 sq.ft. NLA is under construction to extend Oasis Boulevard North. The new area shall be tenanted by a theme café operator – Hello Kitty Café. The project is estimated to cost RM2.9 million.

Major AEl Programme	Estimated timeline and capital expenditure			Total actual/ estimated project cost (RM million)
	FY2014	FY2015	FY2016(e)	
Ongoing				
Sunway Putra Hotel - Refurbishment	-----●			123.0
Sunway Pyramid Shopping Mall - OB North		-----●		2.9
Total Ongoing	18.4	68.5	39.0	125.9

OPERATIONS REVIEW (CONT'D)

BUSINESS SEGMENT REVIEW

RETAIL SEGMENT

	FY2015	FY2014
No. of assets	4	4
NLA (sq.ft.) ¹	2,989,869	2,931,110
Occupancy as at 30 June	95.1% ²	96.5% ³
Segment contribution by property value	66%	65%

¹ Include Sunway Pyramid Convention Centre and Sunway Carnival Convention Centre

² Computed based on secured tenancies of 82.4% for Sunway Putra Mall

³ Exclude Sunway Putra Mall which was closed for refurbishment

The retail segment which represents 66% of total property value is the main contributor to Sunway REIT's revenue and NPI of 73% and 70% respectively. The NLA of retail segment has increased by 58,759 sq.ft. from 2.93 million sq.ft. to 2.99 million sq.ft. with the completion of the major refurbishment of Sunway Putra Mall. With a total NLA of 2.99 million sq.ft., Sunway REIT has the largest retail NLA within the M-REIT players. The average occupancy for the retail segment was 95.1% (FY 2014: 96.5%) due to the lower initial occupancy at Sunway Putra Mall.

Key milestone

Sunway Putra Mall which was closed since May 2013 for a RM307.2 million major refurbishment programme had a soft launch on 28 May 2015 with a secured occupancy of 82.4%. For the first phase of soft opening, occupancy was about 70% and the Asset Manager targets to achieve the secured occupancy level by 2Q FY2016.

Challenges

The supply of retail malls continue to grow thus exerting pressure on tenants' performance due to dilution of their business. In addition, consumer spending has dropped significantly post implementation of Goods and Services Tax ("GST") in April 2015 due to front loading of spending prior to April 2015 and time needed to adjust to the new tax regime. Further, consumers are cautious with their spending with a higher cost of living caused by a weaker ringgit as well as domestic uncertainties.

Strategy

- The Asset Manager will continue to leverage on the integrated township of Sunway Resort City and the excellent infrastructure (with the recently completed BRT system) and connectivity to drive footfall and business synergies to Sunway Pyramid Shopping Mall
- With the introduction of Sunway's loyalty card, Sunway Pals, in 2014, the Asset Manager is able to cultivate customer loyalty. Members can enjoy exclusive discounts, special privileges and earn points which can be converted into cash rebates at participating outlets
- To organise relevant and interesting marketing and promotion activities to encourage visitorship and spending
- Continuously revamp tenancy mix to remain relevant by securing popular brands and introduce first in Malaysia/flagship retail stores eg. Innisfree, Caffe Bene, Wakai, Violeta and Hello Kitty Café (opening in 2Q FY2016)
- Enhance shoppers' experience and convenience with mobile application
- To ease shoppers' experience in locating available parking space with district parking guidance system. The guiding system which will be located at strategic points within the Sunway Resort City township will indicate available parking space at properties within the township.

Prospects

Retail Group Malaysia has in July 2015 revised the retail sales growth forecast for the third time during the year from 4.9% to 4.0% as it foresees that consumers will remain cautious with spending. In view of the weak consumer sentiment, the Manager is cautious of the overall prospects of the retail segment and expects modest growth in the coming financial year underpinned by

- positive contribution from Sunway Putra Mall which re-opened in May 2015 and the gradual increase in occupancy
- resilient performance of Sunway REIT's key contributor, Sunway Pyramid Shopping Mall, due to its position as a leading regional mall
- stable performance from Sunway Carnival Shopping Mall and SunCity Ipoh Hypermarket

OPERATIONS REVIEW (CONT'D)

HOTEL SEGMENT

	FY2015	FY2014
No. of assets	5	4
No. of rooms	2,061	1,811
Average Occupancy	62.2%	66.3%
Segment contribution by property value	21%	21%

Sunway REIT has 5 hotel properties within its portfolio with a total of 2,061 rooms, an increase of 250 rooms during the financial year. The hotel segment represents 21% of total property value and contributes 14% and 17% to revenue and NPI of Sunway REIT respectively.

Key Milestone

Sunway REIT acquired Sunway Hotel Georgetown from the Sponsor in January 2015 marking its maiden foray into Penang Island.

Challenges

The hotel industry experienced an extremely soft first quarter in CY2015 on the back of an 8.6% decline in tourist arrivals. The business and consumer sentiment remained soft in the second quarter of CY2015 with the introduction of Goods and Services Tax ("GST") and aggravated by global and domestic uncertainties. In addition to aforementioned external headwinds, Sunway Putra Hotel's performance continued to be adversely impacted by the refurbishment at Sunway Putra Mall and its own refurbishment exercise.

Strategy

- The hotel operator shall continue to deploy effective yield management to optimise the revenue per available room
- To improve operating efficiency to better manage operating expenses eg replacement of old chillers at Sunway Resort Hotel & Spa to improve energy efficiency, change to LED lighting etc
- To emphasise on providing excellent customer service and experience
- To refurbish older properties eg Pyramid Tower East (formerly known as Pyramid Tower Hotel) (slated for CY2016) to maintain competitiveness and relevance and enhance guests experience
- To penetrate new markets such as China and India
- To supplement traditional internet booking engine eg TripAdvisor, Agoda, Booking.com etc, with Sunway's own booking portal to widen the marketing channel

Prospects

The Manager expects the hotel segment to register stable growth in the coming financial year. Sunway Putra Hotel's refurbishment will be completed by 4Q CY2015 and the newly opened Sunway Putra Mall will further strengthen the hotel's competitive advantage. The recently acquired Sunway Hotel Georgetown will contribute a full year lease rental.

OFFICE SEGMENT

	FY2015	FY2014
No. of assets	4	3
NLA (sq.ft.)	1,048,271	876,162
Occupancy as at 30 June	65.9%	84.6%
Segment contribution by property value	8%	8%

The office segment represents 8% of total property value and contributes 9% and 7% to revenue and NPI of Sunway REIT respectively.

Key Milestone

Sunway REIT acquired an office property known as Wisma Sunway which is located in Shah Alam, the capital city of Selangor. With this acquisition, Sunway REIT's office segment grew to four properties and added 171,544 sq.ft. NLA to the office portfolio.

Challenges

The occupancy for the office portfolio has declined to 65.9% as at 30 June 2015 amidst a challenging situation caused by oversupply of office space and slower economic growth. The anchor tenant which occupied 143,606 sq.ft. at Sunway Putra Tower did not renew upon tenancy expiry in December 2014. Hence Sunway Putra Tower's occupancy stood at approximately 27% as at 30 June 2015. Meanwhile the anchor tenant at Sunway Tower down sized from 174,902 sq.ft. to 115,494 sq.ft. as at 30 June 2015 and will move out progressively by end August 2015. Sunway Tower's occupancy was at 64.8% at financial year end and will decline to 12% by August 2015.

In view of the challenging market condition which resulted in a tenant's market, the Asset Manager cautions that it may be difficult to secure a replacement tenant in the short term.

Strategy

- In view of the current challenging environment, the Asset Manager's priority is to improve the occupancy rate of the office portfolio
- The Asset Manager will also take the opportunity to improve the tenancy mix of the office building and reduce tenant concentration risk where possible
- Other plans/initiatives include upgrading the office buildings to MSC status, if required by tenants, and managing operating costs
- Upgrading initiatives such as replacement of lifts at Sunway Tower will be implemented during this period of low occupancy to minimise inconvenience to tenants
- To provide excellent customer service

OPERATIONS REVIEW (CONT'D)

Prospects

The Asset Manager believes the occupancy rate at Sunway Putra Tower will improve in view of its strategic location, convenience due to the newly refurbished 3-in-1 mixed use development and competitive rental rate. Notwithstanding that, the Manager expects contribution from the office segment to further decline in the coming financial year due to the oversupply situation in the office market. However, the Asset Manager views this as a cyclical issue and will endeavour to minimise the adverse impact.

KEY OPERATING INFORMATION

RENTAL RENEWALS

Rental rate increase **13.5%**¹

¹ Increase for 3 years including step up rent

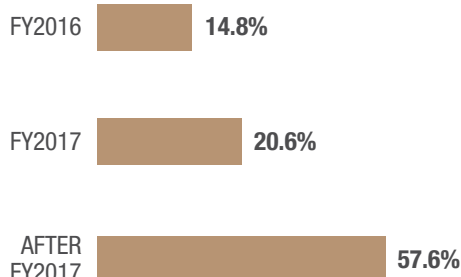
Sunway REIT achieved an average rental reversion of 13.5%¹ (FY2014: 13.7%¹) for 606,515 sq.ft. during the financial year. The retail segment renewed / secured new tenants for 531,914 sq.ft. representing renewal rate of 95.9% (FY2014: 99.1%) of total space due for renewal. The office segment managed to renew only 74,601 sq.ft. or 25.2% (FY2014: 95.8%) of total space due for renewal under an oversupply market condition as mentioned above.

LEASE EXPIRY PROFILE AND LEASE STRUCTURE

Weighted Average Lease Expiry **2.19** years

The weighted average lease expiry ("WALE") as at year end was 2.19 years (FY2014: 2.49 years).

TENANCY EXPIRY PROFILE



The portfolio lease expiry profile remains well spread with 14.8%, 20.6% and 57.6% of NLA expiring in FY2016, FY2017 and after FY2017 respectively. The majority of the tenancies are three-year tenancies with a 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 FY2016 are monthly tenancies occupying 3.4% (FY2014: 0.5%) of the total space. Monthly tenancies have increased mainly arising from office tenants who did not renew and will be moving out progressively.

The hotel and hospital master leases are for a term of 10 years with option to renew for another 10 years. These master leases represent 45% of the total space of the portfolio. The expiry of the hotel and hospital master leases are as follows:

Property	Expiry of first 10-year term
Sunway Resort Hotel & Spa, Pyramid Tower East and Sunway Hotel Seberang Jaya	July 2020
Sunway Putra Hotel	September 2021
Sunway Medical Centre	December 2022
Sunway Hotel Georgetown	January 2025



OPERATIONS REVIEW (CONT'D)

TOP 10 TENANTS

Top 10 tenants **12.5%** of revenue

Sunway REIT has a diverse tenant mix of approximately 1,250 tenancies (FY2014: 1,000), four hotel master leases and a hospital master lease. The 10 largest tenants contribute approximately 12.5% (FY2014: 15.5%) of total revenue.

Top 10 tenants by total revenue

Tenant	Trade	Tenancy expiry date ¹	% of total revenue ²
Ranhill Worley Parsons Sdn Bhd	Consultancy (Oil & Gas)	15 July 2015 & 31 July 2015	2.1%
Parkson Corporation Sdn Bhd	Department store	18 July 2016 & 31 August 2016	2.0%
TGV Cinemas Sdn Bhd	Cinema	22 July 2015 & 27 May 2018	1.6%
Aeon Co.(M) Bhd	Department store	29 September 2016	1.5%
GCH Retail (Malaysia) Sdn Bhd	Hypermarket	30 April 2017	1.3%
Padini Dot Com Sdn Bhd	Fashion	21 June 2016, 6 September 2016 & 27 May 2018	0.9%
Golden Screen Cinemas Sdn Bhd	Cinema	30 September 2016	0.9%
Sunway Resort Hotel Sdn Bhd	Convention Centre	31 December 2017	0.8%
Sunway Management Sdn Bhd	Management services	31 December 2015 & 31 December 2016	0.7%
Peregrine Technology Sdn Bhd	Electronics	14 February 2018	0.7%
			12.5%

¹ In cases where leases have more than one expiry date (i.e. the tenants have several leases), lease expiry dates are shown as a range

² Based on total gross income for the month of June 2015, excluding hotel and hospital master lease rental income and carpark tenancies

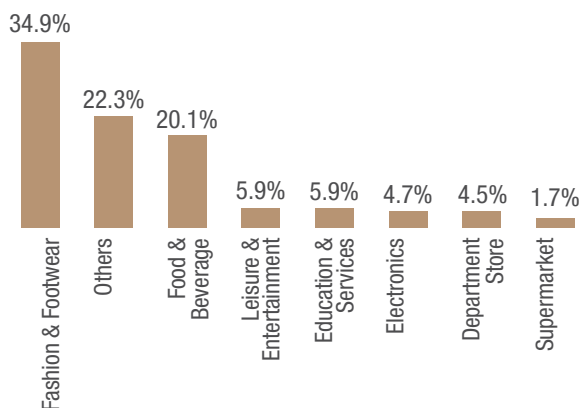
TRADE SECTOR ANALYSIS

Sunway REIT's diverse tenant mix trade in a wide range of sectors. The top three trade mix for the retail properties are fashion & footwear followed by others comprising various trades such as gifts,

pharmaceutical, optical etc. and food & beverage. For the office properties, the top three sectors are government agency, consultancy and property & construction.

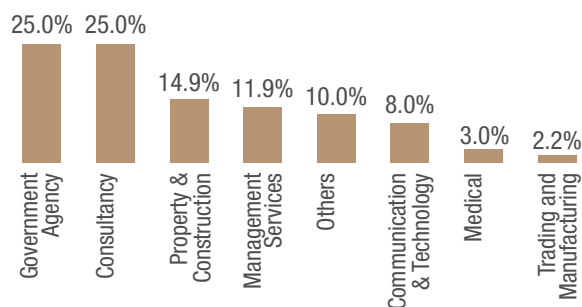
TRADE SECTOR ANALYSIS

Retail Properties



TRADE SECTOR ANALYSIS

Office Properties



CAPITAL MANAGEMENT

FY2015

Total borrowings	Average cost of debt	Fixed : Floating ratio	Average maturity period	Interest service cover ratio	Gearing ratio
RM 2.142 billion	3.93 %	88:12	1.7 years	3.7 times	33.3 %

FY2014

Total borrowings	Average cost of debt	Fixed : Floating ratio	Average maturity period	Interest service cover ratio	Gearing ratio
RM 1.742 billion	3.85 %	76:24	2.2 years	5.0 times	31.1 %

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

The Manager intends to implement this strategy by

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

Debt Capital

As at 30 June 2015, Sunway REIT's outstanding borrowings was RM2.1 billion, an increase of RM0.4 billion or 23.5% from RM1.7 billion. The additional borrowings were mainly utilised to fund the major capex plan for Sunway Putra and the acquisitions of Sunway Hotel Georgetown and Wisma Sunway.

During the financial year, the Manager continued with the strategy to increase Sunway REIT's fixed rate loan profile in view of the potential interest rate hike and undertook the following capital management activities:

- 1) Refinanced the 3-year USD100 million term loan which was due in February 2015 with a similar facility and hedged with a cross currency swap for 1 year at 4.10%
- 2) Converted RM500 million floating rate borrowings to 3-year fixed at the average rate of 3.82% through interest rate swaps.

Consequently, fixed rate borrowing increased to 88% of total borrowings which exceeded the Manager's target of 70-80% for FY2015. Sunway REIT's average cost of debt rose from 3.85% to 3.93% as a result of the higher fixed rate profile and the 25bps increase in the overnight policy rate ("OPR") to 3.25% in July 2014 which impacted the floating rate loan. However, the average cost of debt remained within the target rate of 4% and below.

The Manager will continue to review and vary the capital management strategies in line with the interest rate outlook to optimise cost of capital.

The average maturity of borrowings was 1.7 years as at 30 June 2015 compared to 2.2 years as at 30 June 2014. However the average maturity of the portfolio lengthens to 3.0 years (FY2014: 3.3 years) if computed based on the 7-year tenure of the Commercial Paper (CP) Programme (expiring in April 2019) instead of the tenure of the CPs which are rolled over on a monthly basis. The Manager does not foresee any problems in refinancing any loan supported by the quality of the underlying assets and adequate liquidity in the market. Further, Sunway REIT's interest service cover ratio at 3.7 times (FY2014: 5.0 times) is higher than the debt covenant requirement of 1.5 times. The decrease in debt service cover is primarily due to an increase in accruals for completed capex.

FIXED VS. FLOATING RATE BORROWINGS

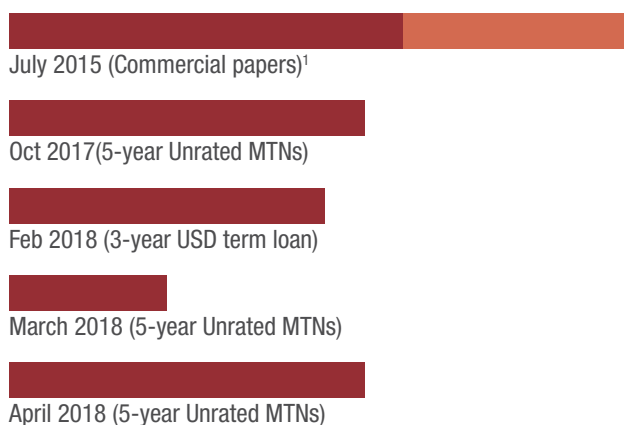
Fixed rate	vs	Floating rate
88%		12%

CAPITAL MANAGEMENT (CONT'D)

As at 30 June 2015, the gearing of Sunway REIT was at 33.3%, well below the gearing of 45.0% allowed under the debt covenant. At this gearing level, there is debt headroom of approximately RM700.0 million – RM900.0 million to fund Sunway REIT's ongoing and future capex plans as well as future acquisitions before reaching an optimum level of low 40s%.

Sunway REIT has unencumbered assets worth RM461.0 million as at 30 June 2015 or 7.3% of total assets which can be used to secure future borrowings whilst unutilised facility from the commercial paper programme amount to RM0.8 billion.

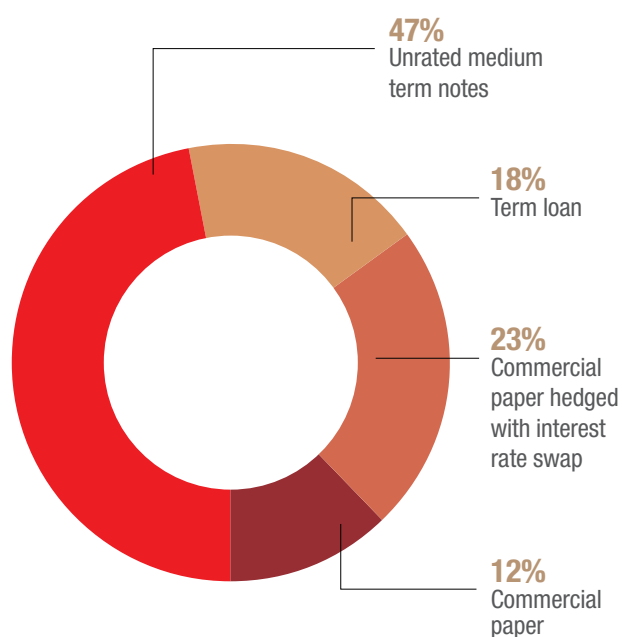
DEBT MATURITY PROFILE (RM million)



	July 2015	Oct 2017	Feb 2018	Mar 2018	Apr 2018
Fixed rate	500.0	400.0	378.6	200.0	400.0
Floating rate	263.4	-	-	-	-

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

SOURCES OF BORROWINGS



RISK MANAGEMENT

The Board places importance on, and is committed to maintaining effective risk management practices as an integral process in achieving Sunway REIT's business objectives. The Manager adopts a robust risk management framework that enables it to continuously identify, assess, treat and manage 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 embedded into key activities and 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 a continuous basis. Please refer to page 175 to 176 for Sunway REIT's detailed risk management framework.

KEY RISKS FACTORS

Acquisition & Investment Risk

Risk that assets are not yield accretive and distort existing portfolio which is retail focused or difficulty in acquiring quality assets. The Manager remains very selective and manages such risk by evaluating potential acquisitions against an approved investment criteria. All acquisition proposals are evaluated by the Investment Appraisal Working Group prior to recommendation to the Board. Due diligence will also be performed prior to acquisition.

Valuation risk

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

For office properties with low occupancy arising from a challenging office market, the Manager continuously engages with the Asset Manager to review its progress and strategy to secure new tenants. Office properties represent 8.0% of the total portfolio value of RM6.3 billion as at 30 June 2015. During the financial year, the value of Sunway Tower declined by RM14.0 million. However, the decline was fully mitigated by an increase in value of other properties within the portfolio which resulted in a net fair value gain of RM306.8 million after accounting for capex incurred.

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

Financing & refinancing risk

Risk that fundings will not be available from banks or debt capital market to meet requirements when due. To mitigate such risks, the Manager has established a 7-year commercial paper programme ("CP Programme") of up to RM1.6 billion in nominal value since FY2012 and a 15-year medium term note programme ("MTN Programme") of RM1 billion in nominal value since FY2013 to diversify the sources of debt funding. As at 30 June 2015, the source of outstanding borrowing comprise 18% term loan, 35% commercial paper and 47% unrated medium term notes.

The CP programme has been accorded a rating of P1 by RAM Rating Services Berhad ("RAM") and is fully underwritten by a financial institution. The P1 rating had been reaffirmed by RAM in their annual review dated June 2015. The MTN Programme is unrated. The CP Programme is on a floating rate basis whilst the MTN Programme is on a fixed rate basis.

The programmes with different maturity profile will enable a more manageable refinancing when due. The average maturity period of Sunway REIT's borrowings was 1.7 years as at 30 June 2015. However the average maturity of the portfolio lengthens to 3.0 years if computed based on the 7-year tenure of the Commercial Paper ("CP") Programme (expiring in April 2019) instead of the tenure of the CPs which are rolled over on monthly basis. In addition, the amount of unutilised facility available to fund capital expenditure and acquisitions under the CP Programme amount to RM0.8 billion as at 30 June 2015.

Liquidity risk

Risk that funds are inadequate to meet obligations. The Manager, working together with the Asset Manager, actively and continuously monitors the debtors ageing record of tenants. The Asset Manager shall promptly engage with tenants who are slow payers and will take necessary actions against such tenants. As at 30 June 2015, debtors turnover was approximately 10.4 days and do not pose any significant risk to Sunway REIT. In addition, interest service cover ratio as at 30 June 2015 was 3.7 times.

Interest rate risk

Risk that adverse movements in floating interest rates will affect financial performance. As at 30 June 2015, approximately 88% of the total outstanding borrowings of Sunway REIT was on a fixed rate basis whilst the balance 12% was on a floating rate basis. The Manager closely monitors the interest rate environment and reviews and varies the capital management strategies in line with the interest rate outlook to optimise cost of capital.

Outstanding borrowings on a floating rate basis amount to RM263.4 million as at 30 June 2015. Every 25bps movement in interest rate would result in a change in finance cost by approximately RM0.7 million and DPU by 0.02sen.

RISK MANAGEMENT (CONT'D)

Business / Market risk

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

Due to the current over supply situation and slower economic growth, the office segment suffered a decline in occupancy. Average occupancy at Sunway Tower and Sunway Putra Tower was 66.9% (FY2014: 84.3%) and 52.8% (FY2014: 74.2%) respectively. The impact of decline in average occupancy and consequently revenue and NPI contribution of both properties on the portfolio's revenue and NPI was 1.3% and 1.2% respectively. Although DPU was adversely affected by 0.14 sen arising from the drop in occupancy of these two properties, Sunway REIT's DPU grew moderately by 4.4% from 8.36 sen for FY2014 to 8.73 sen for FY2015, supported by robust growth of the retail segment. This further reinforces the importance of a diversified portfolio which is better able to mitigate the risks of weaker performance of certain sub-sectors. (Please refer to page 78 on the action plans by the Asset Manager to address the situation)

Tenant Concentration Risk

Risk that revenue of Sunway Tower is dependent on an anchor tenant. Termination or non-renewal of tenancy by the anchor tenant will negatively impact the performance of the property. The anchor tenant at Sunway Tower will not be renewing and will move out by August 2015. The impact on the portfolio's revenue, NPI and DPU is 1.6%, 2.1% and 0.24 sen respectively. Thereafter, there will no longer be any tenant concentration risk unless another anchor tenant is secured for Sunway Tower and Sunway Putra Tower. The Asset Manager shall endeavour to diversify tenant base to minimise tenant concentration risk.

Currency Risk

Risk that Sunway REIT is exposed to foreign currency and exchange rate fluctuations. Sunway REIT's properties are all located in Malaysia and hence there is no exposure to foreign currency risks arising from business operations.

Sunway REIT has a USD100 million term loan which has been fully hedged via a cross currency swap. Other than this loan, all other borrowings are from the domestic debt capital market.

Compliance Risk

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

Human Capital Risk

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

INVESTOR AND PUBLIC RELATIONS

Sunway REIT is a staunch advocate of strong corporate governance and high level of transparency in disclosures through effective communication with stakeholders. Investor relations plays imperative role in engagement with stakeholders, namely unitholders, media and investment fraternity on latest development, business and financial performance, future direction and business strategies of Sunway REIT. The investor relations team maintains high level of professionalism, integrity and transparent communication in building confidence and trust in the marketplace.

SYSTEMATIC INVESTOR RELATIONS COMMUNICATION PLATFORM

Sunway REIT has established a systematic communication platform in ensuring effective communication with stakeholders. The communication platform emphasises on interactive engagement with stakeholders on a timely and transparent manner. We endeavour to continue to enhance the communication platform by expanding the communication channels and strengthen stakeholders' engagement.

SUNWAY REIT'S INVESTOR RELATIONS COMMUNICATION CHANNELS

ANALYST AND INVESTOR BRIEFING

- Quarterly financial earnings release
- Material development
- Corporate exercise

Prompt and transparent dissemination of information to the investment community in facilitation of making informed investment recommendation and decision.

PROPERTY TOUR

- One-on-one tour
- Group tour

To showcase the assets for better appreciation of the assets as seeing is believing.

MEETING WITH MANAGEMENT

- One-on-one meeting
- Small group meeting

To gain insights to the business performance, strategies and prospects through dialogues with key management personnel.

INVESTORS / INDUSTRY CONFERENCE

Participation in investors conference, locally or abroad, to continuously engage with existing and potential investors as well as expansion of investors base. Industry conference participation is to play the role of industry thought leader and act as a communication platform for industry players and governing bodies.

CORPORATE WEBSITE & INVESTOR RELATIONS PORTAL

The Investor Relations Portal ("IR Portal") is incorporated into Sunway REIT's corporate website at www.sunwayreit.com under the Investor Relations section. The IR Portal is a powerful communication channel for the public in accessing latest announcements, presentation decks, annual reports, media releases and stocks information. Any enquiry or request may be channeled through irsunreit@sunway.com.my.

RESEARCH COVERAGE

Sunway REIT is widely covered by 13 research institutions with extensive reach to institutional investors base, both domestic and international investors, and retail investors. Research by selected brokerage firms are available on Bursa Malaysia's website for the general public.

MEDIA ENGAGEMENT

- Media briefing
- Media release
- Media interview

Media engagement plays a vital role in communication with the retail investors. Media releases are promptly disseminated to the members of the media to keep them abreast on the latest development and financial performance of Sunway REIT. The public is accessible to management insights on business prospect, outlook, strategies, concerns and challenges of the company through regular interview sessions with the media.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

Regulatory requirement aside, we believe that annual general meetings and annual reports are powerful communication platform with investors. We go the extra mile in sharing insights beyond the pre-requisite requirements in our annual reports in promoting high level of transparency and disclosures to the public to have insights to management business strategies, challenges and key performance indicators amongst others.

INVESTOR AND PUBLIC RELATIONS (CONT'D)

INVESTOR RELATIONS ACTIVITIES

Sunway REIT's investor relations activities focus on effective communications and engagement with investors, analysts, media and the general public. Investor relations activities are customised for the various target group of stakeholders with adequate sharing of information. A comprehensive communication documentation is disseminated to the target group and made available on the corporate website. The communication document include the following:

1) Announcement Pack (Financial statement, presentation deck, media release)

2) Corporate Presentation Pack

3) Annual Report

4) Media Release

Apart from this, we actively engage with industry associations to further promote the M-REITs industry to both domestic and foreign investors. In addition, we continuously expand our investors base through participation in investors conferences and roadshows.

Below is the list of proactive engagement activities with our valued stakeholders:

Stakeholders	Engagement Activities	Key Outcome
<ul style="list-style-type: none"> Local and international investors Local and regional analysts 	<ul style="list-style-type: none"> Investors conference Investor and analyst briefing One-on-one and group meeting Property tour Corporate website 	<p>Strong institutional unitholding at 49%¹ as at 30 June 2015.</p> <p>Active Research Coverage: 13</p>
Retail investors	<ul style="list-style-type: none"> Retail roadshows Annual General Meeting ("AGM") Corporate website 	Retail participation has tripled from 5% in FP2011 to 15% in FY2015.
Media	<ul style="list-style-type: none"> Media briefing Media release Media interview Roundtable discussion Corporate website 	Main stream media with a notable trend of increasing online media coverage on periodic development of Sunway REIT such as quarterly financial earnings releases and major corporate development. Sunway REIT is regularly featured in the media through top management interviews on insights to financial performance, business strategies and outlook as well as industry opinions.
Industry Associations	<ul style="list-style-type: none"> Regular dialogues with industry associations and M-REITs players 	Engagement with regulators through Malaysian REIT Managers Association ("MRMA") and Asia Pacific Real Estate Association ("APREA") to discuss and resolve issues pertaining to M-REITs industry in order to remain competitive to attract more investors.

¹ Excluding Sunway Berhad

INVESTOR RELATIONS CALENDAR

Financial Period	Activities
1Q FY2015	<ul style="list-style-type: none"> 4th Quarter FY2014 financial earnings conference call Convened 2nd AGM
2Q FY2015	<ul style="list-style-type: none"> 1st Quarter FY2015 financial earnings conference call
3Q FY2015	<ul style="list-style-type: none"> 2nd Quarter FY2015 financial earnings conference call
4Q FY2015	<ul style="list-style-type: none"> 3rd Quarter FY2015 financial earnings conference call

INVESTOR AND PUBLIC RELATIONS (CONT'D)

Management Meeting and Property Tour Summary

Institutional Investors	Local	Foreign	Total
Management Meeting (One-on-one & small group)	22	15	37
Property Tour	5	5	10



Sunway REIT's Second Annual General Meeting



One-on-one meeting with management

INVESTOR AND PUBLIC RELATIONS (CONT'D)

RESEARCH COVERAGE

The number of analyst research coverage for Sunway REIT stood at 13 for the financial year ended 30 June 2015.

Research Institutions	Date of Report	Recommendation	Target Price (RM)	Upside / Downside to FY2015 closing price (%)
AllianceDBS Research Sdn Bhd	30 April 2015	Buy	1.65	7.1
CIMB Investment Bank Berhad	30 April 2015	Hold	1.58	2.6
Credit Suisse Securities (Malaysia) Sdn Bhd	9 December 2014	Neutral	1.49	(3.2)
Hong Leong Investment Bank Berhad	26 June 2015	Hold	1.60	3.9
JP Morgan Securities (Malaysia) Sdn Bhd	17 April 2015	Overweight	1.82	18.2
KAF-Seagroatt & Campbell Securities Sdn Bhd	29 April 2015	Buy	1.70	10.4
Kenanga Investment Bank Berhad	16 June 2015	Outperform	1.76	14.3
Maybank Investment Bank Berhad	3 July 2015	Hold	1.60	3.9
MIDF Amanah Investment Bank Berhad	8 May 2015	Neutral	1.70	10.4
Nomura Singapore Limited	20 March 2015	Neutral	1.61	4.5
RHB Research Institute Sdn Bhd	22 July 2015	Neutral	1.55	0.6
TA Securities Holdings Berhad	27 July 2015	Hold	1.78	15.6
UOB Kay Hian Pte Lte	30 April 2015	Buy	1.66	7.8
Average Target Price			1.65	

"Management and IR are very accessible and transparent, with regular updates and detailed slide presentations. Growth strategies are clearly given, from the acquisition of Sunway Putra back in 2011 to renovations and AElS (which have been on track in terms of execution and as per guidance)."

An Established Foreign Research House

Congratulations on your 5th anniversary. I wish Sunway REIT all the best and may the prosperity continue for the next 5 years and beyond. Keep up the good work for being one of the most transparent, competitive and investor-friendly players in MREITs history!

Hong Leong Investment Bank

"The track record of Sunway Group in developing Bandar Sunway is a testimony to management's profession and capability. Over the years, Sunway REIT has grown in size, creating values and growth potential to unitholders, as reflected in its share price and earnings."

RHB Research Institute Sdn Bhd

"Management and the IR have efficiently communicated Sunway REIT's updates and strategies to analysts and investors".

Maybank Investment Bank Berhad

"Congratulations on your 5th Year Anniversary. Fantastic IR service. Transparent and efficient with information dissemination."

Kenanga Research

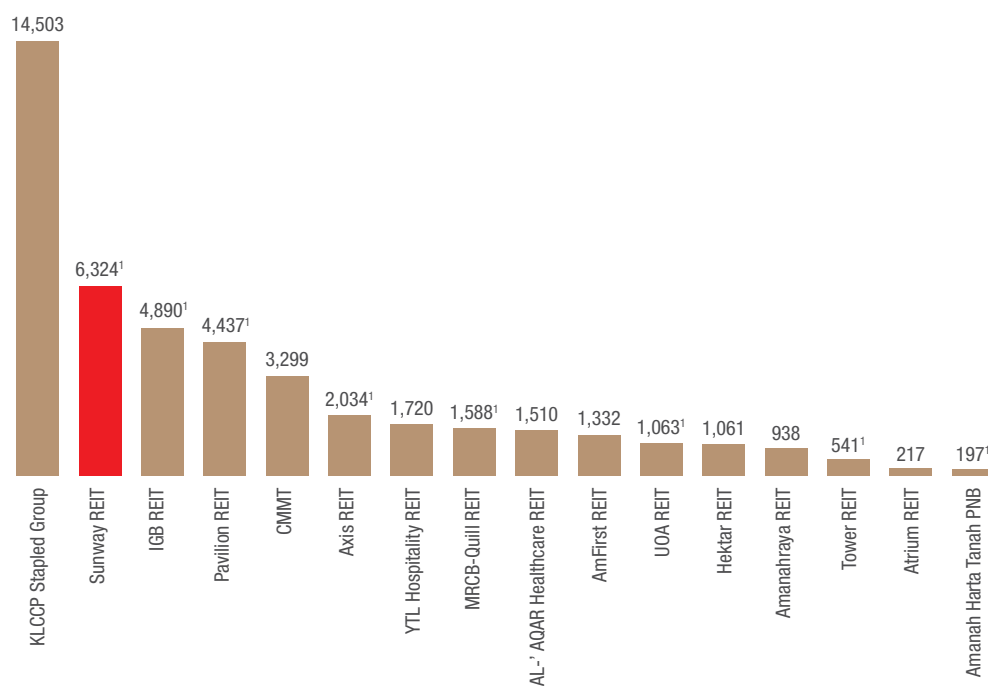
INVESTOR AND PUBLIC RELATIONS (CONT'D)

M-REITs Comparison - Sunway REIT ranked favourably amongst industry players.

M-REITs property value and market capitalisation stood at RM45.7 billion and RM36.8 billion respectively as at 30 June 2015. In line with our strategic objectives, Sunway REIT is

the 2nd largest REIT by property value and 3rd largest REIT by market capitalisation, accounting for 13.9% and 12.3% of the property value and market capitalisation of M-REITs, respectively.

PROPERTY VALUE AS AT 30 JUNE 2015 (RM MILLION)

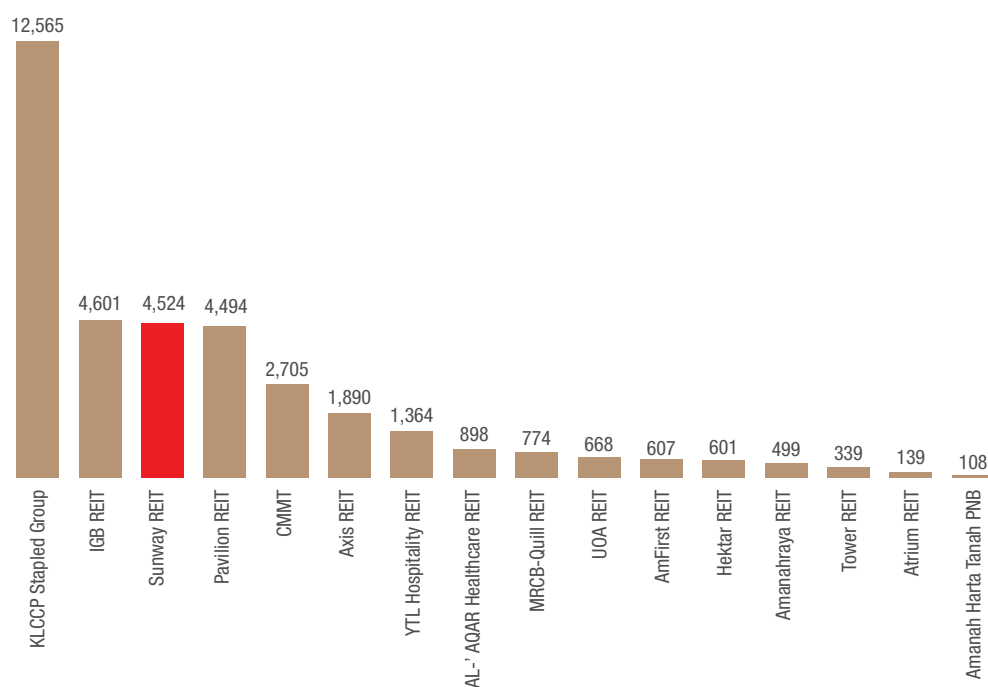


Note: ¹ Information as at 30 June 2015.

All other information as at 31 March 2015

Source: Bursa Malaysia, M-REITs' financial statement

MARKET CAPITALISATION AS AT 30 JUNE 2015 (RM MILLION)



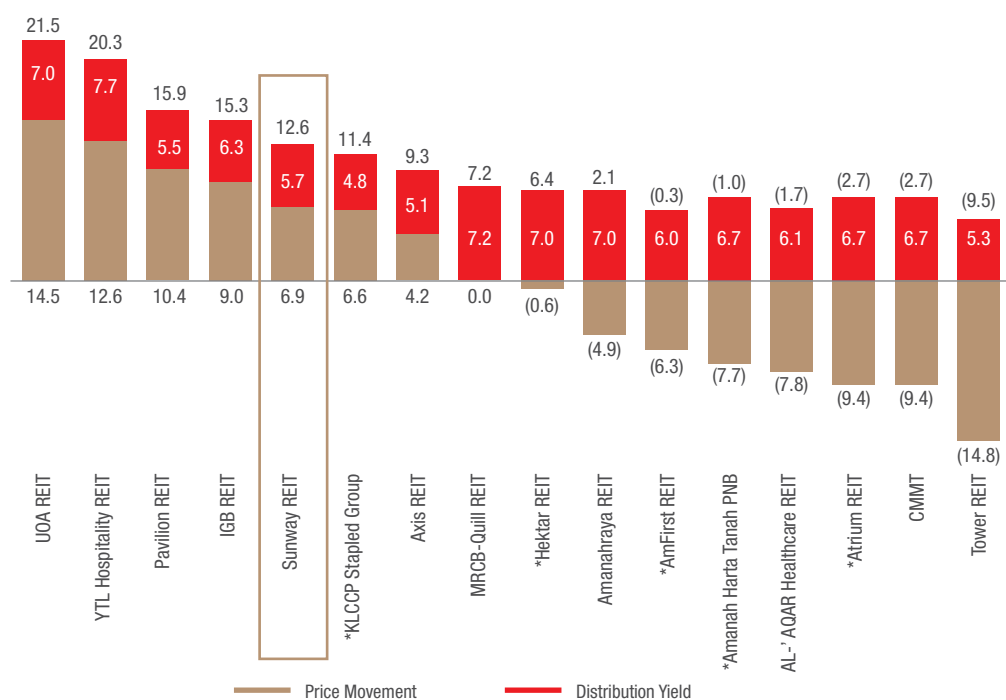
Source: Bloomberg

INVESTOR AND PUBLIC RELATIONS (CONT'D)

Sunway REIT has registered an annual total return of 12.6% in FY2015 compared to a negative 0.7% in FY2014. The ranking improved from 8th in FY2014 to 5th in FY2015 due to the improved

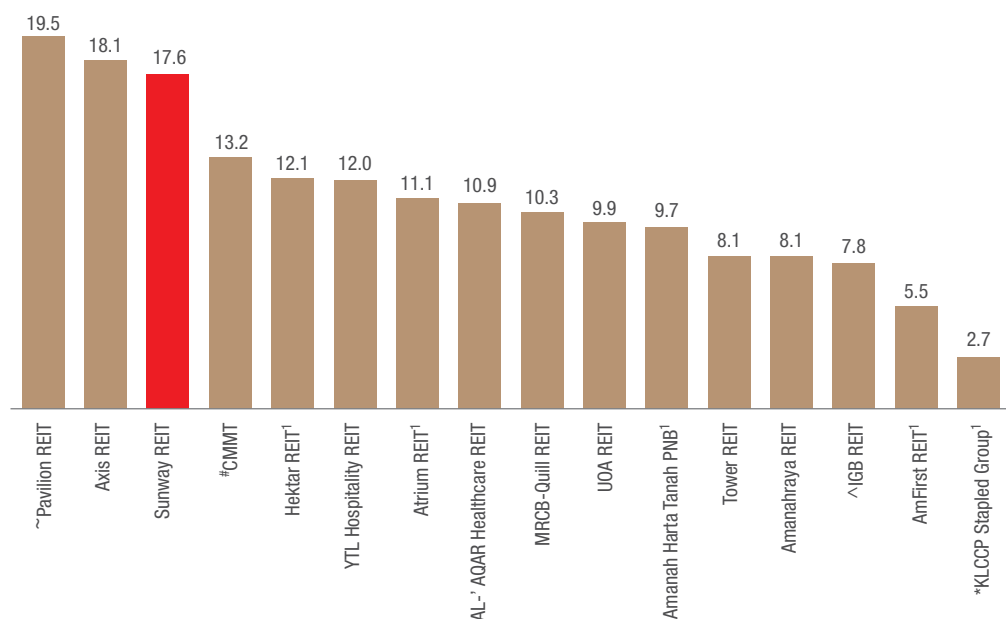
performance in unit price. For the 5-year period (July 2010 - June 2015), Sunway REIT has registered an average total return of 17.6%, ranked 3rd after Pavilion REIT and Axis REIT.

ANNUAL TOTAL RETURN FOR THE PERIOD FROM 1 JULY 2014 TO 30 JUNE 2015 (%)



* Based on annualised DPU
Source: Various M-REITs quarterly results, Bursa Malaysia, Bloomberg

AVERAGE TOTAL RETURN FOR THE PERIOD FROM JULY 2010 TO JUNE 2015 (%)



~ Since IPO on 7 December 2011 ^ Since IPO on 21 September 2012
Since IPO on 16 July 2010 * Since IPO on 9 May 2013
¹ Annual total return for the period from 1 July 2014 to 30 June 2015 is based on annualised DPU
Source: Various M-REIT's quarterly results, Bursa Malaysia, Bloomberg

INVESTOR AND PUBLIC RELATIONS (CONT'D)

NOMURA
Sunway REIT (SUNWAY REIT) (SREIT) (MYR)

Positive outlook and growth largely priced
Maintain Neutral; TP more or less unchanged at MYR1.61

Action: Neutral; positive outlook and growth largely priced
We expect the weak MYR and relatively attractive pricing of goods and services in Malaysia to attract more visitors over the next 12 months, especially for shopping purposes. As such, we think SREIT's Sunway Pyramid mall and its adjoining two hotels, Sunway Resort Hotel and Pyramid Tower Hotel, are likely beneficiaries. As well, the Sunway Putra Place assets (mall and hotel) could also benefit following the scheduled completion of the asset enhancement initiative (AEI) in 2015F. These assets represent 77% of SREIT's total portfolio value.

Rating	Neutral
Target price	MYR 1.61
Current price	MYR 1.54
Potential upside	+4.5%

Anchor themes
We expect the weak MYR and the relatively attractive pricing of

KAF

26 April 2015

Buy

Sunway REIT
Marred by office and hotel segments

Sunway REIT's 3QFY15 numbers were mainly driven by contribution from Sunway Pyramid Mall, Sunway Carnival Mall and Sunway Medical Centre which offsets the poor performance of the office and hotel segments. The share price has done well in the past month, and as a result, we recommend investors to accumulate the stock on weakness. At the current price, the stock trades at 1.3x FY15 P/B and offers a yield of 5.1%.

CREDIT SUISSE

09 December 2014
Asian Daily

Sunway REIT - Maintain **NEUTRAL**
New acquisitions, accretive but small
DPS: ▲ TP: ▲

- SREIT has announced the acquisition of Wiluna Sunway in Shah Alam (Shah Valley) for RM30 m and Sunway George Town (Penang) for RM24 m. The deal is expected to be completed in 1QCY15.
- The acquisitions, to be funded by debt, imply a cap rate of 6.4% for Sunway George Town and 6.7% for Wiluna Sunway. As such they are expected to be profit accretive, however, the properties only account for 1.2% of our FY15-FY17E.
- Shah Alam is the administrative capital of Selangor and with government bodies making up the bulk of occupants, the market should remain stable with limited economic supply. Penang is Malaysia's third largest tourist destination and room rates for newer hotels in the state are expected to continue rising.
- Maintain NEUTRAL on SREIT. We raise our FY15-17E DPU by 1.2% to factor in the contribution from new assets and our new TP is RM1.49 (from RM1.43). SREIT is set to benefit from the reopening of Putrajaya during 2Q15 and offers a 0.15x gross yield of 5.6% in the sector average of 5.3%.

Figure 1: SHGT and Wiluna Sunway

Value accretive but small
The acquisition costs imply a cap rate of 6.4% for SHGT and 6.7% for Wiluna Sunway. SREIT will fund the acquisitions on debt, which the

UOB KayHian

Regional Morning Notes

Monday, 12 January 2015

SECTOR UPDATE
Investment Trusts, REITs - Malaysia
A. Sufian Hassan

OVERWEIGHT
(Maintained)

REITs are perceived as safe havens amid volatile market conditions as they can outperform given their low risks, offering decent dividends and capital upside. We expect retail REITs to outperform this year driven by rental revisions as well as the commencement of new assets. Also, the impact from the expected rise in interest rates should be minimal as most of them had locked in low fixed income costs 1-2 years ago. Maintain OVERWEIGHT with CIMB and Sunway REIT as our sector picks.

Company	Target Price
CapitaStar Income Trust	RM1.10
Sunway REIT	1.61
Income Trust	1.00

J.P.Morgan

Asia Pacific Equity Research
17 April 2015

Malaysian Property & REITs
Stay selective amid continued softness, with growth recovery likely in 2016; our top picks & rating changes

We believe weak consumer sentiment from GST cost rises effective Apr-15 and the weaker Ringgit will continue to weigh on the property sector in 2015. However, stable to lower interest rates should provide some reprieve. J.P. Morgan expects a 27bps cut in 3Q15, and we anticipate a recovery in pre-sales and DPU growth, likely in 2016. J.P. Morgan REITs and developers have performed in line with the market YTD (see Figure 1). We expect new sector picks to emerge among developers, namely Neway Bhd and Era World (both DW and still our top developer picks), given stronger fundamentals and rising market caps. We upgrade EEM from EW to Neutral in the REIT space, we re-rate UY as Neway REIT and HLB REIT, and downgrade CMHT to LW.

Malaysia Property
Simeisa Yash
00-6-2766-6743
www.simeisayash.com
Bloomberg: Simeisa Yash
J.P. Morgan Securities (Malaysia) Sdn Bhd
19146-67
Custom Listing: CFA
002-2665-8200

HongLeong Investment Bank

HLB Research
19 April 2015

Sunway REIT (HOLD ↔, EPS ↔)
Price Target: RM1.60 (↔)
Share Price: RM1.53

Sunway Putra Mall

- We visited Sunway Putra Mall (SPM) to get a closer look of the mall after its soft launch on 28 May 2015.
- After approximately two years of refurbishment works, SPM has been finally re-opened with occupancy rate of 70% after all the tenants start operation on progressive basis while management remains committed to bring the occupancy level to 100%.

Abdul Hani Mamat
003-2176 2666

KLCI	179.6
Expected share price return	5.8%
Expected dividend return	5.8%
Expected total return	6.2%

RHB

Results Review, 30 April 2015

Sunway REIT (SREIT MK)
Property - REITs
Market Cap: USD1,378m

Neutral (Maintained)
Target Price: MYR1.55
Price: MYR1.66

Waiting For Sunway Putra Mall

Macro: ★★
Risk: ★★
Growth: ★★
Value: ★★

Equity Beat

29 January 2015 | 3QFY15 Results Review
Sunway Real Estate Investment Trust
MHPY15 earnings within expectation

midf RESEARCH

Maintain **NEUTRAL**
Unchanged Target Price: RM1.70

Research by xenanga

16 June 2015

Sunway REIT
Brand New and Improved Sunway Putra
By Sarah Lim | sarahlim@xenanga.com.my

OUTPERFORM ↔
Price: RM1.64
Target Price: RM1.76

Maybank IB Research

April 30, 2015

Sunway REIT (SREIT MK)

Share Price: MYR1.66
Target Price: MYR1.60 (↔)

MCap (USD): 1.4B
ADTV (USD): 1M

HOLD (Unchanged)

No surprises

- 3QFY15 realized net profit of MYR183m (+5% YoY) and net DPU of 6.2cent were in line.
- Sunway Putra Mall, Wiluna Sunway and Sunway Hotel Georgetown's full year contribution to enhance FY15 profits.
- We raise TP to MYR1.60 (+13cent) as we roll forward DCF-revaluation base year to FY14. Maintain HOLD.

What's New
3QFY15 realized net profit of MYR183m (+5.8% YoY, +9.5% QoQ) took 3QFY15 realized net profit to MYR183.4m (+5.4% YoY), meeting 75.3%/75.3% of our consensus' full year estimates.

3Mkt Cap	USD1,369m
3Avg Daily Turnover	USD0.94m
3Free Float	63.1%

Current: RM1.68
Target: RM1.68
YoY Growth: +4.9%

3QFY15 RESULTS NOTE
STOCK RATING: HOLD

CIMB

REIT Research
April 30, 2015

Sunway REIT
REIT (SREIT MK)

3Mkt Cap: USD1,369m
3Avg Daily Turnover: USD0.94m
3Free Float: 63.1%

Current: RM1.68
Target: RM1.68
YoY Growth: +4.9%

3QFY15 RESULTS NOTE
STOCK RATING: HOLD

TA SECURITIES
A MEMBER OF THE TA GROUP

RESULTS UPDATE
Thursday, 30 April 2015
RMPSIC: RM0.95

Sunway Real Estate Investment Trust
Decent Performance Anchored by Retail Assets

TP: RM 1.86 (↔)
Last Trade: RM 1.66

Hold

Company Focus
Sunway REIT

Monday, 29 Jun 2015

BUY RM1.58 KLCI: 1,795.88
Risk Target: 12 Months RM 1.75 Buy RM 1.60
Shareholder: No
Reason for Report: 3QFY15 results
Potential Catalyst: 10th anniversary (celebrate 10th year anniversary)
Alert/BI vs Consensus: In line with consensus

The growth story continues

- 3Q15/1415 results were in line
- Announced 2.27 cent DPU, no dilute 1Q Feb
- Earnings to spike from completion of Sunway Putra refurbishments, while asset acquisition potential remains high
- Maintain BUY, TP raised to RM1.75

Sunway Pyramid refurbishment good results. 3Q15 earnings of MYR183.4m (+5.8% p-o-p) were within autonomous expectations. Growth was led by Sunway Pyramid (SP) mall, which saw 3Q15 traffic sales 11% on the back of 88 seats.

INVESTOR AND PUBLIC RELATIONS (CONT'D)

Office oversupply won't hit Sunway REIT

No material impact forecasted on net property income



Identify. Analyse. Refit. Sunway REIT would like to remain retail-focused, defined by at least half of its portfolio's deriving from the retail segment, measured by revenue, NPV and so asset size.”

雙威產託 首半年獲利破億

(吉隆坡28日讯) 受房地产净收入增长带动, 双威产託 (SUNREIT, 5176, 主要板产託) 截至12月底2015财年首6个月取得超过1亿令吉净利, 宣布派发每单位2.27仙收入分配。

双威产託向马证交所报备, 将在3月3日派发每单位2.27仙收入分配, 除权日锁定在2月12日。

该公司首6个月, 净利按年升8%至1亿2671万令吉, 营业额成长8%至2亿2780万令吉, 这归功于房地产净收入扬升7.2%, 至1亿7320万令吉。

根据报备文件, 零售业务的房地产净收入起10.5%, 因为双威金字塔购物广场 (Sunway Pyramid) 和双威Carnival广场的强劲表现所带动。

至于次季, 该公司净利起2%至6326万令吉, 营业额上扬3%, 录得1亿1399万令吉。



By Property Sector

- Retail: 41%
- Office: 37%
- Industrial: 22%

By NPV Contribution

- Retail: 41%
- Office: 37%
- Industrial: 22%

By Revenue Contribution

- Retail: 41%
- Office: 37%
- Industrial: 22%

次季净利 6326 万 双威产託派息 2.27 仙

(吉隆坡 28 日讯) 双威产託 (SUNREIT, 5176) 截至 6 月 30 日止 6 个月净利 6326 万令吉, 较前年同期增长 8.23%。双威产託主席 Jeffrey Ng 表示, 双威产託在 2015 财年上半年表现强劲, 营业额增长 8.23% 至 22.78 亿令吉, 净利增长 8.23% 至 1.2671 亿令吉。

双威产託在 2015 财年上半年, 营业额增长 8.23% 至 22.78 亿令吉, 净利增长 8.23% 至 1.2671 亿令吉。双威产託在 2015 财年上半年, 营业额增长 8.23% 至 22.78 亿令吉, 净利增长 8.23% 至 1.2671 亿令吉。

完成收购檳城资产

双威产託 (SUNREIT) 收购檳城资产, 包括双威酒店及双威嘉年华。双威产託在 2015 财年上半年, 营业额增长 8.23% 至 22.78 亿令吉, 净利增长 8.23% 至 1.2671 亿令吉。

Pendapatan Sunway REIT meningkat 6.3 peratus

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Sunway REIT completes Sunway Hotel Georgetown acquisition

SUNWAY REIT Management Ltd. has completed the acquisition of Sunway Hotel Georgetown, a 120-room hotel in Penang, Malaysia. The acquisition was completed on 28 June 2015. Sunway Hotel Georgetown is a 120-room hotel located in the heart of Georgetown, Penang. The hotel is a prime asset for Sunway REIT's retail and office portfolio.

双威产託 (Sunway REIT) 已完成收购双威吉隆坡酒店 (Sunway Hotel Georgetown)。双威产託在 2015 财年上半年, 营业额增长 8.23% 至 22.78 亿令吉, 净利增长 8.23% 至 1.2671 亿令吉。

INVESTOR AND PUBLIC RELATIONS (CONT'D)

Dependence on aviation sector affects Tune Ins 18

THE WEEK OF JULY 13 - JULY 18, 2015

THE EDGE

MALAYSIA

BUSINESS & INVESTMENT WEEKLY

SOME INSIDE

Ahmad ebi finding own? IS AHMAD EBIBI FINDING HIS OWN WAY?
CORPORATE 16

Is the worst over for Evergreen? IS THE WORST OVER FOR EVERGREEN?
CORPORATE 20

FRANKLY SPEAKING

Is there more to the high fees? Where are those MCO documents? Time to disclose timely disclosure!

Investment recap

Putra Mall	1.74
PPREB	1.25
100	3.40
100	1.33
100	1.11

Sunway Putra Mall to boost REIT's yields



Sunway REIT Management to continue the strong momentum. Putra Mall is a key driver in a strong value proposition.



Sunway REIT Management to continue the strong momentum. Putra Mall is a key driver in a strong value proposition.

Annual dividend yield for the sector:

Sunway REIT (0.85%) is the highest, followed by **PPREB** (0.75%), **100** (0.75%), **100** (0.75%), and **100** (0.75%).

Sunway REIT Management to continue the strong momentum. Putra Mall is a key driver in a strong value proposition.

BROKERS' CALL 11



Sunway REIT continues to deliver solid performance

Sunway REIT Management to continue the strong momentum. Putra Mall is a key driver in a strong value proposition.

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Sunway REIT Management to continue the strong momentum. Putra Mall is a key driver in a strong value proposition.

Sunway Pyramid boast biggest revenue for SREIT

Sunway Real Estate Investment Trust (SREIT) Management to continue the strong momentum. Pyramid is a key driver in a strong value proposition.

Company	Revenue (RM mil)	Profit (RM mil)	Dividend (RM mil)
Sunway REIT	1,740	1,250	1,330
PPREB	1,250	950	1,050
100	3,400	2,500	2,800
100	1,330	1,000	1,100
100	1,110	850	950

Sunway REIT Management to continue the strong momentum. Pyramid is a key driver in a strong value proposition.

Sunway REIT buys properties for RM134m

KUALA LUMPUR: Sunway Real Estate Investment Trust (Sunway REIT) is buying Sunway Hotel Georgetown in Penang and Wisma Sunway in Shah Alam from subsidiaries of Sunway Bhd for RM134 million.

"The acquisitions are to provide unitholders with exposure to a diversified portfolio of investments that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit," it said in a filing to Bursa Malaysia. The hotel acquisition is expected to be completed in the third quarter of financial year 2015 ending June 30, while Wisma Sunway in the first quarter of financial year 2016 ending June 30.

次季净利 6326 万 双威产托派息 2.27 仙

双威产托 (Dewan) Management to continue the strong momentum. Property is a key driver in a strong value proposition.

双威产托 (Dewan) Management to continue the strong momentum. Property is a key driver in a strong value proposition.

双威产托 (Dewan) Management to continue the strong momentum. Property is a key driver in a strong value proposition.

11 BROKERS' CALL

Sunway REIT's FY15 off to a good start

Sunway REIT Management to continue the strong momentum. Property is a key driver in a strong value proposition.

Sunway REIT Management to continue the strong momentum. Property is a key driver in a strong value proposition.

Sunway REIT Management to continue the strong momentum. Property is a key driver in a strong value proposition.

7-Eleven Holdings revitalised and rewired for growth

7-Eleven Holdings Management to continue the strong momentum. Property is a key driver in a strong value proposition.

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7-Eleven Holdings Management to continue the strong momentum. Property is a key driver in a strong value proposition.

MARKET REPORT SUMMARY

ECONOMIC OVERVIEW

The Malaysian economy remained resilient for CY2014 and grew by 6%, driven mainly by stronger private sector spending. Growth was sustained by the major economic sectors, supported by trade and domestic activities. Based on the latest figures released by Bank Negara Malaysia (“BNM”) the GDP registered a growth of 5.6% in 1Q CY2015 (4Q CY2014: 5.7%), underpinned mainly by private sector demand. Economic growth is expected to moderate in the 2Q CY2015 following the front loading activities prior to the implementation of Goods and Services Tax (“GST”) in April 2015 and softer consumer and business sentiment. BNM expects the economy to remain on a steady growth path as domestic demand will remain the key driver of growth amid the lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. BNM forecasts the economy to expand by 4.5% - 5.5% in CY2015.

Private investment recorded a growth of 11.7% in 1Q CY2015 (4Q CY2014: 11.1%), underpinned by capital expenditure in the manufacturing and services sectors.

While private consumption is expected to moderate as households adjust to the introduction of the GST, the steady rise in income and stable labour market conditions would support household spending. Gradual recovery in the global economy will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports.

Growth in public sector consumption improved in the 1Q CY2015: 4.1% (4Q CY2014: 2.5%), due to higher growth in supplies and services amid moderate growth in emoluments.

Public investment turned around to register a positive growth of 0.5% in 1Q CY2015 (4Q CY2014: -1.9%) following higher capital spending by the Federal Government.

Headline inflation continued to be on an uptrend and accelerated to 2.5% year on year in June 2015. However, 1H CY2015 inflation remains

benign at 1.4% year on year. Going forward, headline inflation is expected to inch up to reflect the impact of GST and recent adjustments to domestic fuel prices. BNM’s inflation expectation is between 2.0% to 3.0% in CY2015 due to the low inflation of 0.7% in 1Q CY2015 (CY2014: 3.2%).

At the recent Monetary Policy Committee (“MPC”) meeting on 9 July 2015, BNM has decided to maintain the Overnight Policy Rate (“OPR”) at 3.25%. BNM recognized the heightened risks to global growth and to assess the implications on macroeconomic stability to the Malaysian economy in ensuring that the monetary policy stance is consistent with the sustainability of the growth prospects.

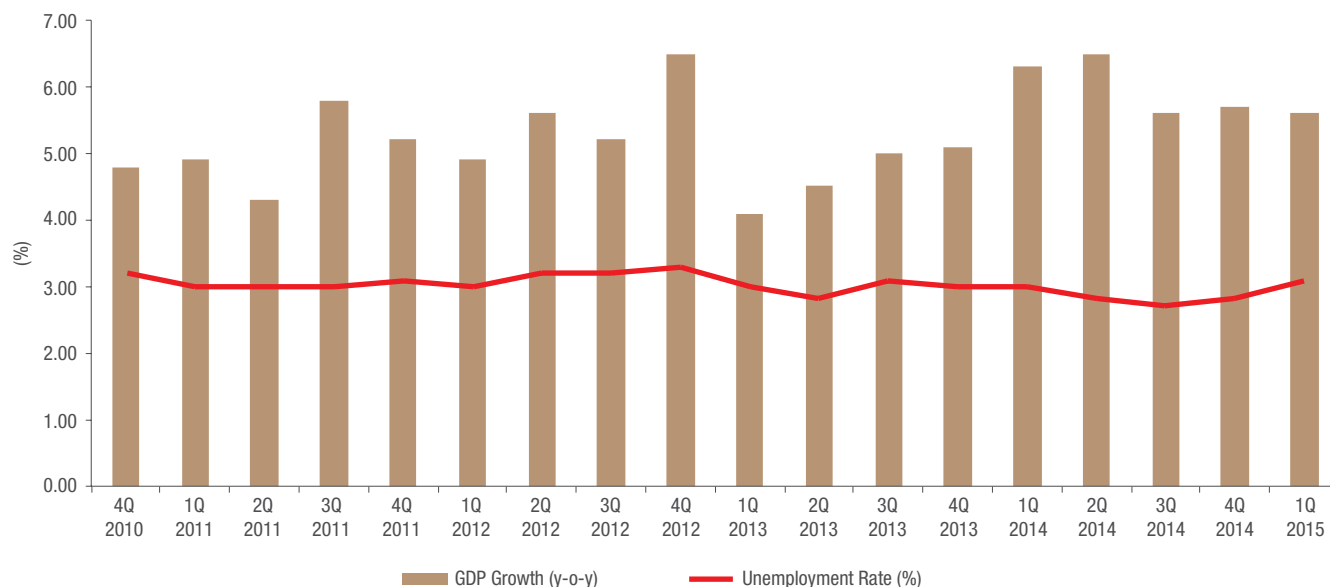
RETAIL MARKET OVERVIEW

Retail Group Malaysia (“RGM”) has made a third downward revision in its retail sales forecast for Malaysia for CY2015 from 4.9% to 4.0%. RGM expects consumers to be conscious on retail consumption due to the higher cost of living, inflated retail prices arising from a weaker ringgit and escalating cost of business (for imported goods) in the 2H CY2015.

The Consumer Sentiment Index (“CSI”) declined in 2Q CY2015 for the fourth consecutive quarter. The index decreased from 83 points in 4Q CY2014 to 72.6 points in 1Q CY2015, the lowest level in six years.

The overall occupancy rate of retail centres in Klang Valley registered at 89.1% as at 1Q CY2015, a decrease of 5.1% quarter on quarter basis as a result of the completion of seven (7) new retail centres. Nevertheless the overall occupancy rate of retail centres in Kuala Lumpur remained strong at an average occupancy rate of about 90% over the last 5 years. Demand is expected to be fairly healthy, average rental and occupancy rates in the city centre and suburbs may come under pressure in CY2015 as ample amount of new supply is expected to enter the market. Retail centres which are well located and suitably positioned to meet the needs of its primary market catchment are expected to be well received by retailers and consumers.

GDP Growth and Unemployment Rate



Source: Bank Negara Malaysia

MARKET REPORT SUMMARY (CONT'D)

Moving forward, despite the uncertainties of the global economic and local economic performance combined with the rise in living costs, the general retail market is anticipated to remain competitive yet resilient supported by strong domestic demand.

In general consumers are expected to adjust their spending patterns and manage their finances to factor in the GST by the end of CY2015. Once they have adjusted, retail sales may regain a healthier growth rate, supported by steady rise in income and stable employment market conditions would support household spending.

HOSPITALITY OVERVIEW

The hospitality sub-sector further improved as the volume of tourist arrivals recorded a growth of 6.7% to 27.44 million in CY2014 compared to 25.72 million in CY2013. Being the sixth largest contributor to the Malaysian Economy, tourism sector garnered tourist receipts of RM72 billion in CY2014 (CY2013: RM65.4 billion). The national average occupancy rate of 4 to 5 star hotels remained stable at 68% and 73% respectively except for 3 star hotels which dropped to 60% (CY2013: 66%). The upscale 4 to 5 star hotels outperformed 3 star hotels as these upscale hotels largely depend on corporate clients and MICE events.

As at 1Q CY2015, tourist arrivals declined 8.6% to 6.48 million visitors (1Q CY2014: 7.09 million), with an overall slow-down for tourist from all regions. However, tourist arrivals are expected to pick up in the following months as the holiday and travel season gather momentum.

Tourism and Culture Ministry has implemented several strategies to address the decline in tourist arrivals recorded in 1Q CY2015. Among the strategies to be implemented include increasing cooperation between international airlines companies, increasing promotions through digital marketing as well as organizing the Malaysia Educational Seminar for Foreign Media. Other initiatives include a Visa exemption for tourists from China that would add value to travel packages, to encourage more Chinese national tourists to visit the country.

Malaysia's overall ranking in The Travel & Tourism Competitiveness Index continued to improve. The country was ranked 25th (CY2015), a significant improvement from its 34th placing in CY2013. The country ranked 7th in the South-East and Southern Asia region, is one of the three South-East nations that made it to the top 10, with Singapore and Thailand at 3rd and 10th place respectively.

Going forward, Tourism Malaysia has extended its tourism campaign, designating CY2015 as "Year of Festivals" with a goal to attract 29.4 million tourist arrivals and RM89 billion in total receipts.

OFFICE OVERVIEW

The office market continued with the positive trend as indicated by the increase in the overall national occupancy from 82.7% to 84.9% in CY2014, sustaining a positive take-up of 811,116 sq.m. (CY2013: 436,840 sq.m.). The highest take-up rate was recorded in Kuala Lumpur at 660,445 sq.m.. Kuala Lumpur remained as the main market in terms of existing stock amounting to 8.09 million sq.m. or 41.32% of the national stock. An estimated, 13 million sq.ft. of office space is expected to become available between 2Q CY2015 and 4Q CY2017 in the Klang Valley which is becoming more of a concern, as it will lead to an oversupply situation. Going forward the office market in Klang Valley is expected to remain modest in the short term as it continues to favour tenants.

Prime and well located good grade and dual compliant (MSC status and GBI certified) office buildings are anticipated to perform well due to limited supply of such space, achieving competitive rental rates while maintaining high occupancy levels as they continued to attract multinationals ("MNCs") and large corporations. However this would depend on companies demand for space.

The overall occupancy and rental levels of purpose-built office space in Kuala Lumpur are expected to face further pressures amid weaker business confidence and widening gap between supply and demand. Tenants continue to be spoilt for choice as landlords complete to attract new tenants and retain existing ones by offering attractive incentives and tenancy terms.

PORTFOLIO AT A GLANCE

GEOGRAPHICAL CONTRIBUTION BY PROPERTY
VALUE OF RM6.32 BILLION AS AT 30 JUNE 2015

8% PENANG

SUNWAY CARNIVAL SHOPPING MALL
SUNWAY HOTEL SEBERANG JAYA
SUNWAY HOTEL GEORGETOWN

19% KUALA LUMPUR

SUNWAY TOWER
SUNWAY PUTRA MALL
SUNWAY PUTRA HOTEL
SUNWAY PUTRA TOWER

1% PERAK

SUNCITY IPOH HYPERMARKET

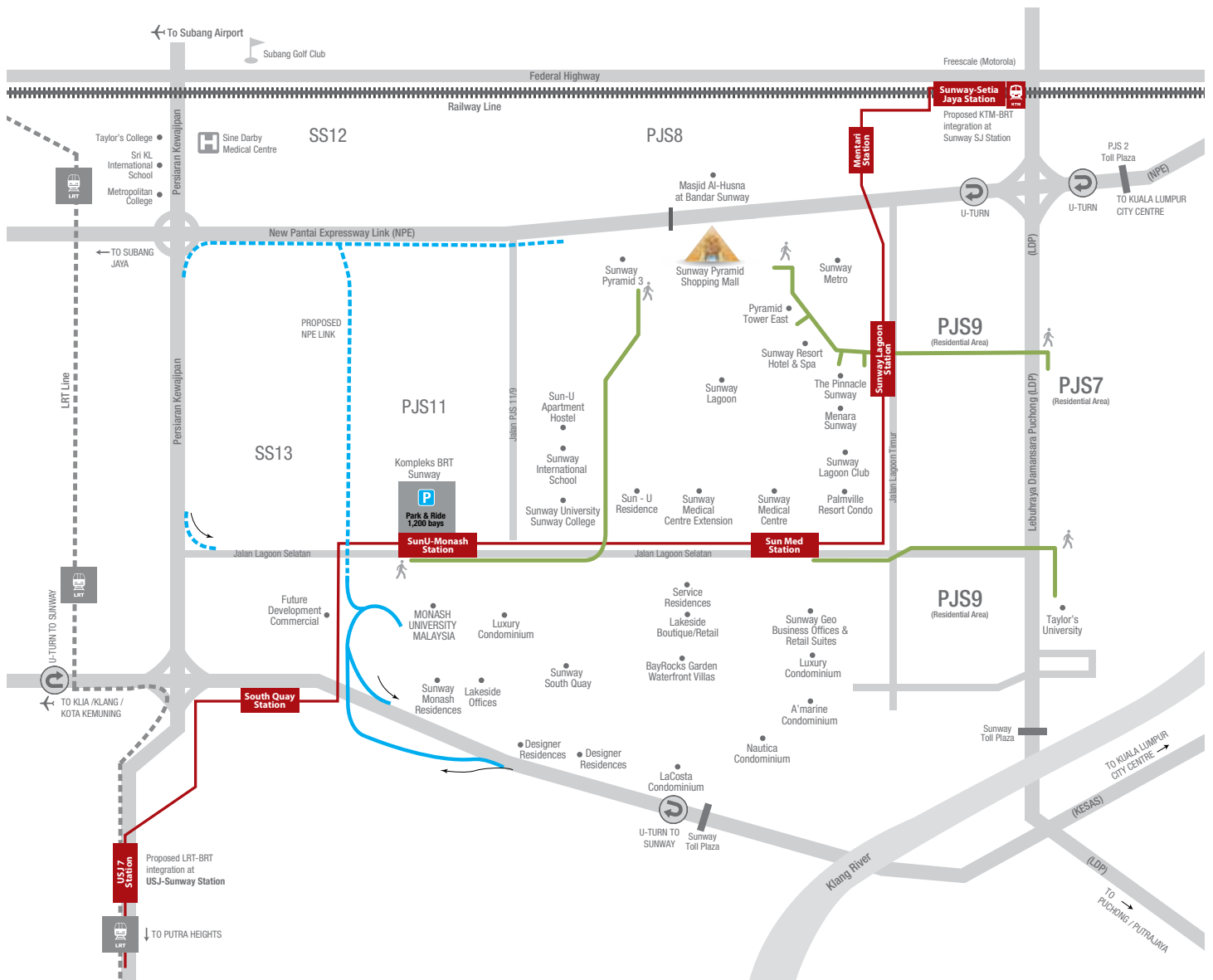
72% SELANGOR

SUNWAY PYRAMID SHOPPING MALL
SUNWAY RESORT HOTEL & SPA
PYRAMID TOWER EAST
MENARA SUNWAY
SUNWAY MEDICAL CENTRE
WISMA SUNWAY



PORTFOLIO AT A GLANCE (CONT'D)

Bandar Sunway



LEGEND

- Malaysia's First Elevated Bus Rapid Transit ("BRT") Sunway Line
- Kelana Jaya LRT ("Light Rail Transit") Extension Link (expected completion by 2015)
- KTM Komuter Railway
- Road expansion / improvements by Sunway
- Completed new KESAS link by Sunway
- Elevated Pedestrian & Canopy Walk
- ⤵ U-turn



Malaysia's First Bus Rapid Transit System to enhance the connectivity within Bandar Sunway

RETAIL RESILIENT CONSUMERISM



PORTFOLIO SUMMARY (RETAIL)

SUNWAY PYRAMID SHOPPING MALL

Location
Selangor

Date of acquisition
8 Jul 2010

Acquisition price (RM million)
2,132

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

Title details & expiry date

- PN 17414 Lot No. 62059
21 February 2102 (commenced 22 February 2003, approx. 87 years remaining)
 - PN 9500 Lot No. 51175
1 April 2097 (commenced 2 April 1998, approx. 82 years remaining)
 - PN 9495 Lot No. 32
1 April 2097 (commenced 2 April 1998, approx. 82 years remaining)
 - HS(D) 259957 Lot No. PT 1312
1 April 2097 (commenced 2 April 1998, approx. 82 years remaining)
 - HS(D) 233143 Lot No. PT 891
14 August 2105 (commenced 15 August 2006, approx. 90 years remaining)
- All in Bandar Sunway, Daerah Petaling, Negeri Selangor.

Tenure
Leasehold - 99 years

Encumbrances

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

Appraised value (RM million)
3,200

Date of latest valuation*
June 2015



SUNWAY CARNIVAL SHOPPING MALL

Location
Penang

Date of acquisition
8 Jul 2010

Acquisition price (RM million)
232

Year of completion
2007

Title details & expiry date

- PN 1816 Lot No. 5497
21 October 2092 (commenced 22 October 1993, approx. 77 years remaining)
- PN 1817 Lot No. 5498
21 October 2092 (commenced 22 October 1993, approx. 77 years remaining)
- PN 1818 Lot No. 5499
21 October 2092 (commenced 22 October 1993, approx. 77 years remaining)

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

Tenure
Leasehold - 99 years

Encumbrances

- i) Charged to HwangDBS Investment Bank Berhad

Appraised value (RM million)
340

Date of latest valuation*
June 2015



* Note: Valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)

PORTFOLIO SUMMARY (RETAIL)

SUNCITY IPOH HYPERMARKET

Location
Perak

Date of acquisition
8 Jul 2010

Acquisition price (RM million)
46

Year of completion
2005

Title details & expiry date

- PN 258216 Lot No. 331232
- 22 February 2100 (commenced 23 February 2001, approx. 85 years remaining)

Mukim Hulu Kinta, Daerah Kinta, Negeri Perak.

SUNWAY PUTRA MALL

Location
Kuala Lumpur

Date of acquisition
19 Apr 2011

Acquisition price (RM million)
219

Year of completion
1988

Title details & expiry date

- Geran 10012 Lot No. 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan.

Tenure
Leasehold - 99 years

Encumbrances

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

Appraised value (RM million)
60

Date of latest valuation*
June 2015



Tenure
Freehold

Encumbrances

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

Appraised value (RM million)
588

Date of latest valuation**
June 2015



* Note: Valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)

** Note: Valued by CH Williams Talhar & Wong Sdn Bhd

PORTFOLIO SUMMARY (RETAIL)

Retail Assets	Sunway Pyramid Shopping Mall	Sunway Carnival Shopping Mall	SunCity Ipoh Hypermarket	Sunway Putra Mall ¹	Total
Land Area (sq.ft.)	820,070	348,428	354,994	193,621 ²	1,717,113
Gross Floor Area (sq.ft.)	2,454,795	769,546	193,408	988,988	4,406,737
Gross Floor Area - Carpark (sq.ft.)	1,873,470	213,554	-	575,258 ²	2,662,282
Net Lettable Area (sq.ft.)	1,610,384	464,821	181,216	557,689	2,814,110
Net Lettable Area - Convention Centre (sq.ft.)	143,467	32,292	-	-	175,759
Number of Parking Bays	> 3,900	> 1,100	400	> 1,500 ²	> 6,900
Number of Tenancies	746	214	1	222	1,183
Occupancy as at 30 June 2015 (%)	98.4	96.1	100.0	82.4 ³	95.1
Annual Shopper Traffic (million)	> 34.0	> 8.0	N/A	-	> 42.0
Revenue (RM million)	283.7	42.7	5.0	1.3	332.7
Net Property Income (RM million)	212.8	27.0	4.7	(7.6)	236.9
Appraised Value as at 30 June 2015 (RM million) ⁴	3,200	340	60	588	4,188
Value per sq.ft. (RM)	1,825	684	331	1,054	N/A
Capitalisation Rate - Current / Reversionary (%)	6.00 to 8.00	6.50 to 8.00	7.50 / 7.75	6.25 to 6.75	N/A

¹ Closed for refurbishment since May 2013 and re-opened on 28 May 2015

² For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower

³ Secured tenancies

⁴ All the properties are valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd), except for Sunway Putra Mall which is valued by CH Williams Talhar & Wong Sdn Bhd

N/A Not Applicable

PORTFOLIO DETAILS

SUNWAY PYRAMID SHOPPING MALL

Sunway Pyramid Shopping Mall, the trophy asset of Sunway REIT is one of the largest malls in Malaysia and has won many prestigious awards. It is the first Health Promoting Mall in Malaysia which promotes healthy living among shoppers who patronise this mall.

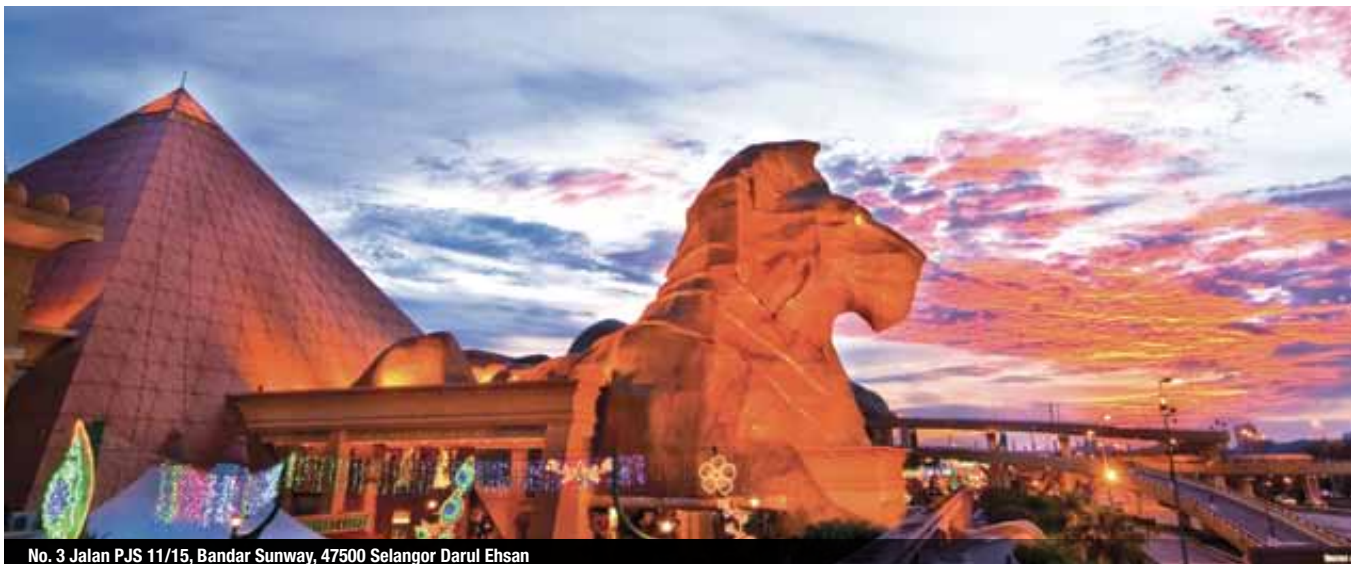
As the country's first thematic mall, Sunway Pyramid Shopping Mall has an Egyptian-inspired architectural design with four themed precincts each with their own unique interior designs and retail concepts; Asian Avenue, Oasis Boulevard, Fashion Central and Marrakesh.

The mall is located within the heart of an internationally renowned township known as Sunway Resort City which is master-planned and developed by the Sponsor, Sunway Berhad. It is seamlessly connected

to our other assets such as Sunway Resort Hotel & Spa, Pyramid Tower East, Menara Sunway and Sunway Medical Centre and enjoys convenient access to Kuala Lumpur and Klang Valley via five major expressways which include the New Pantai Expressway, North Klang Valley Expressway, KESAS Expressway, Damansara-Puchong Highway and the Federal Highway.

The mall serves as a one-stop destination featuring a wide variety of dining, fashion, specialty offerings and entertainment, including a 12-screen cineplex, Malaysia's first and largest in-mall ice-skating rink, a convention centre which hosted various international conferences and multi-storey parking facilities.

MALAYSIA'S FIRST HEALTHY LIFESTYLE SHOPPING MALL



No. 3 Jalan PJS 11/15, Bandar Sunway, 47500 Selangor Darul Ehsan

ONGOING INITIATIVES – IN COLLABORATION WITH THE SPONSOR

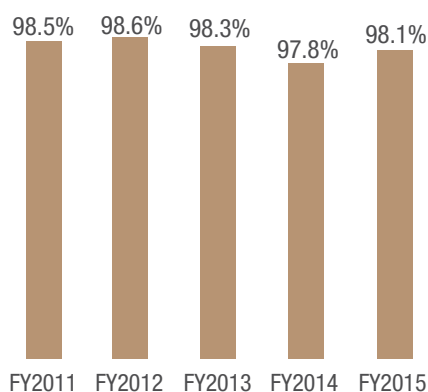
Sunway REIT's Sponsor, Sunway Berhad, is currently undertaking the Sunway Pyramid Shopping Mall Phase 3 project, which will feature an additional 2 levels of retail floors with NLA of approximately 63,000 sq.ft., 11 levels of car park and a hotel facility. This project, which will be completed in 1H CY2016, will be connected to Sunway Pyramid Shopping Mall via basement car park levels and Lower Ground One ("LG1"). The Asset Manager shall collaborate with the Sponsor to ensure seamless connection as well as future operations of the retail space. The retail space together with its ample carpark facility with approximately 729 bays will further complement the existing mall.

PORTFOLIO DETAILS (CONT'D)

SUNWAY PYRAMID SHOPPING MALL

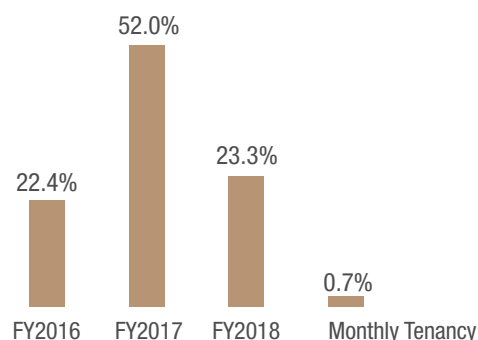
Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2015 (%)	Annual Shopper Traffic (million)	Revenue (RM million)	NPI (RM million)
820,070	2,454,795 (Retail & Convention Centre) 1,873,470 (Carpark)	1,610,384 (Retail) 143,467 (Convention Centre)	> 3,900	746	98.4	> 34.0	283.7	212.8

HISTORICAL OCCUPANCY RATE



Average occupancy rate

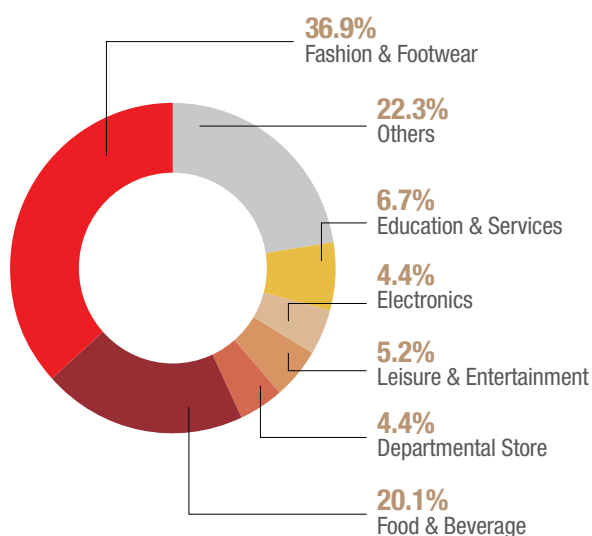
LEASE EXPIRY SCHEDULE



Expiring tenancies by % of NLA

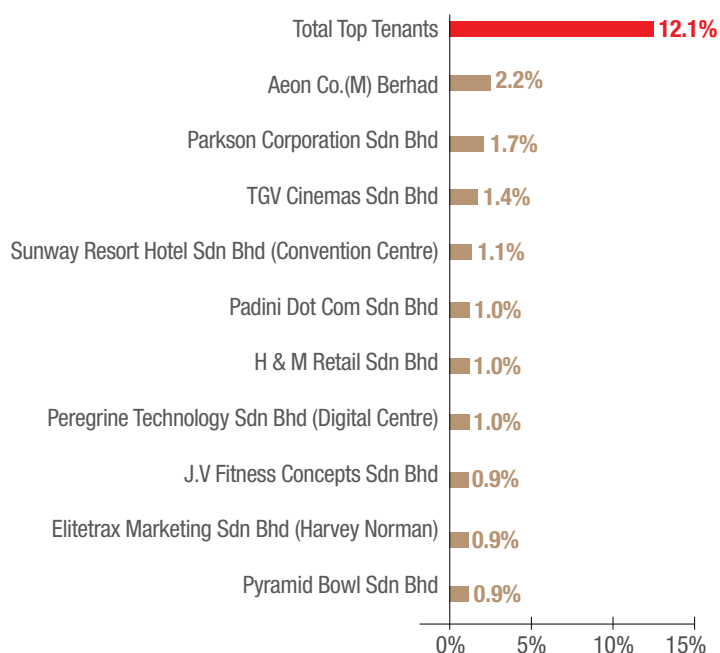
TENANT MIX BY TRADE SECTOR

Based on June 2015 Gross Rental Income



TOP TENANTS

Based on June 2015 Gross Rental Income



Weighted Average Lease Expiry **1.37** Years

PORTFOLIO DETAILS (CONT'D)

SUNWAY PYRAMID SHOPPING MALL – MARKETING ACTIVITIES



Child Safe Shopping



Hari Raya Celebration 2014



Mrs. Universe Beauty Pageant



Chinese New Year 2015

Skate Malaysia 2014 (June 2014)

Skate Malaysia was a platform for more than 200 ice skaters from Abu Dhabi, Hong Kong, Indonesia, Thailand, Singapore and Malaysia to showcase their routines gracefully. For many years, Sunway Pyramid Ice has been the preferred training ground that has groomed thousands of ice skaters and has become a favourite venue for international competitions such as Skate Asia and ice hockey competitions.

Hari Raya Aidilfitri (July - August 2014)

Sunway Pyramid celebrated the festive season in the sweetest way. Shoppers found a delightful range of offerings from baju raya, delectable tidbits and more while getting rewarded with discounts and redemptions. The Raya celebration in Sunway Pyramid was themed “Manisnya Raya” which was inspired by the colourful kuih-muih, a must-have delicacy especially during the month of Ramadhan.

Child Safe Shopping (August 2014)

The Child Safe Shopping Workshop was held in conjunction with Sunway Pyramid’s school holiday celebrations in June and was participated by over 200 children. It was a good opportunity for parents to give their children a chance to learn invaluable lessons about mall safety (ways to protect themselves and those around them while shopping) and

also to spend quality time with their children. The syllabus in the Child Safe Shopping Workshop included essential safety tips when riding on escalators and lifts, staying safe when walking to the car park with their parents or guardians and what to do when children lose sight of their parents in a shopping mall. Through this proactive engagement with the young community, parents will now have a feeling of security when their children patronise our mall. More importantly, children are able to spend their holiday time wisely by learning essential safety knowledge besides making new friends during the workshop.

Dedicate Something Nice (September 2014)

Sunway Pyramid kickstarted the #Dedicatesomethingnice to Malaysia, which ran under the umbrella of #SaySomethingNice, a campaign by Zubedy, to spread positive vibes during the Merdeka/Hari Malaysia season. More than 40 finalists of the Mrs. Universe beauty pageant dedicated special messages to Malaysia in a unique dedication booth in conjunction with the event and gave away flowers and balloons.

Deepavali (October 2014)

Shoppers enjoyed mesmerising Diwali decorations which featured a colourful setting inspired by rangoli (or kolam) motifs. Other elements of the decoration included arches, elephant sculptures and flowers.

PORTFOLIO DETAILS (CONT'D)

SUNWAY PYRAMID SHOPPING MALL – MARKETING ACTIVITIES/AWARDS AND RECOGNITION



Earth Hour Night Walk



A Hopeful Christmas



Favourite Shopping Mall Award - World Bloggers and Social Media Award

Christmas (November 2014 - December 2014)

In celebration of the year-end holiday season, the mall transformed into a festive haven to reward shoppers and touched hearts with exclusive gift offerings during Sunway Pyramid's "A Hopeful Christmas". Shoppers were mesmerised by an extravagant circus-themed Christmas mall décor, featuring entertaining polar bears, vibrant hula hoops and stacks of colourful presents.

Chinese New Year (January 2015 - February 2015)

Themed 'Cheery Woolly Spring', the mall celebrated the auspicious Chinese New Year with adorable fluffy sheep, exciting festive activities and exclusive redemptions such as sheep pillows and ang pow packets to create a unique shopping experience for our valued shoppers. Whilst going about festive shopping, the mall also prepared free Porter Boy & Buggy Services which was available daily at selected car park entrances as part of our touching heart service to our customers.

Earth Hour (March 2015)

Earth Hour saw more than 1,000 participants taking part in a 1.8 kilometre Night Walk and an energy-free dance to show their support for environmental conservation. Earth Hour, which took place from 8:30pm to 9:30pm, was a global environmental initiative by WWF that encouraged everyone to take personal accountability for their impact on the planet and make behavioural changes to facilitate a sustainable lifestyle. This event is aimed to minimise the adverse impacts of climate change by reducing the usage of electricity and emission of heat.

June School Holidays with Disney Channel School's Out! (May 2015 – June 2015)

Celebrating Disney Pixar's Monsters University, Cars, Toy Story and Finding Nemo, the Orange Concourse turned into a full blown playground for kids as they were given the opportunity to run in a maze, race a remote control car through obstacles, do arts and crafts with Buzz Lightyear, and scream their lungs out in a scream room. Everyone had an amazing time with these activities as it was a fun yet educational concourse for children and parents alike where quality family time can be spent during the weekends.

AWARDS AND RECOGNITION

Sunway Pyramid won the Social Media Excellence Award for Favourite Shopping Mall at the World Bloggers and Social Media Awards. The award ceremony was graced by YB. Khairy Jamaluddin, Minister of Youth and Sports and the award was presented to Ms. Loo Hoey Theen, Senior Manager of Sunway Pyramid. The award ceremony highlighted, recognised and rewarded organisations for their active roles in promoting social media to the mass community through various channels available on the media scene today.

PORTFOLIO DETAILS

SUNWAY CARNIVAL SHOPPING MALL

Sunway Carnival Mall is a stylish 4-storey shopping mall strategically located within the town center of Seberang Jaya, Penang – a well-integrated township initiated by the Government to boost the administrative, residential, industrial and commercial sector of Malaysia's northern region. The mall opened in June 2007 with a gross built-up area of 983,100 sq.ft.

With more than 180 specialty outlets that includes international and regional retailers, shoppers could indulge in a wholesome range of offerings such as fashion boutiques, restaurants, cineplex and fitness centre.

THE MAINLAND'S TREASURED MALL



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

ONGOING INITIATIVE

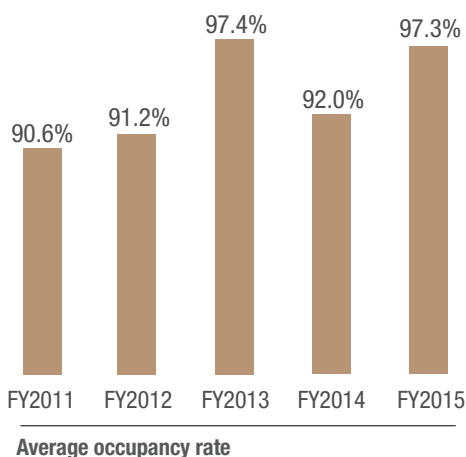
The Asset Manager is undertaking an AEI to convert approximately 21,000 sq.ft. of lower yielding space on the 2nd floor into a food & beverage precinct.

PORTFOLIO DETAILS (CONT'D)

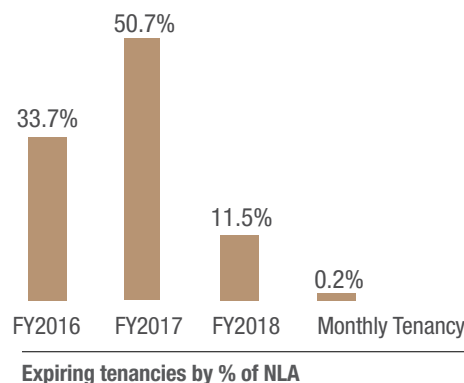
SUNWAY CARNIVAL SHOPPING MALL

Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2015 (%)	Annual Shopper Traffic (million)	Revenue (RM million)	NPI (RM million)
348,428	769,546 (Retail & Convention Centre) 213,554 (Carpark)	464,821 (Retail) 32,292 (Convention Centre)	> 1,100	214	96.1%	> 8.0	42.7	27.0

HISTORICAL OCCUPANCY RATE

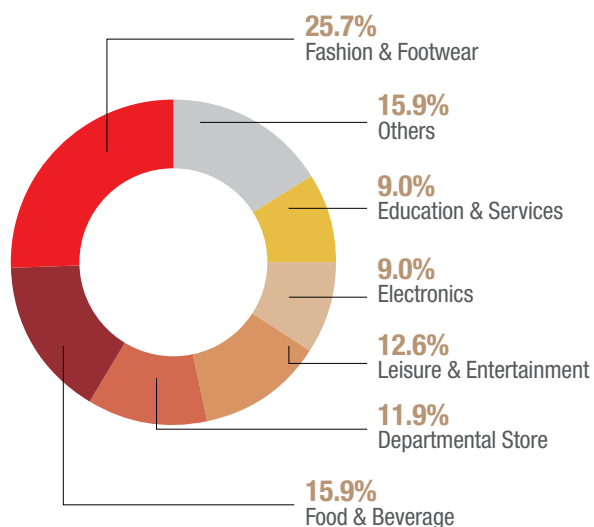


LEASE EXPIRY SCHEDULE



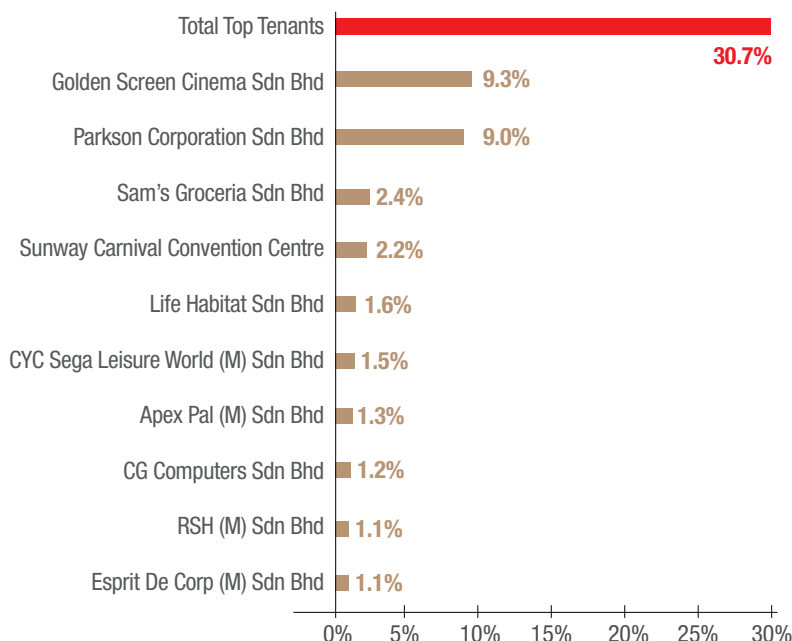
TENANT MIX BY TRADE SECTOR

Based on June 2015 Gross Rental Income



TOP TENANTS

Based on June 2015 Gross Rental Income



Weighted Average Lease Expiry **1.19** Years

PORTFOLIO DETAILS (CONT'D)

SUNWAY CARNIVAL SHOPPING MALL – MARKETING ACTIVITIES



Chinese New Year Celebration



Snazzy Fashionista event for Fashion Week

Realms of Raya (July 2014)

During the Raya season, shoppers stood a chance to be rewarded with exclusive gifts such as exquisite Satin Scarf as well as in-house designed Raya Packets. Raya is further celebrated with “silat” and other traditional dance performances, “batik” painting workshop and “Wayang Kulit” paper making. These activities help showcase the unique activities of a traditional Malay celebration. The Mega Sale season which coincided with the Raya festivity also gave shoppers a chance to participate in the “Shop.Guess.Win!” contest.

Lunar Affairs (September 2014)

From 22 August to 8 September, Sunway Carnival Mall held an array of festive events such as Lantern Riddles and Lantern Making Workshop, Tea Art Demonstration, Chinese Orchestra Performances and “Chang Er” character special appearance and a mooncake fair. To reward shoppers for their loyalty and patronage, giveaways such as Oriental chopsticks were also offered.

Majestic Diwali (October 2014)

A Diwali festival of light celebration with innovative kolams, traditional Indian dances and drum performances attracted many patrons from near and far. A Majestic Diwali Bazaar was also set up to showcase local unique delicacies which provide shoppers a chance to experience the biggest traditional celebration of the Indian community. To reward shoppers during this festive season, they were entitled to gifts such as exclusive Peacock Jewelry Box and Diwali packets.

Faerie Dreams (November 2014 – January 2015)

The 45 days celebration of “Faerie Dreams” was officiated by YB. Phee Boon Poh; Penang State EXCO and Chairman of Welfare, Caring Society and Environment Committee. Shoppers were eligible to redeem gifts as well as participate in a Christmas workshop of their choice. Christmas carols performed by members of a local church and other live band performances created a festive atmosphere among shoppers. The highlight of the Christmas event was the Roving Acts where Santa Claus and clowns were seen spreading the Christmas cheer with goodies such as sweets and cookies which delighted children of all ages.

Indulge Yourself & Make A Difference (December 2014)

A fundraising campaign for Sekolah Pendidikan Khas Harapan PEKTAS was organised in conjunction with our New Year Eve’s celebration. The fundraising campaign themed “Indulge Yourself, Make A Difference” is aimed to encourage our shoppers to give willingly for a good cause. Shoppers were entitled to purchase selected items at a discounted price at a specially designated charity booth.

The Rising Prosperity - Chinese New Year 2015 (Late January – early March 2015)

This event was officiated by YB. Chow Kon Yeow; Penang State EXCO and Chairman of Local Government, Traffic Management and Flood Mitigation Committee. Keynote performances organised during the period include Chinese Orchestra and Mystical Mask Changing. Both performances were classical yet entertaining as it brings back nostalgic memories of how Chinese New Year was originally celebrated. Workshops and demonstrations like “Ding Ding Candy” and “Dragon Beard” helped draw the family crowd, with younger children seen happily enjoying these traditional Chinese delicacies. Furthermore, shoppers stood a chance to redeem limited edition fabric designed red packets and an exclusive set of fabric coasters.

PORTFOLIO DETAILS (CONT'D)

SUNWAY CARNIVAL SHOPPING MALL – MARKETING ACTIVITIES/AWARDS AND RECOGNITION



The Wedding Host Event



Mother's Day Celebration

1Malaysia GP Sale 2015 (March 2015 – April 2015)

A pit stop for great deals and rewards where shoppers were given a once in a lifetime opportunity to select great deals and, at the same time, be rewarded with awesome prizes during this “Spend & Spin” campaign. In the midst of enjoying bounteous bargains and rewards, shoppers were encouraged to support our Green Day campaign on 28 and 29 March by adopting an air plant which helps in environmental conservation and preservation.

Snazzy Fashionista - Fashion Week (April 2015)

In conjunction with Fashion Week, the “Snazzy Fashionista” event led Sunway Carnival into a trendsetting mood, showcasing the latest and upcoming trends in the fashion industry. Fashion enthusiasts crowded the mall on a daily basis for special shows, which included a beauty pageant, fashion shows and artiste appearances.

The Wedding Host Season 4 (May 2015)

This event was a grand collaboration between Sunway Carnival Mall, Sunway Hotel Seberang Jaya and Ken Link, endorsed by the Penang State Government. The 3-day event was officiated by YB. Danny Law Heng Kiang, Penang State EXCO for Tourism Development on 15 May 2015. During the bridal fair, there were stunning bridal gowns on display and special offers on pre-wedding photography packages. The main highlight was the Mass Wedding ceremony where a group of brides and grooms gathered in the main concourse to exchange wedding vows with their lifetime partner. YB. Madam Chong Eng, Penang State EXCO and Chairman of Youth & Sports, Women Development, Family & Community Committee was the guest of honor officiating this memorable event.

Foodie Fiesta & Just For You Mum - Food & Beverage Campaign and Mother's Day (May 2015)

During the “Foodie Fiesta” month, shoppers were given a chance to be one of two lucky winners to win a free meal worth RM500 at Sunway Carnival's F&B outlets in addition to complimentary parking. As for Mother's Day celebration on 9 and 10 May, 100 lucky mothers were given carnation flowers as a symbol of appreciation and gratitude. Lucky patrons also received fresh blueberry cheese tart .

AWARDS AND RECOGNITION

Cleanest Toilet Award for Penang Shopping Mall Category – 2nd Prize (September 2014)

Sunway Carnival Mall won the Second Prize in the 2014 Cleanest Toilet Competition for Penang Shopping Mall category. This competition was organised by the Penang State Government.

PORTFOLIO DETAILS

SUNCITY IPOH HYPERMARKET

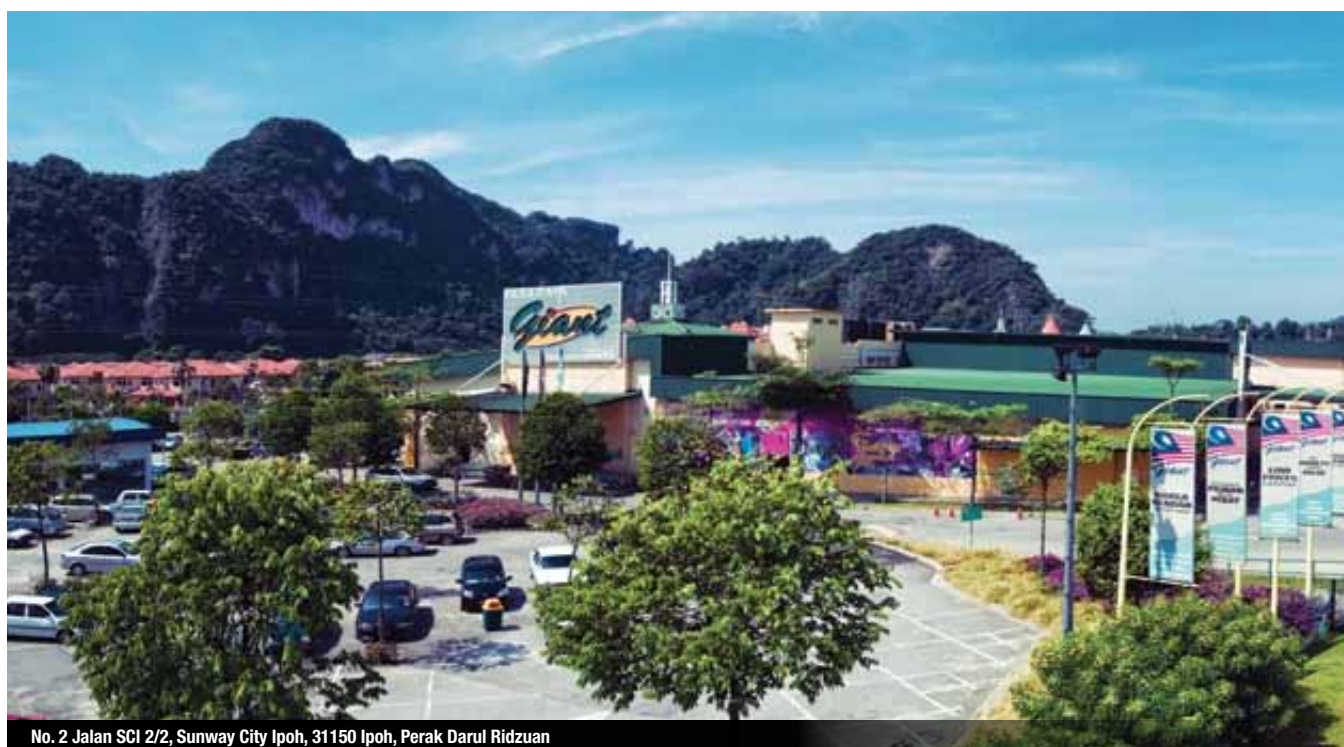
SunCity Ipoh Hypermarket is a single-storey hypermarket which is designed and purpose-built to the specifications of the original and current sole tenant, GCH Retail (Malaysia) Sdn Bhd (“GCH”). GCH is a major hypermarket and retailer chain operating under the “Giant” brand in Malaysia, Singapore, Indonesia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

Opened in 2005, the hypermarket is located in the 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 3,500 residential and commercial properties by 2025, more than 1,650 of which have been built by the Sponsor. The township offers a diverse mix of retail, office, entertainment, hospitality and residential properties, which includes the Lost World of Tambun theme park, a 174-room Lost World Hotel as well as a luxury retreat known as The Banjaran Hot Springs Retreat.

Mirroring the success of the Bandar Sunway township, Sunway City Ipoh is expected to succeed through synergies and cross-promotion opportunities between various Sunway Properties that were built within Sunway City Ipoh. This will directly grow and support the customer base of SunCity Ipoh Hypermarket in a sustainable manner.

THE SHOPPER’S HYPERMARKET



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

Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancy	Occupancy as at 30 June 2015 (%)	Revenue (RM million)	NPI (RM million)
354,994	193,408	181,216	400	1	100.0	5.0	4.7

PORTFOLIO DETAILS

SUNWAY PUTRA MALL

Strategically situated within the Diamond Triangle, one of the most vibrant hubs and central business and residential district of Kuala Lumpur, Sunway Putra Mall's refurbishment exercise was completed in February 2015. Following an extensive transformation, the mall is positioned as an urban-chic lifestyle mall, uncovering endless discoveries and unraveling excitement-packed retail and entertainment experiences.

Completely revamped with an ultra-modern architecture design, stunning interior layout and housing over 300 outlets, Sunway Putra Mall enjoys superb access and connectivity, providing an exhilarating place to shop, which caters to the surrounding business and residents with 10 levels of retail podiums.

An exciting foray of retail brands are set to be part of the rejuvenated Sunway Putra Mall, with most of the famed local and international brands leveraging on the atrium frontage location. Some of the notable mini anchor tenants include TGV Cinemas and Cold Storage

while international retail brands comprise of, but not limited to, Aeropostale, Esprit, Mango, UNIQLO, Braun Buffel and Adidas.

With a strong catchment population of 2 million within a 25km radius, Sunway Putra Mall attracts the affluent residential catchment of Bukit Tunku, Mont Kiara, Jalan Duta, Jalan Kuching, Bangsar and amongst others, alongside high income projects of Hartamas, Sentul East and West. In addition, the mall also attracts international and local delegates and visitors from the numerous conventions, concerts and prestigious events organised in the Putra World Trade Centre and MATRADE.

In terms of connectivity, Sunway Putra Mall enjoys superb pedestrian traffic and accessibility via a number of public transportation hub namely KTM, Rapid KL, bus, monorail and LRT; all within 15 minutes' drive from most parts of the city. It is also indirectly connected to KLIA and KLIA2, via the KLIA Express which can be taken via the KTM commuter.

REJUVENATED & REFRESHED



No. 100, Jalan Putra, 50350 Kuala Lumpur, Malaysia

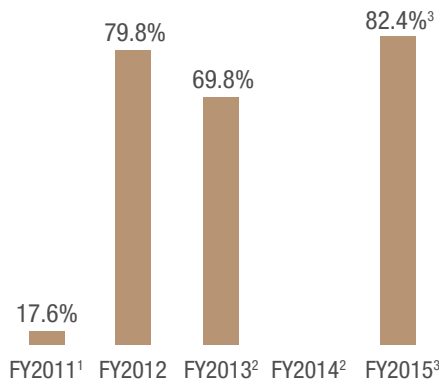
PORTFOLIO DETAILS (CONT'D)

SUNWAY PUTRA MALL

Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2015 (%)	Revenue (RM million)	NPI (RM million)
193,621 ¹	988,988 (Retail) 575,258 ¹ (Carpark)	557,689	> 1,500 ¹	222	82.4 ²	1.3	(7.6)

¹ For the entire complex comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower
² Secured occupancy as at 30 June 2015

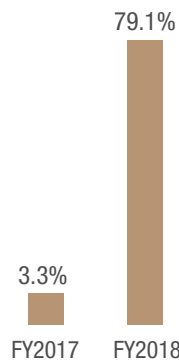
HISTORICAL OCCUPANCY RATE



Average occupancy rate

¹ The acquisition of Sunway Putra Mall via a public auction was completed in April 2011
² The mall was closed for refurbishment from May 2013 to May 2015
³ Secured occupancy as at 30 June 2015

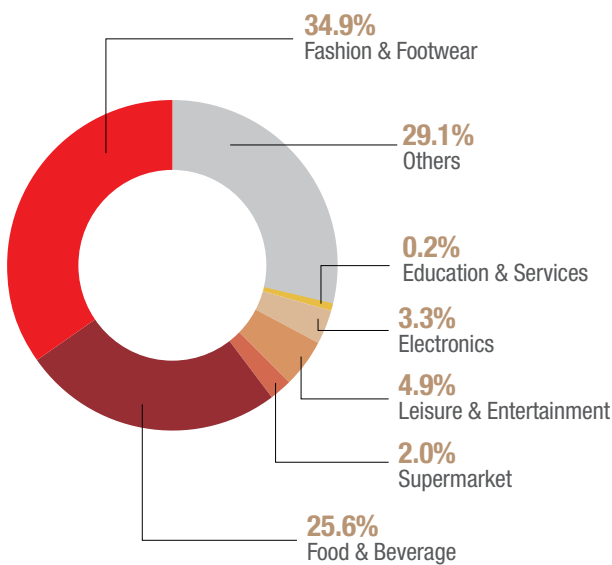
LEASE EXPIRY SCHEDULE



Expiring tenancies by % of NLA

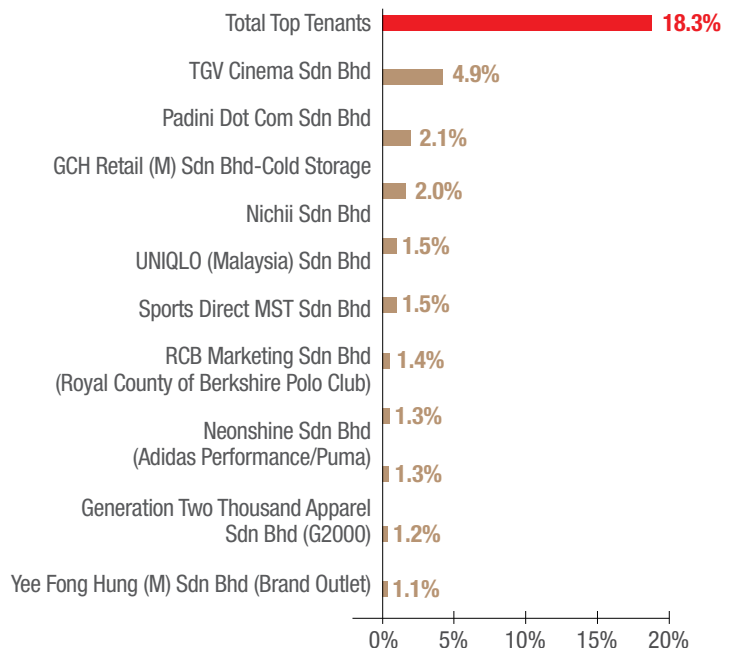
TENANT MIX BY TRADE SECTOR

Based on June 2015 Gross Rental Income



TOP TENANTS

Based on June 2015 Gross Rental Income



Weighted Average Lease Expiry **2.83** Years

PORTFOLIO DETAILS (CONT'D)

SUNWAY PUTRA MALL – MARKETING ACTIVITIES

Soft Opening of Sunway Putra Mall

For the soft opening on 28 May 2015, Sunway Putra Mall partnered with Sunway PALS for exclusive welcome gifts for new sign-ups, free parking when shoppers spend any amount at any outlet and Facebook vouchers giveaways and balloon distributions. In addition, an advertising campaign consisting of billboard, buntings and flyers were also carried out to announce the mall's soft opening.



BRICK Project

Sunway Putra Mall took a trip down memory lane on 11 April 2015 by inviting guests around the neighbourhood for The Brick Project, an exclusive event held in the mall before it was opened to the public. The guest list was made out to those who used to have an endearing attachment to "The Mall" (as it was previously known then), and The Brick Project was a means to welcome them back to Sunway Putra Mall. The occasion saw Sunway Putra Mall inviting its neighbours and surrounding residents to engrave their wishes and remarks 'on stone', for the eyes of all who will visit the mall when it opens its door.

Merdeka Cheer

Malaysia's 57th Year of Independence was celebrated with a dash of merriment as Sunway Putra Mall invited a group of Yayasan Chow Kit children and KL Krash Pad youths (30 pax in total) to Sunway Lagoon on 20 August 2014, marking the first initiative for the mall's CSR efforts.

Back to School

The 'Back to School' initiative is targeted to appeal to the public to donate monetary contribution so that brand new school uniforms can be purchased for children from Yayasan Chow Kit. In December 2014, Sunway Putra Mall took the opportunity to collaborate with an independent Non-Government Organisation under the "Kengkawan project" which saw encouraging participation and contribution from the public. At the end of the project, a class of 30 children successfully received new clothing through this meaningful project.

HOTEL THE RIGHT MIX OF BUSINESS AND LEISURE



PORTFOLIO SUMMARY (HOTEL)

SUNWAY RESORT HOTEL & SPA

Location
Selangor

Date of acquisition
8 Jul 2010

Acquisition price (RM million)
445

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

Title details & expiry date

- PN 9492 Lot No. 35
1 April 2097 (commence 2 April 1998, approx.
82 years remaining)
- PN 9498 Lot No. 51173
1 April 2097 (commenced 2 April 1998, approx.
82 years remaining)

All in Bandar Sunway, Daerah Petaling, Negeri Selangor.

PYRAMID TOWER EAST

Location
Selangor

Date of acquisition
8 Jul 2010

Acquisition price (RM million)
250

Year of completion
2004

Title details & expiry date

- Strata title
- PN 17415/M1/1/1 Lot No. 62060
21 February 2102 (commenced 22 February 2003, approx.
87 years remaining)

Bandar Sunway, Daerah Petaling, Negeri Selangor.

Tenure
Leasehold - 99 years

Encumbrances

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

Appraised value (RM million)
530

Date of latest valuation*
June 2015

Tenure
Leasehold - 99 years

Encumbrances

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

Appraised value (RM million)
295

Date of latest valuation*
June 2015



* Note: Valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)

PORTFOLIO SUMMARY (HOTEL)

SUNWAY HOTEL SEBERANG JAYA

Location
Penang

Date of acquisition
8 Jul 2010

Acquisition price (RM million)
52

Year of completion - 1997
Refurbished - 2013

Title details & expiry date
- PN 2602 Lot No. 5785
21 October 2092
(commenced 22 October 1993,
approx. 77 years remaining)

Mukim 1, Daerah Seberang Perai Tengah,
Negeri Pulau Pinang

Tenure
Leasehold - 99 years

Encumbrances

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

Appraised value (RM million)
75

Date of latest valuation*
June 2015



SUNWAY PUTRA HOTEL

Location
Kuala Lumpur

Date of acquisition
19 Apr 2011

Acquisition price (RM million)
214

Year of completion
1993

Title details & expiry date
- Geran 10012 Lot No. 38, Seksyen 51
Kuala Lumpur, Wilayah Persekutuan.

Tenure
Freehold

Encumbrances

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

Appraised value (RM million)
335

Date of latest valuation**
June 2015



* Note: Valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)

** Note: Valued by CH Williams Talhar & Wong Sdn Bhd

PORTFOLIO SUMMARY (HOTEL)

SUNWAY HOTEL GEORGETOWN

Location

Penang

Date of acquisition

28 Jan 2015

Acquisition price (RM million)

74

Year of completion - 1994

Refurbished - 2013

Title details & expiry date

- GRN 63519 Lot No. 2220

- GRN 35332 Lot No 1754

All in Seksyen 12 Bandar Georgetown
Daerah Timur Laut Pulau Pinang

Tenure

Freehold

Encumbrances

- i) 10 years lease to Sunway Biz Hotel Sdn Bhd expiring 27 January 2025
- ii) 30 years lease to Lembaga Letrik Negara Tanah Melayu (Tenaga Nasional Berhad) expiring 14 February 2024

Appraised value (RM million)

74

Date of latest valuation*

June 2015



* Note: Valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)

PORTFOLIO SUMMARY (HOTEL)

Hotel Assets	Sunway Resort Hotel & Spa	Pyramid Tower East	Sunway Hotel Seberang Jaya	Sunway Putra Hotel	Sunway Hotel Georgetown	Total
Land Area (sq.ft.)	376,274	-	46,220	193,621 ¹	33,592	649,707
Gross Floor Area (sq.ft.)	1,130,177	356,888	174,800	833,520	192,383	2,687,768
Number of Rooms	439 rooms and 3 villas	549	202	618	250	2,061
Number of Parking Bays	> 580	> 540	> 60	> 1,500 ¹	> 100	> 2,780
Average FY2015 Occupancy (%)	78.0	81.4	69.6	28.8	69.1 ²	62.2
Revenue (RM million) ³	32.9	18.4	4.0	4.4	1.6	61.3
Net Property Income (RM million)	31.6	18.0	3.8	3.8	1.5	58.7
Appraised Value as at 30 June 2015 (RM million) ⁴	530	295	75	335	74	1,309
Value per Room (RM)	1,199,095	537,341	371,287	542,071	296,000	N/A
Capitalisation / Discount Rate (%)	7.00 / 9.00	7.00 / 9.00	7.00 / 9.00	7.00 / 9.00	7.00 / 9.00	N/A

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

² Sunway Hotel Georgetown was acquired on 28 January 2015. The average occupancy is for the period from completion of acquisition on 28 January 2015 to 30 June 2015

³ The revenue represents the total rent under the respective hotel master leases and carpark tenancy agreements for Sunway Resort Hotel & Spa, Pyramid Tower East and Sunway Hotel Seberang Jaya. For Sunway Putra Hotel and Sunway Hotel Georgetown, the revenue represents the total rent under the hotel master lease agreement only

⁴ All the properties are valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd), except for Sunway Putra Hotel which is valued by CH Williams Talhar & Wong Sdn Bhd

N/A Not Applicable

PORTFOLIO DETAILS

SUNWAY RESORT HOTEL & SPA

Sunway Resort Hotel & Spa ("SRHS") is the flagship 5-star hotel located in the integrated township of Sunway Resort City. The award-winning hotel is part of a cluster of hotels in the 800-acre vibrant destination, just minutes from Kuala Lumpur city centre.

As one of Kuala Lumpur's most iconic hotels, Sunway Resort Hotel & Spa offers 439 well-appointed guestrooms and suites including an impressive Presidential Suite, all with commanding view of the theme park or the resort city scape. The collection of guestrooms and suites include Premier Rooms, Junior Suites, Premier Executive Suites, The Club Rooms and Suites with conveniences and amenities that make the hotel a preferred choice amongst business and leisure travellers.

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

The Hotel's food and beverage offerings include the newly-opened all-day dining restaurant which serves Malaysian, Asian and regional favourites with a selection of Middle Eastern and Western cuisines, along with a lounge and bar for evening cocktails and a cigar lounge. These are complemented further by over 160 speciality food and beverage outlets within the resort city.

HOSPITALITY GEM OF SUNWAY RESORT CITY



Persiaran Lagoon, Bandar Sunway, 47500 Selangor Darul Ehsan

COMPLETED INITIATIVES

Sunway Resort Hotel & Spa opened its brand new all-day dining restaurant, The Resort Café in February 2015. Located at the Lobby Level of the Hotel, The Resort Café takes inspiration from Asia's lively food halls, packed by the hive of activities, movement and aromas. The 362-seater restaurant celebrates the diverse cultural influences of the Malay, Chinese and Indian communities, serving a range of Malaysian, Singaporean, Indonesian, Thai, Vietnamese, Korean, Japanese, Chinese, Middle Eastern and Western dishes; bringing together the most authentic taste of popular dishes.

Right at the door steps of the Hotel, a range of new dining offerings opened providing guests and local diners an array of local and international food and beverage outlets:

Grand Imperial (Opened in November 2014)

Located at the Pinnacle Annex, the Grand Imperial showcases an exquisite variety of Cantonese cuisine from roasted meats, stir-fried and braised specialties to Hong Kong-style gourmet dishes. With fine

selections for lunch and dinner, the restaurant's culinary team, led by founder Chef Rand Cheung, specialises in drawing ingredients and techniques from around the world. This is further complemented by the opening a ballroom on the upper floor of the restaurant.

E.G.G. (Eight Gourmets Gala) (Opened in December 2014)

Choose from eight eateries within the same restaurant; local café fare from Caffeinees, fresh seafood from Hook & Cook, snacks, wine & spirits from Malt Berry Apes, vegetarian fine dining from Yi, premium hawker dishes from Hakka Crab, authentic Japanese cuisine from Chiyo Sushi, soups, salads & sandwiches from Nibbles and exquisite desserts from Confessions of Lady Laura.

Busaba Thai (Opened in February 2015)

Busaba Thai presents an exquisite experience in authentic and contemporary Thai dining.

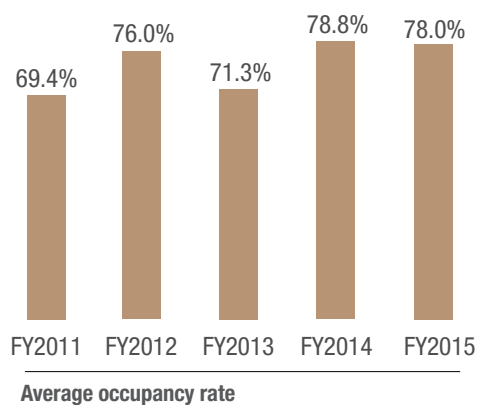
PORTFOLIO DETAILS (CONT'D)

SUNWAY RESORT HOTEL & SPA

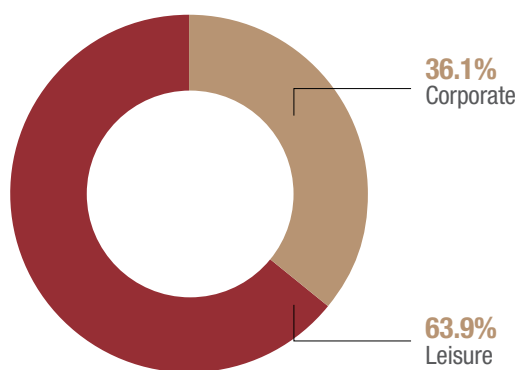
Land area (sq.ft.)	GFA (sq.ft.)	No. of rooms	No. of parking bays	Average FY2015 Occupancy (%)	Revenue (RM million)*	NPI (RM million)
376,274	1,130,177	439 rooms and 3 villas	> 580	78.0	32.9	31.6

* Note: The revenue represents the total rent under the hotel master lease and carpark tenancy agreement

HISTORICAL OCCUPANCY RATE



GUEST PROFILE



Note: Customer contribution has been reclassified which translated into higher contribution from leisure segment as compared to corporate segment. Reservations made under Online Travel Agencies ("OTA") are now classified as leisure instead of corporate to reflect the purpose of travelling.

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 East consists of RM42.0 million for FY2011 and FY2012 and RM31.6 million for each of the financial years for the remaining 10-year term

PORTFOLIO DETAILS (CONT'D)

SUNWAY RESORT HOTEL & SPA – MARKETING ACTIVITIES/AWARDS AND RECOGNITION



MTV World Stage 2014



Chinese New Year Lion Dance Performance



Agoda.com Gold Circle Award 2014 - Sunway Resort Hotel & Spa and Pyramid Tower East



Agoda.com Gold Circle Award 2014 - Sunway Resort Hotel & Spa



Award from Booking.com

MARKETING ACTIVITIES

MTV World Stage 2014 (August 2014)

The Hotel hosted artists for the MTV World Stage held on 16 August 2014 at Sunway Lagoon. The artists hosted at Sunway Resort Hotel & Spa include Yuna, B.o.B and Boys Republic.

New Year Eve Countdown (December 2014)

Sunway Resort Hotel & Spa hosted the biggest countdown party ever to be held in the Hotel with a line-up of performances, entertainment and packages with international Deejays.

The stage was powered by a host from Las Vegas, a percussionist from the United Kingdom, a local DJ, along with an international crew of Brazilian samba dancers, exotic belly dancers and award-winning break-dancers.

Chinese New Year Lion Dance Performance (February 2015)

Sunway Resort Hotel & Spa ushered in the Year of the Goat with an energetic Lion Dance performances at the Main Lobby driveway with a large crowd in attendance with staff and guests.

The beating of the drums and clanging of cymbals accompanied the spectacular performance to signify the New Year celebrations as the lions bestowed blessings for a prosperous year ahead.

AWARDS AND RECOGNITION

Agoda.com Gold Circle Award 2014

Sunway Resort Hotel & Spa and Pyramid Tower East

Agoda.com, one of Asia's leading hotel booking sites and part of Nasdaq-listed Priceline Group ("Nasdaq:PCLN"), awards the prestigious 2014 Gold Circle Awards, given to accommodations around the world that embody the best qualities of the online hospitality industry. The Gold Circle Awards are awarded to properties based on the aggregate customer reviews, competitiveness of pricing, utilisation of Agoda.com's custom-built Yield Control System ("YCS"), and a deep understanding of the complexities of the online booking industry.

World Luxury Hotel Awards 2014 – Sunway Resort Hotel & Spa Malaysia - Luxury Family All-Inclusive Hotel

The World Luxury Spa Awards gives recognition and thanks to the Luxury Spa Industry. The winners are awarded based on service excellence and the votes for the awards are cast by spa goers.

TripAdvisor Travellers' Choice Hotel Awards 2015

Top 10 Hotels for Families in Malaysia

Sunway Resort Hotel & Spa

Based on reviews submitted by the website's millions of travellers over the past 12 months, the Travellers' Choice Awards are widely recognised as a direct reflection of guest experiences at the Hotel.

Booking.com - Appreciation Night 2015

Best Performing Hotel in Selangor

Sunway Resort Hotel & Spa and Pyramid Tower East

Booking.com is an online hotel reservations agency and annually awards top performing properties based on recorded online sales data. In the state of Selangor, both Sunway Resort Hotel & Spa and Pyramid Tower East showed the highest performance in the year 2014 that led to winning the Best Performing Hotel in Selangor.

PORTFOLIO DETAILS

PYRAMID TOWER EAST

Pyramid Tower East (formerly known as Pyramid Tower Hotel) is a 4-star hotel located within the 800-acre integrated destination of Sunway Resort City.

Situated next to the flagship Sunway Resort Hotel & Spa, the 549-room hotel provides a selection of Superior and Superior Executive guestrooms and are equipped with conveniences for the modern business and leisure traveller, which include complimentary wired internet access, satellite and movie channels and numerous other facilities and amenities. Most guestrooms have a splendid view of the theme park or the resort's skyline.

The towering 31-storey edifice features a spacious main lobby, an all-day dining 370-seater restaurant, an 80-seater lounge and these are complemented by the diverse leisure attractions, facilities and offerings that emanates from the 5-star Sunway Resort Hotel & Spa, Sunway Pyramid Shopping Mall, Sunway Lagoon and Sunway Pyramid Convention Centre, all located adjacent to the hotel and within walking distance.

CORPORATE HOSPITALITY PREFERENCE



Persiaran Lagoon, Bandar Sunway, 47500 Selangor Darul Ehsan

COMPLETED INITIATIVES

Pyramid Tower East has revamped its food and beverage offerings through the opening of Taste Enclave in November 2014. Taking great measures in selecting the finest food ambassadors to be a part of this food atrium, Taste Enclave offers nostalgic hawker fare and authentic quality cuisine through its 10 specially-selected food eateries and 3 mini-restaurants in one super chic venue.

FUTURE PLANS

In continuing to provide a refreshed experience for guests and staying relevant to the fast changing consumer tastes and needs, the future plans will include the redevelopment of Pyramid Tower East which will commence progressively from 2Q CY2016.

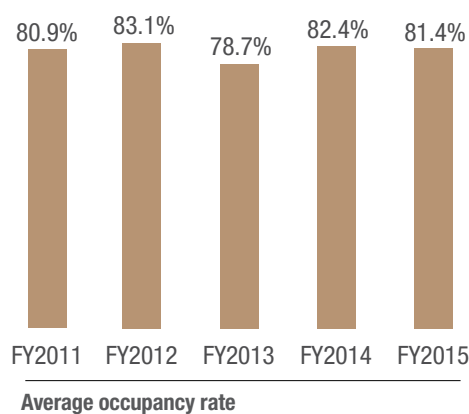
PORTFOLIO DETAILS (CONT'D)

PYRAMID TOWER EAST

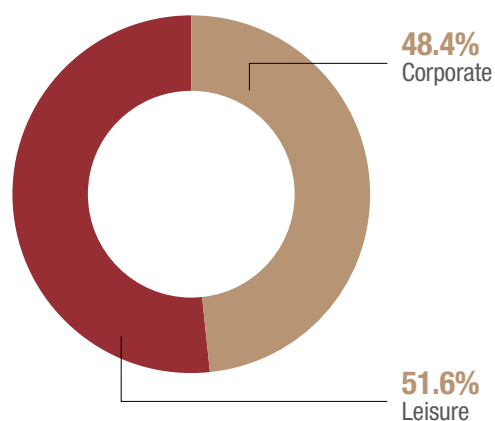
GFA (sq.ft.)	No. of rooms	No. of parking bays	Average FY2015 Occupancy (%)	Revenue (RM million)*	NPI (RM million)
356,888	549	> 540	81.4	18.4	18.0

* Note: The revenue represents the total rent under the hotel master lease and carpark tenancy agreement

HISTORICAL OCCUPANCY RATE



GUEST PROFILE



Note: Customer contribution has been reclassified which results in more contribution from leisure segment as compared to corporate segment. The reasons for reclassification is similar to SRHS.

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 East consists of RM42.0 million for FY2011 and FY2012 and RM31.6 million for each of the financial years for the remaining 10-year term

PORTFOLIO DETAILS

SUNWAY HOTEL SEBERANG JAYA

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

The 15-storey Sunway Hotel Seberang Jaya offers 202 fully renovated Deluxe, Premier, Club and Suite guestrooms, and a wide range of facilities and amenities upgrades. Sunway Hotel Seberang Jaya is

also a popular venue for corporate meetings and functions. After the renovation programme, its full inventory of meeting and function rooms as well as Ballroom were refreshed with enhanced lighting and added meeting room facilities.

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

REJUVENATED COMFORT



No. 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Seberang Jaya, Pulau Pinang

ONGOING/NEW INITIATIVES

Product innovation

From July 2014, Sunway Hotel Seberang Jaya pampered the in-house guests by providing air purifier in all the Suite rooms. The 6-stage air purifier has improved the room's air quality and resulted in guests enjoying a pleasant ambience and surrounding.

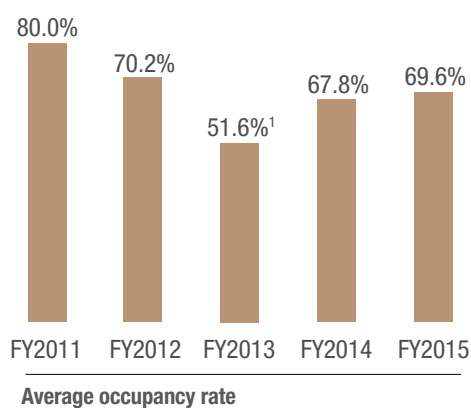
PORTFOLIO DETAILS (CONT'D)

SUNWAY HOTEL SEBERANG JAYA

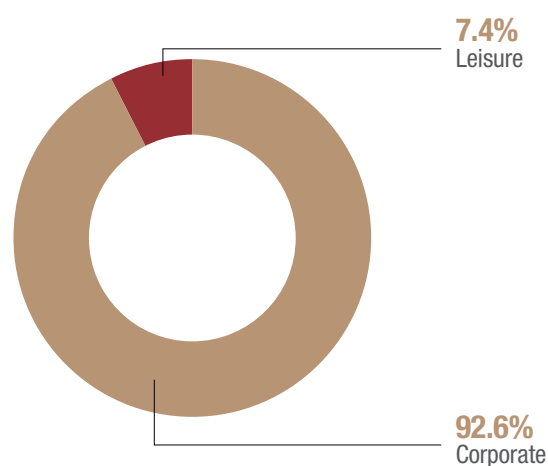
Land area (sq.ft.)	Gross Floor Area (sq.ft.)	Number of Rooms	Number of parking bays	Average FY2015 Occupancy (%)	Revenue (RM million)*	Net Property Income (RM million)
46,220	174,800	202	> 60	69.6	4.0	3.8

* Note: The revenue represents the total rent under the hotel master lease and carpark tenancy agreement

HISTORICAL OCCUPANCY RATE



GUEST PROFILE



MASTER LEASE DETAILS

Master lessee	Sunway Hotel (Seberang Jaya) Sdn Bhd
Duration	10 years from 8 July 2010 with an option to renew for another 10 years
Total rent	The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Hotel Seberang Jaya consists of RM4.5 million for FY2011 and FY2012 and RM3.4 million for each of the financial years for the remaining 10-year term

PORTFOLIO DETAILS (CONT'D)

SUNWAY HOTEL SEBERANG JAYA – MARKETING ACTIVITIES/AWARDS AND RECOGNITION



Thank You Party



Ramadhan Buffet



Excellent Customer Review from AsiaRooms.com



Penangites' CNY Celebration 2015



Award of Excellence for Booking.com Guest Review

MARKETING ACTIVITIES

Ramadhan Buffet (July 2014)

In conjunction with the fasting month, a rewarding Ramadhan culinary experience themed “Jom Buka Puasa Citara Kampung & Beramal SEMPOI!” was held nightly at Sunway Carnival Convention Centre (“SCCC”). For the first time, Sunway Hotel Seberang Jaya offered Ramadhan Buffet Dinner featuring International menus at Sun Café. Key initiatives undertaken to promote this event include placing an advertisement in “The Star”, sending 30,000 flyers to selected residential and business areas, placing banners at strategic locations and a food review was also conducted for the local press.

Thank You Party (November 2014)

A Thank You Party themed “Glamorous Black & Gold” was held with the objective to thank loyal clientele from both government and corporate sectors for their tremendous support throughout the year of 2014. Apart from the tantalising buffet spread, more than 180 guests were also entertained with games, dance performances and door gifts. There were 20 lucky draw prizes which were sponsored by several Sunway hotels and the first prize was two Firefly flight tickets to Krabi.

Bridal Fair and Roadshow (May 2015)

For the fourth consecutive year, Sunway Hotel Seberang Jaya jointly organised The Wedding Host 2015 (Season 4) with Sunway Carnival Shopping Mall and Ken Link Advertising Sdn Bhd. “YES I DO” Mass Wedding is the main highlight of the event and is endorsed by the Penang State Government. During the three days event, Sunway Hotel Seberang Jaya also set up a booth at the concourse area to promote the wedding packages.

Long Stay Guest Cocktail Party

As an appreciation to long stay guests for their continuous loyalty and support, Sunway Hotel Seberang Jaya hosted a monthly cocktail party which took place at the end of every month at The Lounge.

Penangites' CNY Celebration 2015

Sunway Hotel Seberang Jaya celebrated the Lunar New Year of the Goat with an auspicious start as the Hotel bagged the champion award in the Best Decoration Hotel Stall Competition during the Penangites' CNY Celebration 2015 on 28 February 2015.

AWARDS AND RECOGNITION

Excellent Customer Review from AsiaRooms.com

Sunway Hotel Seberang Jaya has received The Excellent Customer Review Award presented by AsiaRooms, one of the leading online travel accommodation specialist in Asia. This award was in recognition for hotels achieving 80% and above customer recommendation in the website, signifying the quality of the hotel offerings in both its products and services.

Award of Excellence for Booking.com Guest Review

Sunway Hotel Seberang Jaya has been conferred the winner of Excellence Guest Review Award by Booking.com. This award is in recognition of the highest average review score by global travellers, reflecting the high level of guest satisfaction of Sunway Hotel Seberang Jaya's service and facilities.

Battle of The Chefs 2014

In October 2014, the “Kitchen Team” toasted their success by winning two bronze medals in the Battle of The Chefs 2014, which was organised by the Chefs Association of Malaysia, Penang Chapter. In addition to that, the “Housekeeping Team” also garnered one gold and one bronze medal in the Professional Bed-Making Competition. This event had attracted more than 1,500 participants from Indonesia, China, Singapore, India, Thailand, Taiwan, and South Korea.

PORTFOLIO DETAILS

SUNWAY PUTRA HOTEL

Situated right in the midst of the metropolitan's most vibrant district, along the Diamond Triangle, Sunway Putra Hotel is within easy reach of the country's busiest financial centre and trendiest shopping haven. Only a short 45 minutes away from KL International Airport ("KLIA"), the hotel has an excellent transportation link to the city centre, making the commute around Kuala Lumpur seamless and easy.

Sunway Putra Hotel has just undergone a massive refurbishment exercise that touched just about every part of the property and are anchored by an office tower and the newly opened Sunway Putra Mall that offers eight levels of shopping floors and over 300 international and local brands.

The hotel will offer 650 elegantly furnished rooms upon full completion of the refurbishment exercise in 4Q CY2015 that offer total rest and relaxation to both professional and leisure travellers. Themed to inspire calmness, tranquillity and coolness and constructed to fit the taste of all modern and minimalist minded guests, there are four classic takes on casual elegance, Superior, Deluxe, Classic Suites and Clubs. All the collection of rooms is fitted with conveniences and amenities that will enable the guests to enjoy a premier stay in Kuala Lumpur.

For meetings, incentives, conventions and exhibitions, Sunway Putra Hotel offers 14 spacious function rooms that fit every professional meeting and event needs, including a Grand Ballroom that can accommodate up to 1,200 persons in a theatre-style setting and 800 persons in a banquet-style seating.

The Hotel's food and beverage offering includes its flagship restaurant Coffee House, which serves signature Malaysian cuisines as well as a selection of Western cuisines, the newly opened Japanese restaurant serving authentic Japanese cuisines with a slight modern and local twist and a lobby lounge that serves signature coffees and evening cocktails.

Meanwhile, adjoining the Hotel, is a range of shopping and dining offerings by the newly opened Sunway Putra Mall, providing guests and local diners an array of local and international brands.

The integrated property at Sunway Putra Kuala Lumpur is further elevated with canopied walkways linking the hotel and mall to the Light Rail Transit ("LRT") station and the Putra World Trade Centre ("PWTC").

5-STAR GEM IN THE MAKING



ONGOING INITIATIVES

The final round of renovations and refurbishment exercise for the remaining 284 guest rooms is expected to end in 4Q CY2015. The new Club Lounge catering to Club room guests will be ready on Level 34 by the end of the year along with the new meeting facilities on Level 35. A new video wall is being installed at the Grand Ballroom stage, which increases the versatility of the conference/event space.

COMPLETED INITIATIVES

A total of 366 rooms, ballroom, meeting rooms and all public areas had been refurbished as at June 2015. Sunway Putra Hotel opened its brand new Japanese restaurant, Gen, in May 2015. Located at Level 10, Gen takes inspiration from its name which means "the original" by showcasing a menu that is packed with traditional cuisines such as Nigiri Sushi, Sashimi, Tempura and Teppanyaki with a slight modern and local twist to fit every palate. The 150 seater restaurant also comes with five private tatami rooms that overlook the KL city skyline.

PORTFOLIO DETAILS (CONT'D)

SUNWAY PUTRA HOTEL

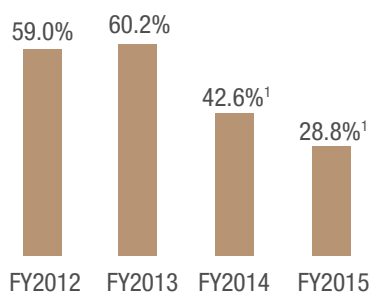
Land area (sq.ft.)	Gross Floor Area (sq.ft.)	Number of Rooms	Number of parking bays	Average FY2015 Occupancy (%)	Revenue (RM million)*	Net Property Income (RM million)
193,621 ¹	833,520	618 ²	> 1,500 ¹	28.8	4.4	3.8

* Note: The revenue represents the total rent under the hotel master lease

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

² Number of rooms will increase to 650 upon full completion of the refurbishment exercise in 4Q CY2015

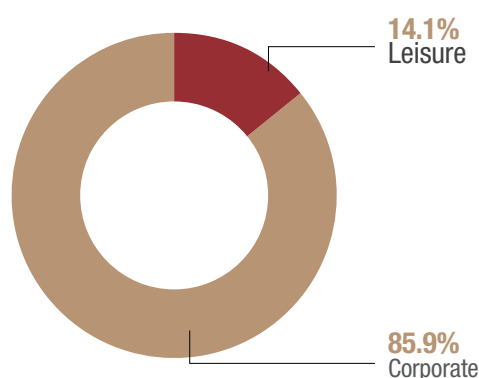
HISTORICAL OCCUPANCY RATE



Average occupancy rate

¹ Lower occupancy due to the adverse impact of the refurbishment of the adjoining Sunway Putra Mall and the hotel's own refurbishment

GUEST PROFILE



MASTER LEASE DETAILS

Master lessee

Sunway Putra Hotel Sdn Bhd

Duration

10 years from 28 September 2011 with an option to renew for another 10 years

Total rent

The higher of variable rent or guaranteed rent. Variable rent comprises base rent of 20% of revenue plus 70% of gross operating profit less master lease expenses. Guaranteed rent in respect of Sunway Putra Hotel consists of RM9.1 million for FY2012, RM12.1 million for FY2013, RM9.8 million for FY2014, RM9.1 million for FY2015 to FY2021 and RM2.3 million for FY2022

Variation to Master Lease

- The variations to the Master Lease were announced on 3 July 2013 and 19 May 2014 for the 3rd and 4th Fiscal Year respectively and were made in light of the major refurbishment of the adjoining Sunway Putra Mall which was expected to adversely affect the business of Sunway Putra Hotel
- The total rent payable by the Lessee shall be the amount calculated in accordance with the variable rent formula for the period between 1 July 2013 to 30 June 2014 ("3rd Fiscal Year") and further extended

for another financial year commencing 1 July 2014 to 30 June 2015 ("4th Fiscal Year"). As such, guaranteed rent stated in the Master Lease shall not apply to both the 3rd and 4th Fiscal Years

- If the variable rent calculated is less than the Guaranteed Rent for the 3rd and 4th Fiscal Years, the difference between the guaranteed rent and the variable rent ("differential sum") shall be adjusted in agreed proportions and added to the guaranteed rent from the 5th Fiscal Year until the 11th Fiscal Year
- The differential sum for the 3rd and 4th Fiscal Years was RM4.0 million and RM4.7 million respectively. The total differential sum of RM8.7 million shall be added to the guaranteed rent from the 5th Fiscal Year until the 11th Fiscal Year as follows:

Fiscal Year	Guaranteed Rent	Adjustment	Adjusted Guaranteed Rent
	RM	RM	RM
5 th	9,067,084	-	9,067,084
6 th	9,067,084	871,623	9,938,707
7 th – 10 th	9,067,084	1,743,246	10,810,330
11 th	2,266,771	871,623	3,138,394

PORTFOLIO DETAILS

SUNWAY HOTEL GEORGETOWN

Sunway Hotel Georgetown is centrally located in historical, bustling Georgetown, right in the heart of the island where both culture and commerce thrive at their best. Georgetown is accorded a listing as UNESCO World Cultural Heritage Site and the hotel's close proximity to the Penang Heritage Trail is the perfect choice for leisure travellers. It is also within easy walking distance to one of Penang's famous landmarks – KOMTAR, the hub of government's activities.

The 4-star hotel was refurbished in 2013 with a contemporary design which appeals to discerning business and leisure travellers. The Hotel offers a collection of 250 guestrooms comprising Deluxe rooms, Club rooms, Executive rooms and Suites. The facilities of the hotel include a coffee house, a club lounge, 3 function rooms (capacity ranging from 60 pax to 240 pax), a swimming pool and gymnasium.

AT THE CROSSROAD OF PENANG'S HERITAGE & COMMERCE



33, New Lane (Off Macalister Road) Georgetown, 10400, Penang

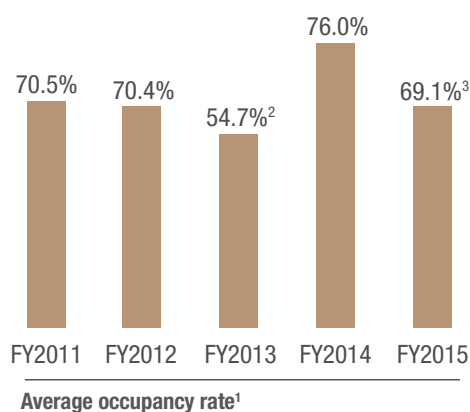
PORTFOLIO DETAILS (CONT'D)

SUNWAY HOTEL GEORGETOWN

Land area (sq.ft.)	Gross Floor Area (sq.ft.)	Number of Rooms	Number of parking bays	Average FY2015 Occupancy (%)	Revenue (RM million)*	Net Property Income (RM million)
33,592	192,383	250	> 100	69.1	1.6	1.5

* Note: The revenue represents the total rent under the hotel master lease

HISTORICAL OCCUPANCY RATE

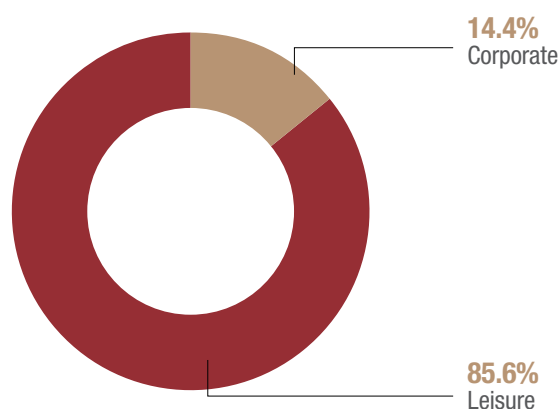


¹ Historical information (FY2011 to FY2014) are provided by the vendor

² Lower occupancy due to refurbishment of the hotel

³ From completion of acquisition on 28 January 2015 to 30 June 2015

GUEST PROFILE



MASTER LEASE DETAILS

Master lessee	Sunway Biz Hotel Sdn Bhd
Duration	10 years from 28 January 2015 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 Georgetown consists of RM4.4 million for Year 1 and Year 2 and RM3.3 million for each of the years for the remaining 10-year term

PORTFOLIO DETAILS (CONT'D)

SUNWAY HOTEL GEORGETOWN – MARKETING ACTIVITIES/AWARDS AND RECOGNITION



MARKETING ACTIVITIES

21st Anniversary (June 2015)

Sunway Hotel Georgetown, Penang celebrated its 21st anniversary since its first establishment in the city of Georgetown. The hotel hosted a cake cutting ceremony with its employees to celebrate this milestone. Guests who checked in on 3rd of June was entitled to a mysterious gift courtesy of the management team.

Ramadhan Buffet (June 2015)

In conjunction with the Ramadhan month of 2015, Sunway Hotel Georgetown offered a wide selection for its buka puasa buffet for in-house and local patrons. In line with initiatives to promote and attract the general public to sign up for the buffet, an exclusive preview was held with the local press, media, bloggers and corporate clients to showcase the wide range of sumptuous local delicacies.

AWARDS AND RECOGNITION

Battle of The Chefs 2014 (October 2014)

In the month of October, our team participated in the Chef's competition, Bed Making competition and Waiter's Race. This event attracted more than 1,500 participants from Indonesia, China, India, Singapore, Thailand, Taiwan and South Korea with international press coverage. Our team were champions for the Waiter's Race while our participating chefs also managed to secure a bronze medal in the competition.

Agoda Gold Circle Award (December 2014)

Sunway Hotel Georgetown was one of the winners of the prestigious 2014 Gold Circle Awards given to accommodations around the world that embody the best qualities of online hospitality industry.

OFFICE

COMPETITIVE AGILITY



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 No. 61760
1 April 2097 (commenced 2 April 1998, approx.
82 years remaining)

Bandar Sunway, Daerah Petaling, Negeri Selangor.

Tenure
Leasehold - 99 years

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

Appraised value (RM million)
164

Date of latest valuation*
June 2015



SUNWAY TOWER

Location
Kuala Lumpur

Date of acquisition
8 Jul 2010

Acquisition price (RM million)
171

Year of completion
1996

Title details & expiry date
- Geran 45110 Lot No. 55, Seksyen 45
Kuala Lumpur, Wilayah Persekutuan.

Tenure
Freehold

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

Appraised value (RM million)
166

Date of latest valuation*
June 2015



* Note: Valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)

PORTFOLIO SUMMARY (OFFICE)

SUNWAY PUTRA TOWER

Location
Kuala Lumpur

Date of acquisition
19 Apr 2011

Acquisition price (RM million)
80

Year of completion
1993

Title details & expiry date
- Geran 10012 Lot No. 38, Seksyen 51

Kuala Lumpur, Wilayah Persekutuan.

Tenure
Freehold

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

Appraised value (RM million)
110

Date of latest valuation**
June 2015



WISMA SUNWAY

Location
Selangor

Date of acquisition
23 Mar 2015

Acquisition price (RM million)
60

Year of completion - 1997
Refurbished - 2013

Title details & expiry date
Strata title
- PN 21876/M1/B1/1 - PN 21876/M1/11/10
- PN 21876/M1/1/3 - PN 21876/M1/12/11
- PN 21876/M1/N1/4 - PN 21876/M1/13/12
- PN 21876/M1/N1/5 - PN 21876/M1/14/13
- PN 21876/M1/2/6 - PN 21876/M1/15/14
- PN 21876/M1/8/7 - PN 21876/M1/16/15
- PN 21876/M1/9/8 - PN 21876/M1/17/16
- PN 21876/M1/10/9

All situated on Parent Lot No. 517
Bandar Shah Alam
Daerah Petaling, Selangor Darul Ehsan

Tenure
Freehold

Encumbrances
-

Appraised value (RM million)
62

Date of latest valuation*
June 2015



* Note: Valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)

** Note: Valued by CH Williams Talhar & Wong Sdn Bhd

PORTFOLIO SUMMARY (OFFICE)

Office Assets	Menara Sunway	Sunway Tower	Sunway Putra Tower	Wisma Sunway	Total
Land Area (sq.ft.)	193,395	25,898	193,621 ¹	47,813	460,727
Gross Floor Area (sq.ft.)	399,446	348,998	453,842	174,171	1,376,457
Gross Floor Area - Carpark (sq.ft.)	266,696	107,606	575,258 ¹	127,552	1,077,112
Net Lettable Area (sq.ft.)	291,370	268,306	317,051	171,544	1,048,271
Number of Parking Bays	> 650	> 290	> 1,500 ¹	> 380	> 2,820
Number of Tenancies	46	13	8	8	75
Occupancy as at 30 June 2015 (%)	95.6	64.8	26.7	89.7	65.9
Revenue (RM million)	17.8	12.6	6.9	1.8	39.1
Net Property Income (RM million)	12.5	7.3	3.8	1.2	24.8
Appraised Value as at 30 June 2015 (RM million) ²	164	166	110	62	502
Value per sq.ft. (RM)	563	619	347	361	N/A
Capitalisation Rate - Current / Reversionary (%)	6.50 to 7.25	6.00 to 7.00	6.00 to 6.50	6.50 to 7.50	N/A

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

² All properties are valued by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd) except for Sunway Putra Tower which is valued by CH Williams Talhar & Wong Sdn Bhd

N/A Not Applicable

PORTFOLIO DETAILS

MENARA SUNWAY

Menara Sunway is a 19-storey office building in Bandar Sunway consisting of a main tower and an annex. 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 Resort City. With its headquarters based in Menara Sunway, Sunway Group is the main tenant occupying 70.9% of the NLA.

It is easily accessible via 5 major expressways namely the 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 HOMEPLACE



Jalan Lagoon Timur, Bandar Sunway, 47500 Selangor Darul Ehsan

COMPLETED INITIATIVES

The front entrance of Menara Sunway was refreshed with a landscaping initiative. With this new landscape design, it blends well with the adjacent new office building owned by our Sponsor namely Sunway Pinnacle.

The cafeteria has also been refurbished with increased seating capacity to provide better amenities to employees of tenants.

FUTURE PLANS

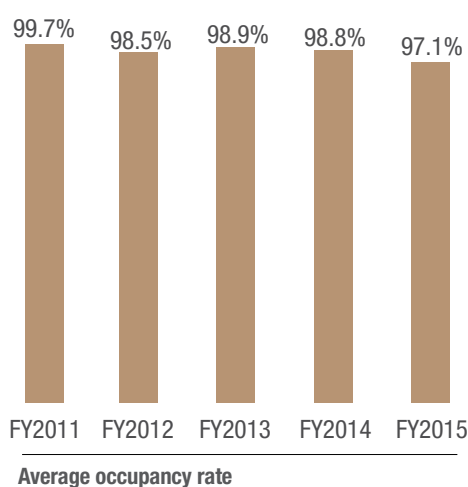
Menara Sunway's façade will be upgraded to modernise the building and enable it to blend with Sunway Pinnacle.

PORTFOLIO DETAILS (CONT'D)

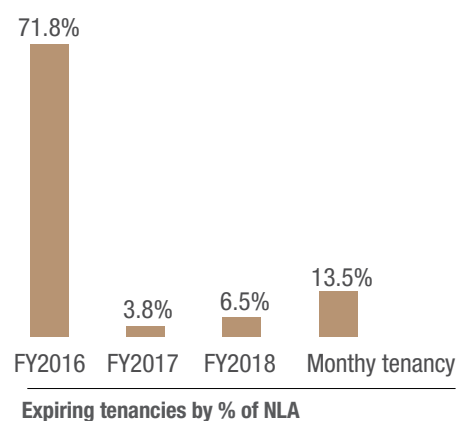
MENARA SUNWAY

Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2015 (%)	Revenue (RM million)	NPI (RM million)
193,395	399,446 (Office) 266,696 (Carpark)	291,370	> 650	46	95.6	17.8	12.5

HISTORICAL OCCUPANCY RATE

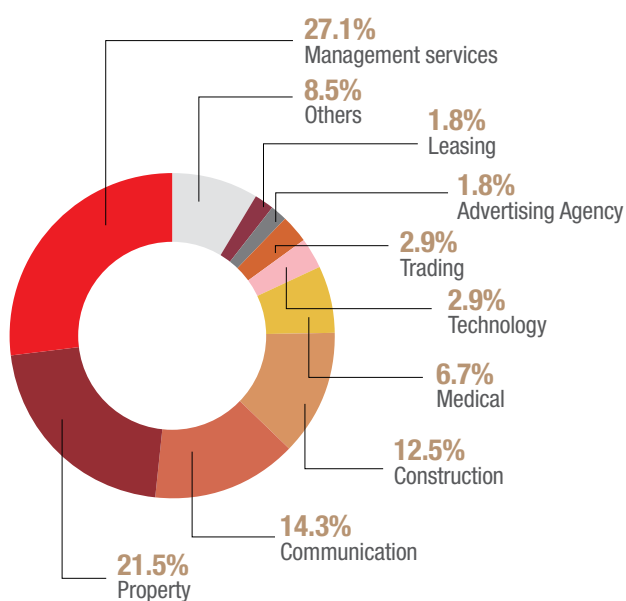


LEASE EXPIRY SCHEDULE



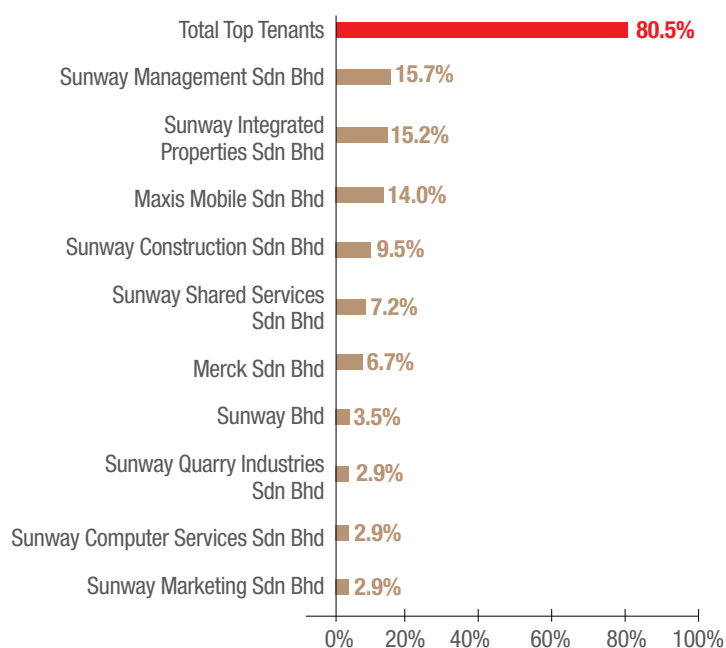
TENANT MIX BY TRADE SECTOR

Based on June 2015 Gross Rental Income



TOP TENANTS

Based on June 2015 Gross Rental Income



Weighted Average Lease Expiry **0.56** Years

PORTFOLIO DETAILS

SUNWAY TOWER

Sunway Tower is a 33-storey prime office building that is 5 minutes drive to Petronas Twin Tower and Kuala Lumpur Convention Centre (“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 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. This provides an ever convenient platform for office workers to gain access to the heart of Kuala Lumpur City Centre.

CHANGING DYNAMICS



No. 86 Jalan Ampang, 50450 Kuala Lumpur

FUTURE INITIATIVE

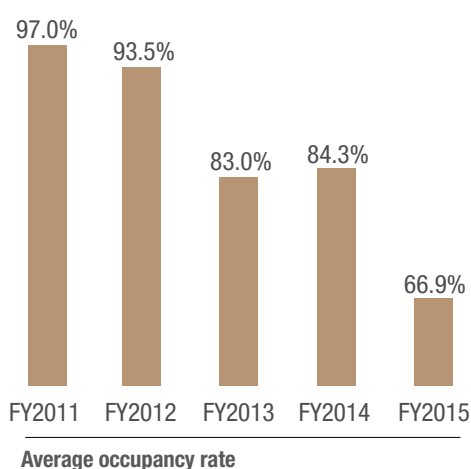
Going forward, the Asset Manager will replace all of its lift system within the building to achieve better energy efficiency as well as to better serve the tenants.

PORTFOLIO DETAILS (CONT'D)

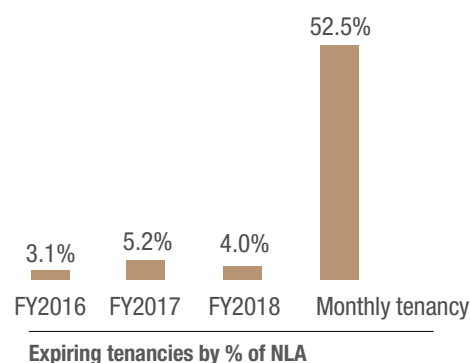
SUNWAY TOWER

Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2015 (%)	Revenue (RM million)	NPI (RM million)
25,898	348,998 (Office) 107,606 (Carpark)	268,306	> 290	13	64.8	12.6	7.3

HISTORICAL OCCUPANCY RATE

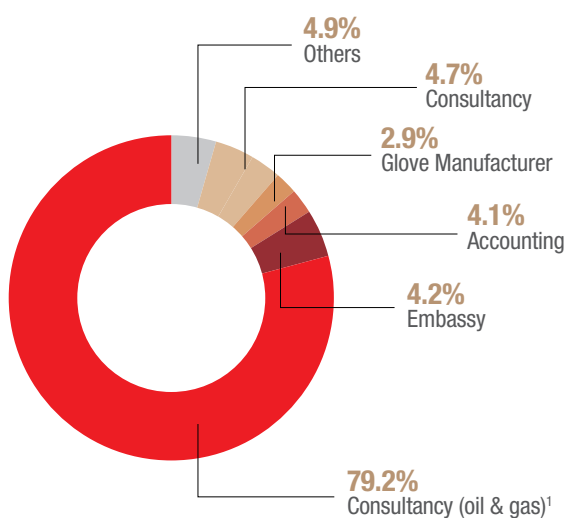


LEASE EXPIRY SCHEDULE



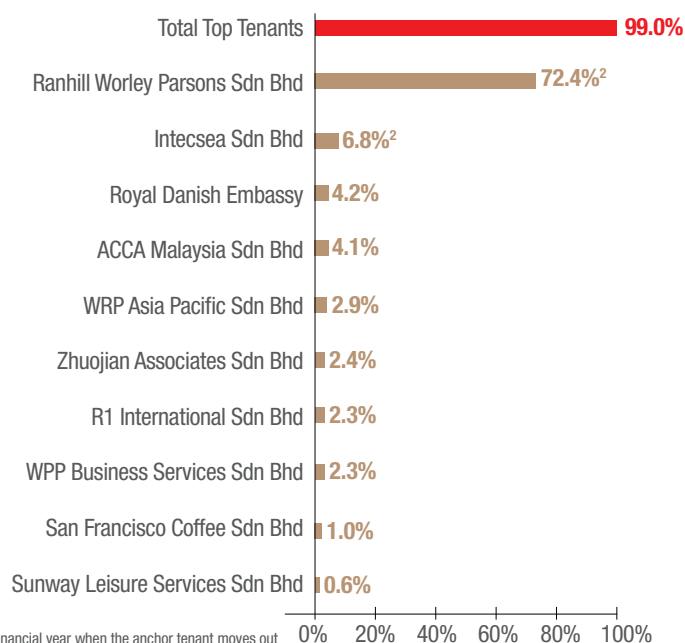
TENANT MIX BY TRADE SECTOR

Based on June 2015 Gross Rental Income



TOP TENANTS

Based on June 2015 Gross Rental Income



¹ There will be no tenants from the oil and gas sector in the next financial year when the anchor tenant moves out

² Ranhill and Intecsea would no longer be in the list in the next financial year as per explanation in note 1.

Weighted Average Lease Expiry **0.41** Years

PORTFOLIO DETAILS

SUNWAY PUTRA TOWER

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

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"), KTM Komuter Train and bus. All these infrastructures and facilities will provide value add to this already well-established office asset.

STRATEGICALLY LOCATED



COMPLETED INITIATIVE

Sunway Putra Tower has been refurbished as part of the repositioning exercise for the 3-in-1 mixed-use development at Sunway Putra.

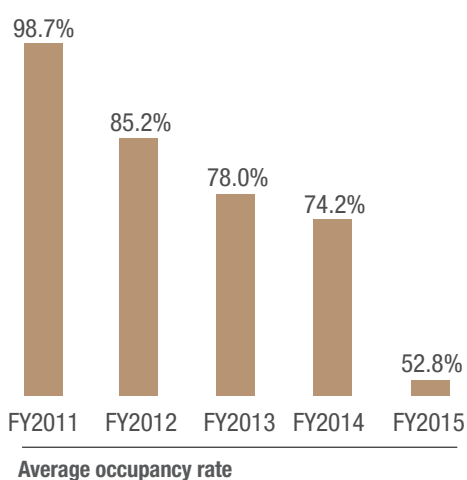
PORTFOLIO DETAILS (CONT'D)

SUNWAY PUTRA TOWER

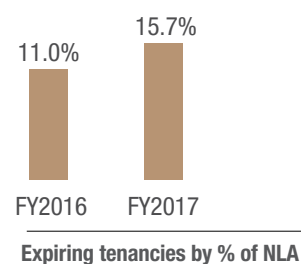
Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2015 (%)	Revenue (RM million)	NPI (RM million)
193,621 ¹	453,842 (Office)	317,051	> 1,500 ¹	8	26.7	6.9	3.8
	575,258 ¹ (Carpark)						

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

HISTORICAL OCCUPANCY RATE

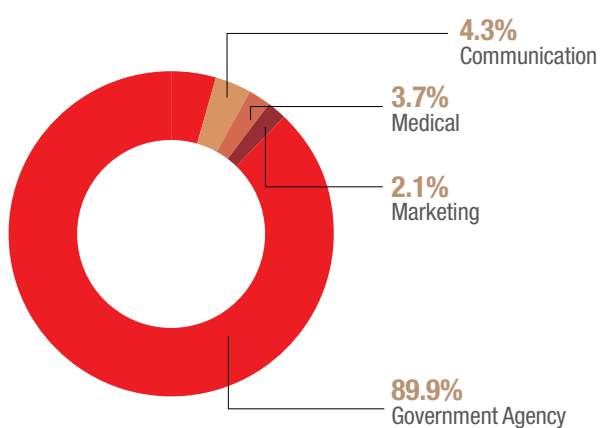


LEASE EXPIRY SCHEDULE



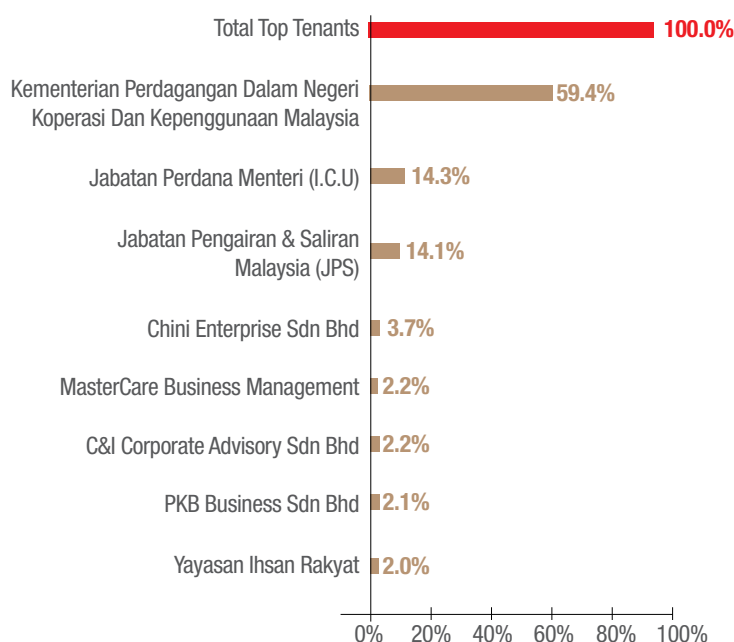
TENANT MIX BY TRADE SECTOR

Based on June 2015 Gross Rental Income



TOP TENANTS

Based on June 2015 Gross Rental Income



Weighted Average Lease Expiry **1.43** Years

PORTFOLIO DETAILS

WISMA SUNWAY

Wisma Sunway is a stratified 19-storey office building¹ located in the vibrant Section 9, Shah Alam, the state government precinct of Selangor. Its location next to a hotel and a shopping complex offers convenience to its tenants. Wisma Sunway is easily accessible from the Federal Highway and the North Klang Valley Expressway.

Wisma Sunway was refurbished in 2013 and has a net lettable area of 171,544 sq.ft. It is substantially tenanted by government agencies.

¹ Excluding Unit No. L2A

STRATEGIC LOCATION - GOVERNMENT PRECINCT OF SELANGOR



No. 1 Jalan Tengku Ampuan Zabedah C 9/C Seksyen 9, 40100 Shah Alam Selangor Darul Ehsan

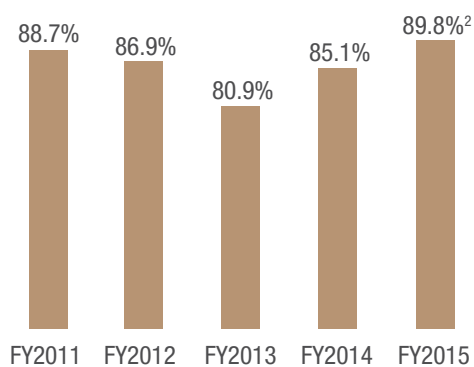
PORTFOLIO DETAILS (CONT'D)

WISMA SUNWAY

Land area (sq.ft.)	GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 30 June 2015 (%)	Revenue (RM million)	NPI (RM million)
47,813	174,171 (Office) 127,552 (Carpark)	171,544	> 380	8	89.7	1.8 ¹	1.2 ¹

¹ For the period from completion of acquisition on 23 March 2015 to 30 June 2015

HISTORICAL OCCUPANCY RATE

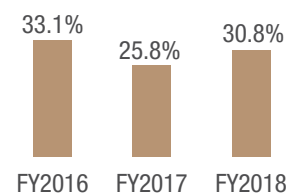


Average occupancy rate¹

¹ Historical information (FY2011 to FY2014) are provided by the vendor

² From completion of acquisition on 23 March 2015 to 30 June 2015

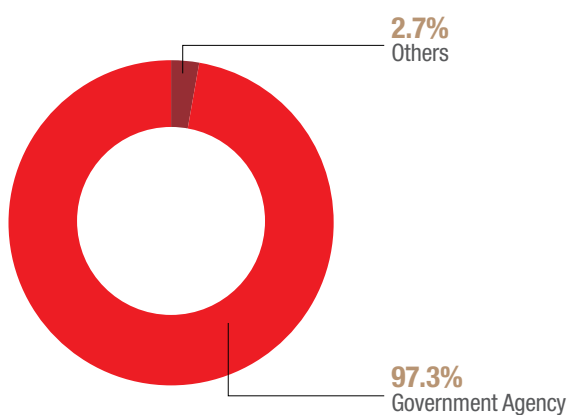
LEASE EXPIRY SCHEDULE



Expiring tenancies by % of NLA

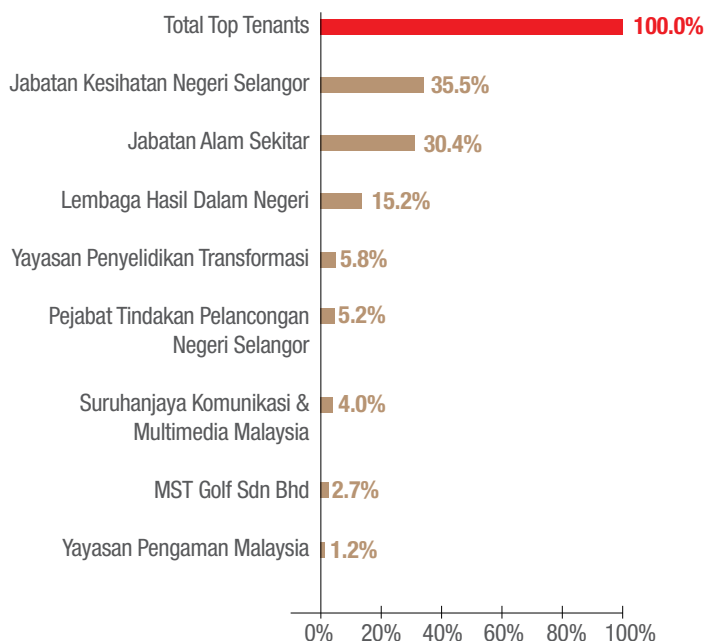
TENANT MIX BY TRADE SECTOR

Based on June 2015 Gross Rental Income



TOP TENANTS

Based on June 2015 Gross Rental Income



Weighted Average Lease Expiry **1.51** Years

OTHERS



PORTFOLIO SUMMARY (OTHERS)

SUNWAY MEDICAL CENTRE

Location
Selangor

Date of acquisition
31 Dec 2012

Acquisition price (RM million)
310

Year of completion
Phase 1-2001 Phase 2-2009

Title details & expiry date

- PN 12549 Lot No. 38160
1 April 2097 (commenced 2 April 1998,
approx. 82 years remaining)
- PN 12550 Lot 45
1 April 2097 (commenced 2 April 1998,
approx. 82 years remaining)

Bandar Sunway, Daerah Petaling, Negeri Selangor.

Tenure
Leasehold - 99 years

Encumbrances

10 years lease to Sunway Medical Centre Berhad
(now known as Sunway Medical Centre Sdn Bhd)
expiring 30 December 2022

Appraised value (RM million)
325

Date of latest valuation*
June 2015



* Note: Valued by CH Williams Talhar & Wong Sdn Bhd

PORTFOLIO DETAILS

SUNWAY MEDICAL CENTRE

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

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

The convention centre is known as the ‘Swan Convention Centre’ and can accommodate up to 500 guests. Facilities at SMC include 361 beds, 12 operating theatres and 131 consultation suites.

Sunway Medical Centre has become the first hospital in Southeast Asia to be awarded international accreditation by the Australian Council on Healthcare Standards (“ACHS”), in recognition of SMC’s commitment to deliver world-class medical care based on international evidence based standards of healthcare assessment.

MALAYSIA’S FIRST ACHS ACCREDITED MEDICAL CENTRE



No. 5 Jalan Lagoon Selatan, Bandar Sunway, 47500 Selangor Darul Ehsan

Land area (sq.ft.)	GFA (sq.ft.)	No. of parking bays	Revenue (RM million) ¹	NPI (RM million)	Appraised Value as at 30 June 2015 (RM million) ²	Value per bed (RM)	Capitalisation rate - Current/ Revisionary (%)
195,839	563,437 (Medical Centre) 217,162 (Carpark)	670	20.4	20.4	325	900,277	6.25 / 6.75

¹ The revenue represents rent under a master lease agreement

² Valued by CH Williams Talhar & Wong Sdn Bhd

PORTFOLIO DETAILS (CONT'D)

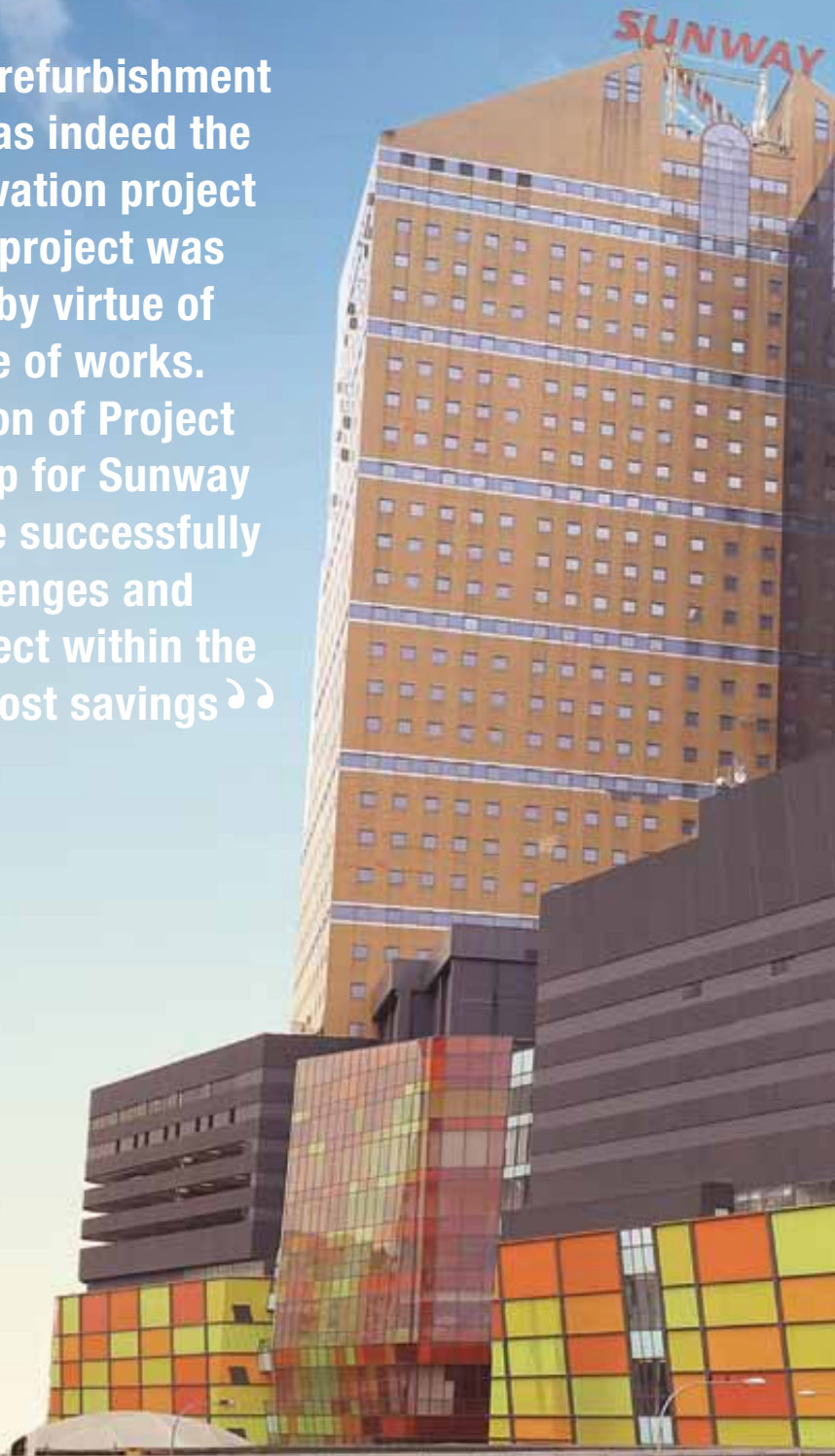


MASTER LEASE DETAILS

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

THE FIRST M-REIT THAT SUCCESSFULLY COMPLETED ONE OF THE MOST CHALLENGING ASSET TRANSFORMATION PROJECT

“ The RM460 million refurbishment of Sunway Putra was indeed the single largest renovation project in the country. The project was highly challenging by virtue of the scale and scope of works. With the introduction of Project Delivery Partnership for Sunway Putra Mall, we have successfully overcome the challenges and completed the project within the timeline and with cost savings”



**CORPORATE
RESPONSIBILITY**

Introduction	150
Marketplace	152
Workplace	154
Environment	155
Community	159



CORPORATE RESPONSIBILITY

INTRODUCTION

Sunway REIT believes that the sustainability of a business is achieved through the alignment of corporate social responsibility (“CSR”) with business interest. As a socially responsible corporate citizen, Sunway REIT is committed to CSR and sustainability excellence across the four pillars of Marketplace, Workplace, Environment and Community.

In demonstrating Sunway REIT’s commitment in championing CSR, the Board of Directors has endorsed a comprehensive CSR Framework which acts as a guiding principle to Sunway REIT’s future CSR initiatives. Subsequent to that, a Corporate Social Responsibility Working Group (“CSRWG”) is proposed to monitor and report all CSR activities to the Board of Directors.

NEW INITIATIVES IN FY2015

Corporate Social Responsibility Framework

This financial year marked a significant milestone for Sunway REIT in our CSR journey. As we embarked on the CSR journey, we recognized the significance of the adoption of a systematic Corporate Social Responsibility Framework (“CSR Framework”) alongside with clearly defined methodology to ensure suitability and measurability of identified initiatives.

This framework aligns our strategy and initiatives in the execution of CSR initiatives. In addition, key measurables are incorporated into the CSR initiatives as a measurement tool in evaluating the effectiveness of the initiatives.

SUNWAY REIT’S CORPORATE SOCIAL RESPONSIBILITY FRAMEWORK

Sunway REIT’s Vision

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



Sunway REIT’s Sustainability Mission

To deliver sustainable value creation for our stakeholders and to our communities that we serve



Our approach

- Build resilient businesses that lead in their respective markets through focus on our acquisition strategy, asset enhancement initiatives and capital management that is in line with maximising unitholders’ interests.
- Commitment to responsible business practices, especially in employees welfare and development.
 - Being environmentally sensitive and proactively manage our footprint.
- Partnership and engagement with the communities around us and making positive impacts.



Sunway REIT’s Sustainability Core Focus Areas

Responsible business practices	Continuous engagement with our key business stakeholders	Process and resource efficiency	Environmental protection through green initiatives	Giving back to communities socially and economically
<ul style="list-style-type: none"> • Business ethics & code of conduct • Adherence to the code of corporate governance • Risk management & internal control to ensure business continuity • Employee engagement and development • Health & safety • Formation of Independent Board of Directors to protect unitholders’ interest 	<ul style="list-style-type: none"> • High level of disclosures, transparency and fair dealings • Continuously develop two-way communications with various stakeholders such as unitholders, tenants, media, industry associations etc. 	<ul style="list-style-type: none"> • Continuous process improvement to achieve optimal operating efficiency • Materials and resource management to maximise cost savings without compromising quality 	<ul style="list-style-type: none"> • Energy and water conservation • Recycling and waste/effluent management • Spreading awareness of environmental protection & climate change 	<ul style="list-style-type: none"> • Community engagement • Education relating to REIT and property investment to targeted community groups

CORPORATE RESPONSIBILITY (CONT'D)

In FY2015, Sunway REIT has identified two new key CSR initiatives to be implemented comprehensively across Sunway REITs assets:

- 1) Smoke-Free Initiative
- 2) Proactive Energy Management Programme

Smoke-Free Initiative

Sunway Group has pledged to gazette all Sunway-owned buildings within the 800-acre SRC to be smoke-free establishments by 2018. In November 2013, Sunway Pyramid Shopping Mall was accredited as Malaysia's First Health Promoting Mall by MySihat or the Malaysian Health Promoting Board (under the Ministry of Health). As a continuation journey in promoting healthy living lifestyle, Sunway REIT is embarking on a 3-year 'Smoke-Free Initiative' from FY2016 to FY2018 where Sunway Pyramid Shopping Mall will spearhead this initiative, following which the initiatives will be replicated to other Sunway REIT's assets over time.

The "Smoke-Free Initiative" focuses on engagement with communities through a series of programmes and activities over the 3-year period. Our target groups include but not limited to 50,000 students within Sunway and the neighbouring townships, over 900 tenants in Sunway Pyramid Shopping Mall and approximately 7,500 employees in SRC. In addition, we hope to make a positive impact on the 42 million annual visitations to SRC. A budget of approximately RM3 million has been allocated for the Smoke-Free Initiative.

During the implementation of these activities and programmes, specific objectives and key measurable results will be incorporated and to be monitored in evaluating the effectiveness of the activities and programmes. In Year 1, the planned activities focus on awareness and engagement related activities with the community.

Smoke-Free Initiative - Approaches



Smoke-Free Initiative - Target Groups

PUBLIC

- Shoppers • Students • Resident Associations
- Non-Governmental Organisations

TENANTS

EMPLOYEES

42 million Annual Visitations to Sunway Resort City

> **900** tenants

Approximately **7,500** employees in Sunway Resort City

Targeting approximately **50,000** students

CORPORATE RESPONSIBILITY (CONT'D)

Proactive Energy Management Programme

Sunway REIT, being an asset owner of 14 assets and still growing, is a heavy consumer of energy in the daily operations of the assets. This has led to the management embarking on a proactive energy management programme as part of cost containment and optimisation initiative.

A collaboration has been established between the asset managers and a renowned Japanese multinational corporation, with expertise in energy efficiency and optimisation system, to embark on a 3-year energy management programme. The main target of energy savings sources are electricity, lighting, heating and air conditioning system.

In this green journey, the initiative is planned in 3 phases, namely optimisation phase, synchronisation phase and consolidation phase. The assets identified for the pilot project are Menara Sunway, Sunway Medical Centre, Sunway Resort Hotel & Spa, Pyramid Tower East and Sunway Pyramid Shopping Mall.

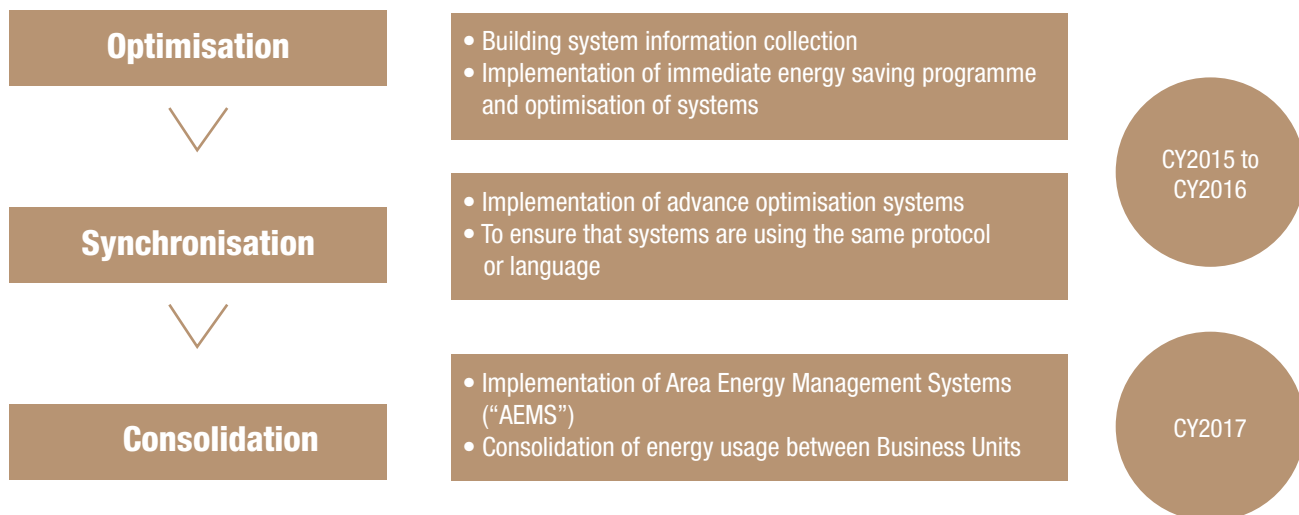
At the end of this programme, the synchronised operating systems in Sunway REIT's assets will enable consolidation of total energy consumption in all business units. The economies of scale of energy consumption is expected to translate into long-term sustainable efficient energy management.

Proactive Energy Management by Sunway Pyramid Shopping Mall

As a socially responsible corporate citizen, Sunway Pyramid Shopping Mall embarked on a proactive energy management initiative through optimising energy consumption without compromising shoppers' shopping experience and tenants' operating conditions.

Through optimisation of chillers operating hours and temperature in the shopping mall, it is expected to translate into savings of RM1 million per annum in electricity cost. In addition, this will lead to a reduction in carbon emissions.

ENERGY MANAGEMENT PROGRAMME



PILLAR 1: MARKETPLACE

Sunway REIT's assets have established its leadership positions and acknowledgement in its marketplace. At Sunway REIT, we strongly believe in proactive engagement with stakeholders in

strengthening of brand loyalty and continuous service levels enhancement.

Stakeholders & Objectives	Estimated Cost	Engagement Activities and Outcome
<p>Tenants, retail customers and hotel guests</p> <p>Engagement with tenants, retail customers and hotel guests to obtain feedback for continuous improvement in our service levels and relationship building process.</p>	RM177,000	<ul style="list-style-type: none"> Annual business partner meeting at business units Appreciation dinner Mystery shopper survey Surveys <p>These activities have successfully form a lasting, harmonious and mutually beneficial relationship with business partners. An interactive platform for tenants, retail customers and hotel guests to share their valuable feedback for the mutual benefits of all parties.</p>

CORPORATE RESPONSIBILITY (CONT'D)

Stakeholders & Objectives	Estimated Cost	Engagement Activities and Outcome
<p>Investment Community and Media</p> <p>To establish strong relationship with the investment community and media by providing timely, concise information in a transparent manner</p>	<p>RM190,000</p>	<ul style="list-style-type: none"> • Stock exchange announcements • Presentation deck • Corporate website • Analyst & investor briefing • Investors conference and roadshows • Media briefing • Media release • Media interviews <p>Sunway REIT has successfully developed strong rapport with domestic and overseas analysts and investors with 13 research institutions providing extensive coverage on Sunway REIT as at 30 June 2015.</p> <p>Strong rapport has been built with members of the media with strong followings on quarterly financial earnings and latest development of Sunway REIT.</p> <p>In recognition of Sunway REIT's best practices in IR, the Manager was nominated by The Malaysian Investor Relations Association ("MIRA") in the following categories in 2015:</p> <ul style="list-style-type: none"> • Best Company for Investor Relations • Best CEO for Investor Relations • Best CFO for Investor Relations • Best Investor Relations Website • Best Quality of Annual Reports / Formal Disclosure
<p>Regulators and industry affiliations</p> <p>Proactive engagement and dialogue sessions for continuous growth of M-REIT industry</p>	<p>N/A</p>	<ul style="list-style-type: none"> • Regular dialogue sessions with Malaysian REIT Managers Association ("MRMA") and governing bodies such as Bursa Malaysia and Securities Commissions. <p>A platform for regulators, industry associations and M-REITs players in setting higher standards of practices that is at par with the region.</p>

N/A Not Applicable

CORPORATE RESPONSIBILITY (CONT'D)

PILLAR 2: WORKPLACE

Adhering to the shared values of Sunway ethos of “Our People, Our Strength”, Sunway REIT embraces diversity, fairness and equality, career development and progression opportunities,

work-life balance and occupational health and safety management in creating a conducive workplace environment for the employees.

Objectives	Estimated Cost	Outcome
Promoting fair and equal career opportunities	N/A	<p>Diversity and Inclusion Policy Launched Diversity and Inclusion Policy focusing on talent, workplace and gender diversity amongst others. The initiatives implemented to support the policy are as follows:</p> <p>Talent</p> <ul style="list-style-type: none"> • Recruitment and selection • Training and development • Performance management • Compensation and benefits • Career opportunities • Succession planning <p>Workplace</p> <ul style="list-style-type: none"> • Workplace environment • Flexible working arrangement • Support facilities • Communication • Education and awareness • Employee engagement • Gender diversity <p>The adoption of this exemplifying policy reaffirmed Sunway Group’s belief in championing equal non-discriminating hiring policies and opportunities for all employees in making Sunway group of companies the employer of choice.</p>
To attract, retain and develop women in the workplace	N/A	<p>Dedicated initiatives targeting women and returning to workforce mothers which include the following:</p> <ul style="list-style-type: none"> • Dedicated mother’s room at Menara Sunway • Designated parking bays for expectant mothers at Menara Sunway • Flexible working arrangement • Extended maternity leave • Partnership with R.E.A.L Kids in providing high quality and affordable childcare.

N/A Not Applicable



Menara Sunway - Mother's room



Employees engagement

CORPORATE RESPONSIBILITY (CONT'D)

Objectives	Estimated Cost	Outcome
To nurture and enhance employees' career potentials through specially designed developmental programmes	N/A	<ul style="list-style-type: none"> In-house and external training and developmental programmes Talent Accelerated Programme ("TAP") Accelerated career development programme for high potential employees Education assistance and tuition refunds at the 12 Sunway Education Group's institutions for employees to further their studies Competitive remuneration packages "Managing for Excellence" performance management system Annual talent review <p>Established a diverse career developmental platform offering various development needs and to remain as a competitive employer in the market.</p>
Creating a harmonious workplace	RM20,000	<ul style="list-style-type: none"> Festive celebrations Birthday and welcome celebration Family day Annual dinner Team building <p>Formation of a well engaged team of employees with strong team spirit sharing a unanimous corporate goals in striving towards excellence.</p>

N/A Not Applicable

PILLAR 3: ENVIRONMENT

Recognising the growing importance of CSR in the areas of environment, social and governance ("ESG"), Sunway REIT is committed to align environmental sustainability

and resource conservation with our business. The key focus areas include efficient energy management, water and natural resource conservation and recycling programmes.

Environmental Conservation Initiatives

Property/ Initiative	Project Description	Estimated Cost	Outcome
Sunway Resort Hotel & Spa -Upgrading and Relocation of Cooling Tower	Upgrading and relocation of cooling tower	RM3.5 million	Estimated energy savings of RM352,000 per annum, equivalent to a reduction of approximately 850,000 kWh/year in energy consumption and 520 tonnes of CO ² emissions.

CORPORATE RESPONSIBILITY (CONT'D)

Property/ Initiative	Project Description	Estimated Cost	Outcome
Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall – Entry Point Air-Lock (Double door)	Installation of double door at all entrances to minimise leakage of air conditioning which helped to reduce the central chiller plant load	RM566,500	Annual savings of approximately RM200,000 per annum and a reduction in energy consumption of 580,000 kWh per annum and a reduction of 355,000 tonnes on CO ² emission.
Sunway Pyramid Shopping Mall, Sunway Resort Hotel & Spa and Sunway Putra Hotel – Earth Hour	<p>Earth Hour is a global environmental initiative by WWF that encourages personal accountability on their actions and impact on the planet and make behavioural changes to facilitate a sustainable lifestyle. Besides, this event aims to minimise the adverse impacts of climate change by reducing the consumption of electricity and emission of heat.</p> <p>For the shopping mall, more than 1,000 participants participated in the 1.8 km Night Walk and an energy-free dance to show their support for environmental conservation.</p> <p>In addition, the hotels switched off all non-essential lights within their premises and vicinity for 60 minutes which results in a reduction in energy consumption.</p>	RM13,000	<p>Thousands of shoppers, hotel guests and public were reached in delivering a clear message about the importance in preserving and conserving the environment.</p> <p>Approximately 200 kWh of energy were saved during the one hour period.</p>
Sunway Pyramid Shopping Mall – Installation of waterless urinals	Sunway Pyramid Shopping Mall is one of the pioneer in the adoption of waterless urinals where all urinals are treated with BioCare liquid, a special chemical that breaks down urine into environment-friendly components when in contact with the chemical.	RM72,000 per annum	By using environmental friendly chemicals, water consumption is estimated to reduce by 30% per flush
All Sunway REIT's Asset – Other Energy Saving Initiatives	<p>General good practices are embedded into the daily operational activities in all Sunway REIT's assets such as setting computers on power save mode, usage of energy saving fittings such as energy efficient T5 and LED lights, switching off appliances and lights when not in use, installation of light sensor for all washrooms (office towers), amongst others.</p> <p>In addition, the chilled water supply set point was raised by 4°F had reduced the amount of chiller energy required and increased the air-conditioned temperature to between 23°C to 25°C in office buildings and retail malls.</p>	RM247,000 (conversion to energy efficient T5 and LED lights which was incurred in FY2014)	<p>Menara Sunway managed to achieve a reduction in energy consumption of approximately 24,700 kWh per annum and reduction in 15 tonnes of CO² emission. A saving of 3.3% to 5.0% of energy consumed is estimated with every °C increase in space temperature.</p> <p>An annual energy savings amounting to 300,000kWh or approximately RM100,000 were achieved in Sunway Resort Hotel & Spa and Pyramid Tower East following the conversion of energy efficient LED lights at guestroom corridors.</p>

CORPORATE RESPONSIBILITY (CONT'D)

Other Environmental Friendly Initiatives

Property/ Initiative	Project Description	Estimated Cost	Outcome
Sunway Pyramid Shopping Mall, Sunway Resort Hotel & Spa and Menara Sunway – Carpark Connectivity	<p>As part of SRC Connectivity Integration Enhancement Initiative, Sunway REIT embarked on the integration of underground carparks connectivity linking various assets of Sunway REIT. The underground carparks are integrated from Menara Sunway to Sunway Pinnacle (non-Sunway REIT asset), Sunway Resort Hotel & Spa to Sunway Pyramid Shopping Mall to provide a seamless connectivity. It is also aim to offer higher combined parking capacity to reduce the time in securing parking spaces during peak hours.</p> <p>In addition, a covered pedestrian walkway is constructed connecting Menara Sunway to Sunway Pinnacle and Sunway Resort Hotel & Spa which is connected to Sunway Pyramid Shopping Mall. This is to promote healthy living lifestyle which encourages walking habit across these assets.</p>	RM16.5 million	The pedestrian walkway enables pedestrians to comfortably walk from one asset to another. In addition, the integrated carparks reduces the time spent on parking the cars, hence reducing carbon emission into the air.
Sunway Pyramid Shopping Mall – Canopy Walk	The “Canopy Walk” is a fully covered 360m pedestrian walkway equipped with 35 closed circuits TV cameras (“CCTVs”) connecting Sunway Pyramid Shopping Mall to Sunway University and Monash University Sunway Campus. The walkway is shaded by trees and pedestrian will enjoy the greenery and scenic view of the Wildlife Park, The Surf Beach and the Wagon Wheel of the neighbouring Sunway Lagoon.	RM5 million (incurred in FY2014)	Students and the community at large enjoy the convenience and comfort of strolling along the canopy walk and reduce the necessity to drive from the universities to the shopping mall, hence, reducing traffic congestion and carbon emissions into the air. In addition, it promotes a healthy living lifestyle through walking.
Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Menara Sunway – Recycling efforts	<p>Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Menara Sunway embarked on ongoing 3R campaigns through recycling of materials to buyback centers.</p> <p>Sunway Pyramid Shopping Mall has collaborated with Alam Flora in setting up a recycling buyback centre (located at Level 3, Sunway Pyramid Shopping Mall’s car park) since 2005 to cultivate recycling habit.</p>	N/A	In FY2015, a total of 780 tonnes of recyclables were collected (75% cardboards, 7% newspaper, magazines and papers, 7% plastics with the remaining 11% includes steel / tin, aluminium and glass).

N/A Not Applicable

CORPORATE RESPONSIBILITY (CONT'D)

Property/ Initiative	Project Description	Estimated Cost	Outcome
Sunway Resort Hotel & Spa – A La Minute Concept	<p>Sunway Resort Hotel & Spa serves buffet offerings based on a la minute concept where food is prepared upon guests' request according to the portion requested in order to minimise wastage.</p> <p>In addition, Sunway Resort Hotel & Spa participates in the Roti 1Malaysia programme where excess pastries, breads and rolls are delivered to the homes and the shelters in Klang Valley.</p>	N/A	<p>Food wastage was drastically reduced and it creates awareness about hunger issues that are currently happening in the world.</p> <p>Besides, the less privileged were also given food supply and helps to alleviate the issue of difficulties in meeting their daily necessities.</p>
Sunway Carnival Shopping Mall – BEST (Bridge Express Shuttle Transit) Park and Ride Programme	<p>The mall collaborated with the Penang state government in encouraging the public to commute via public transportation in an effort to reduce the number of cars and traffic congestion in the state.</p> <p>Sunway Carnival Shopping Mall has designated a parking space at the open area of the mall for the public to park their cars and commute on free public transportation (Rapid Penang buses) provided by the state government to the Free Trade Zone of Bayan Lepas in Penang Island.</p>	N/A	<p>Through this initiative, it helps to reduce the number of cars on the road during peak hours and eases traffic congestion in the city. In addition, emission of hazardous gas such as carbon monoxide is reduced.</p>
Sunway Hotel Seberang Jaya – The Use of PressReader	<p>The hotel introduced an eco-friendly paperless publication (magazine), PressReader with an objective to conserve paper and protect the environment.</p> <p>This is a paperless initiative whereby hotel guests access to over 2,000 local and international titles from their laptop, tablets and smartphones at the tap of their fingers.</p>	RM9,000	<p>This provides a positive contribution to the environment through less deforestation as a result of a reduction in paper consumption leading to cost savings.</p>
Sunway Pyramid Shopping Mall – CCTV system for traffic updates	<p>A CCTV System which provides up-to-date traffic snapshots allows shoppers to check on the traffic conditions before leaving the shopping mall. This complements the existing Car Park Guiding System which improved shoppers' convenience significantly in identifying vacant parking bays. Moreover, lightings in the carpark are dimmed during the mall's non-operating hours to conserve energy.</p>	RM7,800	<p>Reduction in traffic congestion, fuel consumption and emission of carbon monoxide into the air.</p>

N/A Not Applicable

CORPORATE RESPONSIBILITY (CONT'D)

PILLAR 4: COMMUNITY

Sunway REIT is steadfast in enriching the communities we serve where they live, learn, work, play and grow in a healthy, safe and well-connected environment. In addition to community

engagement, we go the extra mile in improving the quality of lives in the communities.

Property/ Initiative	Project Description	Estimated Cost	Outcome
Charitable causes – Festive celebrations with the deserving community	To celebrate and share the nation's various festive joys with the deserving community through several activities organized by the respective asset management team. This is to cultivate the needs across the REIT's ecosystem in engaging the public.	Approximately RM100,000	<p>Festive celebrations with the deserving ones for major occasions have become annual events for the hotels. They were treated with a sumptuous meal specially prepared by Hotels. Amongst the activities carried out are:</p> <p>Sunway Resort Hotel & Spa collaborated with Sunway Group Brand Marketing & Communications, Sunway Pyramid Shopping Mall and Sunway Lagoon to host a buka puasa session with 80 children from Yayasan Chow Kit. After a round of shopping, the children were treated to a buffet spread of international, local and Ramadan favourites for their buka puasa dinner at the Hotel's ballroom.</p> <p>During the festive season of Deepavali, Sunway Hotel Georgetown treated the Koperasi Bodhi Heart with dinner and contributed to the needy family essential goods and hampers.</p> <p>Sunway Carnival Shopping Mall and Sunway Hotel Seberang Jaya visited the residents of Rumah Sejahtera Permatang Tinggi to upkeep the spirit of Chinese New Year by spreading the vivacious mood to the old folks. They were treated with scrumptious meals, goodie bags, ang paws and performance. The residence is a home to 75 elderly aged 60 years and above under the care of 12 helpers.</p> <p>Coinciding with Sunway's 40th Anniversary Celebration, Sunway Hotel Seberang Jaya continuously encouraged staffs to develop a heart of compassion and care to the community. A group of management and staffs had lend their helping hands to paint the inner and outer part of the entrance wall and guard house of Rumah Kanak-kanak Taman Bakti, Kepala Batas.</p>



Deepavali Celebration



Ramadhan Celebration

THE FIRST M-REIT TO WIN THE NATIONAL ANNUAL CORPORATE REPORT AWARDS (“NACRA”) FOR THREE CONSECUTIVE YEARS SINCE OUR INAUGURAL ANNUAL REPORT

“ Sunway REIT steadfastly adheres to high standards of corporate governance practices and high levels of disclosure beyond minimum requirements ”



**EFFECTIVE
TRANSPARENCY**

Board Charter	162	Statement on Risk Management	
Code of Conduct and Business Ethics	169	and Internal Control	175
Audit Committee Report	171	Additional Information	177

**NATIONAL
ANNUAL
CORPORATE
REPORT AWARDS
(NACRA)**

2012

**NATIONAL
ANNUAL
CORPORATE
REPORT AWARDS
(NACRA)**

2013

**NATIONAL
ANNUAL
CORPORATE
REPORT AWARDS
(NACRA)**

2014



BOARD CHARTER

1. INTRODUCTION

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

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

2. OBJECTIVES

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

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

3. THE BOARD

3.1 Role

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

3.1.3 Duties of the Board include establishing the corporate vision and mission as well as the philosophy of Sunway REIT, providing leadership to the Manager, setting the strategic directions and overseeing the management of Sunway REIT.

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

- a) Setting the objectives, goals and strategic plans for the Manager and Sunway REIT with a view to maximise unitholders’ value.
- b) Adopting and monitoring progress of the strategies, budgets, plans and policies of the Manager and Sunway REIT.
- c) Overseeing the conduct of Sunway REIT’s properties to evaluate whether they are properly managed.
- d) Identifying principal risks of the Manager and Sunway REIT and ensuring the implementation of appropriate systems to mitigate and manage these risks. The Board through the Risk Management Working Group, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by the Manager and Sunway REIT.
- e) Considering Management’s recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- f) Reviewing the adequacy and integrity of the internal control systems and management information systems of the Manager and Sunway REIT, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- g) The Board ensures that proper and effective controls are in place to comply with applicable laws. It also sets the disclosure and transparency standards for the Manager and Sunway REIT and ensures that obligations to unitholders are understood and met.
- h) Changes to regulations, policies, guidelines and accounting policies are monitored closely. The Board is briefed on any changes to current practices at regular Board meetings or circulated board papers.
- i) Succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management.
- j) Developing and implementing an investor relations programme or unitholder communications policy for the Manager.

BOARD CHARTER (CONT'D)

3.2 Composition and Board Balance

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

3.3 Appointments

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

3.4 Directors' Training

- 3.4.1 In addition to the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad ("Bursa Securities"), Board members are also encouraged to attend seminars and training programmes organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

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

3.5 Re-election

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

3.6 Board Meetings and Supply of Information

- 3.6.1 The Board meets regularly at least once every quarter to discuss and approve the release of the quarterly and annual financial results, review acquisitions or disposals, annual budget, capital expenditure requirements, property reports, investor relations reports, performance of the Manager and Sunway REIT against the approved budget. When necessary, the Board meets to review and approve acquisitions or disposals for recommendation to the trustee of Sunway REIT ("Trustee") or any other issues requiring the immediate attention of the Board.
- 3.6.2 Notices and agenda of meetings duly endorsed by the Chairman together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Board to study and evaluate the matters to be discussed.
- 3.6.3 The board papers provided include inter alia, the financial results, business plan and budget, progress report on the properties' developments, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.

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

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

4.1 Chairman

- 4.1.1 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:
 - a) leading the Board in setting the values and standards of Sunway REIT;
 - b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;

BOARD CHARTER (CONT'D)

- c) ensuring the provision of accurate, timely and clear information to Directors;
- d) ensuring effective communication with unitholders and relevant stakeholders; and
- e) ensuring that members of the Board work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues.

4.1.2 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board.

4.1.3 The Chairman ensures that the Board members are properly briefed on issues arising at board meetings and that available information on an issue is presented to the Board.

4.1.4 The Chairman will act as facilitator at board meetings to ensure that no Board member, whether executive or non-executive, dominates any discussion, that appropriate discussion takes place and that relevant opinions among Board members are forthcoming.

4.1.5 Questions which are raised at any board meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, except that where two (2) Directors form a quorum and only two (2) Directors are present, or where there are only two (2) Directors who are competent to vote on the question at issue, the Chairman shall not have a casting vote.

4.2 Chief Executive Officer ("CEO")

4.2.1 The CEO is the conduit between the Board and the Management in ensuring the success of the governance and management functions of Sunway REIT.

4.2.2 The CEO has the executive responsibility for the day-to-day operation of business, and the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing Sunway REIT.

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

5. BOARD COMMITTEES

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

- Audit Committee
- Remuneration Committee
- Nomination Committee

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

5.1 Audit Committee

5.1.1 The Audit Committee comprises four (4) members, majority of whom are Independent Directors.

5.1.2 No alternate Director can be appointed as a member of the Audit Committee.

5.1.3 The Audit Committee will elect an Independent Director from amongst them as its Chairman.

5.1.4 The functions and duties of the Audit Committee are as follows:-

A. To review the following and report the same to the Board:

a) With the External Auditors:

(i) the audit plan and audit report and the extent of assistance rendered by employees;

(ii) their evaluation of the system of internal controls;

(iii) the audit fee and on matters 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;

(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;

BOARD CHARTER (CONT'D)

- (iv) the extent of cooperation and assistance rendered by employees;
 - (v) the appraisal of the performance of the internal audit function including that of the senior positions and any matter concerning their appointment and termination; and
 - (vi) the internal audit reports pertaining to the effectiveness of internal control, risk management and governance processes including compliance with the operational manuals and regulatory requirements, as well as ensuring that the audit recommendations are promptly implemented by the management.
- c) The quarterly results and year end financial statements prior to the approval by the Board, focusing particularly on:
- (i) changes in and implementation of major accounting policies and practices;
 - (ii) significant and unusual issues;
 - (iii) going concern assumption; and
 - (iv) compliance with accounting standards, regulatory and other legal requirements.
- d) The major findings of investigations and management's response.
- e) The propriety of any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity as set out in the Securities Commission's Guidelines on Real Estate Investment Trusts and the Deed.
- B. To report any breach of the Listing Requirements of Bursa Securities which has not been satisfactorily resolved, to Bursa Securities.
- C. To prepare the Audit Committee Report for inclusion in Sunway REIT's Annual Report.
- D. To review the disclosure statements of the Board and other disclosures forming the contents of annual report spelt out in the Securities Commission's Guidelines on Real Estate Investment Trusts.
- E. To review the procedures for detecting fraud and whistleblowing, and ensuring that arrangements are in place whereby employees may, in confidence, raise concerns or any possible improprieties in the matters of financial reporting, financial control or any other matters.

- 5.1.5 The Audit Committee meets on a quarterly basis to carry out its functions. However, upon the request of any member of the Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene additional meeting to consider the matters brought to his attention.
- 5.1.6 The CEO, Chief Financial Officer, Internal Auditors and External Auditors attend the meetings at the invitation of the Audit Committee.
- 5.1.7 The Board will review the performance of the Audit Committee once in every three (3) years.

5.2 Remuneration Committee

- 5.2.1 The Remuneration Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from amongst the Independent Non-Executive Directors.
- 5.2.2 The Remuneration Committee will elect an Independent Non-Executive Director from amongst them as its Chairman.
- 5.2.3 The Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board, the remuneration packages of the Executive Director(s) and Chief Financial Officer.

5.3 Nomination Committee

- 5.3.1 The Nomination Committee shall be appointed by the Board of Directors from among their members and shall comprise not fewer than three (3) members.
- 5.3.2 The Nomination Committee comprises entirely of Non-Executive Directors, the majority of whom, including the Chairman, must be independent.
- 5.3.3 The members of the Nomination Committee shall elect a Chairman from among their members who is not an Executive Director of the Company.
- 5.3.4 In the event of any vacancy in the Nomination Committee resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.

BOARD CHARTER (CONT'D)

5.3.5 The functions of the Nomination Committee are as follows:-

- (a) To determine the core competencies and skills required of Directors to best serve the business and operations of the Company as a whole and the optimum size of the Board to reflect the desired skills and competencies.
- (b) To review the size of Non-Executive Directors, Board balance and determine if additional Directors are required and also to ensure that at least one-third (1/3) of the Board is independent.
- (c) To consider in making its recommendations, candidates for directorships proposed by the Chairman and/or the Chief Executive Officer and within the bounds of practicability, by any other senior executive or any Director or shareholder.
- (d) To review and assess nominations for appointment or re-appointment of members of the Board of Directors, the key executives of the Company, and members of the various Board committees, for the purpose of proposing such nominations to the Board for approval.
- (e) To undertake a review of the required mix of skill, independence, experience, diversity and other qualities of directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this in the Annual Report.
- (f) To review the Board structure, its size and composition annually having regard to the scope and nature of the operations and the core competencies of the Directors.
- (g) To review and determine on an annual basis, the independence of Independent Directors.
- (h) To assist the Board to implement a procedure to be carried out by the Committee for assessing the effectiveness of the Board as a whole and the Board Committees, as well as for assessing the contributions and performance of individual Directors and Board Committee members.
- (i) To introduce such regulations, guidelines, policies and/or procedures to function effectively and fulfil the Committee's objectives.
- (j) To determine appropriate training for Directors and review the fulfilment of such training, where appropriate.

6. REMUNERATION LEVELS OF DIRECTORS

- 6.1 The remuneration of the CEO is structured on the basis of linking rewards to corporate and individual performance. Each Independent Non-Executive Director receive a basic fee, an additional fee for serving on any of the committees and an attendance fee for participation in meetings of the Board and any of the committee meetings. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account.
- 6.2 Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages for Executive and Non-Executive Directors.

7. FINANCIAL REPORTING

7.1 Transparency

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

7.2 External Auditors

- 7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the External Auditors through its Audit Committee.
- 7.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the External Auditors. The Board ensures that the External Auditors do not supply a substantial volume of non-audit services.

BOARD CHARTER (CONT'D)

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

7.3 Internal Controls and Risk Management

- 7.3.1 The Manager has an in-house internal audit team, which critically reviews all aspects of the activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls are undertaken on a regular basis. The Head of Internal Audit has unrestricted access to the Audit Committee and reports directly to the Audit Committee.
- 7.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.
- 7.3.3 The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.

7.4 Compliance Officer

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

8. ANNUAL GENERAL MEETING ("AGM")

- 8.1 The Board regards the AGM as an important event in the corporate calendar of which all Directors and key personnel should attend.
- 8.2 The Board regards the AGM as the principal forum for dialogue with unitholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from the unitholders.
- 8.3 The Chairman encourages active participation by the unitholders during the AGM.
- 8.4 The Chairman and where appropriate, the Chief Executive Officer responds to unitholders' queries during the AGM.

9. INVESTOR RELATIONS AND UNITHOLDER COMMUNICATION

- 9.1 The Board values constant dialogue and is committed to clear communication with unitholders and investors. In this respect, as part of Sunway REIT's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, unitholders and the media to convey information about Sunway REIT's performance, corporate strategy and other matters affecting unitholders' interests.
- 9.2 The Manager communicates information on Sunway REIT to unitholders and the investing community through announcements that are released to Bursa Securities via Bursa LINK. Such announcements include the quarterly results, material transactions and other developments relating to Sunway REIT requiring disclosure under the Listing Requirements of Bursa Securities. Communication channels with unitholders are also made accessible via:-
- Press and analysts' briefings.
 - One-on-one/group meetings, conference calls, investor luncheons, domestic/overseas roadshows and conferences.
 - Annual Reports.
 - Press releases on major developments of Sunway REIT.
 - Sunway REIT's website at www.sunwayreit.com.
- 9.3 With the majority of units in Sunway REIT held by institutional investors, the Manager considers meetings with local and foreign fund managers an integral part of investor relations. These meetings and roadshows with investors enabled the Manager to update potential and current unitholders on Sunway REIT's significant developments and its medium to long term strategies. Sunway REIT also participates in various local and overseas conferences as part of its efforts to build interest in the Malaysia's real estate investment trust market.
- 9.4 In addition to ensuring that the published Annual Report is available to all unitholders and quarterly results announced to Bursa Securities, Sunway REIT has established a website at www.sunwayreit.com from which investors and unitholders can access for information.
- 9.5 While the Manager endeavours to provide as much information as possible to unitholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

BOARD CHARTER (CONT'D)

10. RELATIONSHIP WITH OTHER STAKEHOLDERS

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

10.1 Employees

10.1.1 The Board acknowledges that the employees are invaluable assets of Sunway REIT and play a vital role in achieving its vision and mission.

10.1.2 The Manager adopts comprehensive and documented policies and procedures with respect to occupational safety and health with the objective of providing a safe and healthy working environment for all employees.

10.2 Environment

10.2.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the vision and mission of Sunway REIT.

10.2.2 The Manager adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

10.2.3 The Manager supports initiatives on environmental issues.

10.3 Corporate Responsibility

10.3.1 The Board acknowledges that Sunway REIT should play a vital role in contributing towards the welfare of the community in which it operates.

10.3.2 The Manager supports charitable causes and initiatives on community development projects.

11. COMPANY SECRETARY

11.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

11.2 The Company Secretary is accountable to the Board on all governance matters.

11.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting Sunway REIT and/or the Manager.

11.4 The Company Secretary must keep abreast of, and inform the Board of current governance practices.

11.5 The Board members have unlimited access to the professional advice and services of the Company Secretary.

CODE OF CONDUCT AND BUSINESS ETHICS

1. INTRODUCTION

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

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

2. OBJECTIVE

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

3. SCOPE

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

4. CORE SECTIONS OF CONDUCT

A. Act with Integrity & Ethics

I. Avoid Conflict of Interest

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

II. Corrupt Practices are Strictly Prohibited

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

III. Acceptance and Provision of Gifts and Entertainment

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

IV. Solicitation of Sponsorship

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

V. Insider Trading

An Employee should not buy or sell and should not recommend and suggest anyone else buy or sell the units of Sunway REIT either directly or indirectly when he/she is aware of insider information about Sunway REIT, for personal benefit. A violation of this policy can result in civil and criminal penalties.

VI. Fraud

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

B. Comply with Laws & Regulations

I. Ensure Compliance with Applicable Laws & Regulations

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

CODE OF CONDUCT AND BUSINESS ETHICS (CONT'D)

C. Working with One Another

I. Health & Safety

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

II. Sexual Harassment & Violence

The Manager will not tolerate and condone any form of harassment and violence. Any Employee of the Manager who believes that he/she has been subjected to harassment can lodge a report to Group Human Resource who will be responsible to review the case and consider the appropriate course of action where applicable.

III. Respect, Equal and Non-Discrimination

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

D. Protect Sunway's Assets & Intellectual Property

I. Protect Sunway REIT's Information & Assets

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

II. Confidential Information

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

III. Records Management & Control

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

E. Ensure Financial and Non-Financial Integrity & Controllorship

I. Maintain Books & Records

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

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

II. Comply with Internal Controls & Procedures

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

F. Environment

I. Sustainable Development

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

5. ADMINISTRATION

A. Reporting of Violations of the Code

The Employee should seek advice when unsure of an appropriate legal or ethical course of action. Employees are encouraged to report concerns of violation of the Code through the Manager's existing Whistleblowing Policy. No individual will be discriminated or suffer any act of retaliation for reporting in good faith.

B. Review of the Code

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

AUDIT COMMITTEE REPORT

FORMATION

Recognizing that an audit committee plays an important role in corporate governance, the Board of Directors of the Manager had on 22 September 2010, established an Audit Committee on a voluntary basis to ensure that the interest of the unitholders of Sunway Real Estate Investment Trust ("Sunway REIT") are protected.

The objective of the Audit Committee is to assist the Board of Directors of the Manager in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of Sunway REIT. During the financial year, Mr Ng Sing Hwa, a qualified Chartered Accountant, was appointed to the Committee on 29 April 2015 to further strengthen the composition of the Committee.

COMPOSITION

The members of the Audit Committee during the financial year ended 30 June 2015 were as follows:-

1. Tan Sri Ahmad Bin Mohd Don – Chairman
(Senior 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)
4. Ng Sing Hwa
(Non-Independent Non-Executive Director)
(Appointed on 29 April 2015)

MEETINGS AND ATTENDANCE

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

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

Name of Committee Member	Number of Meetings Attended
Tan Sri Ahmad Bin Mohd Don	4/4
Willy Shee Ping Yah @ Shee Ping Yan	4/4
Elvin A/L Berty Luke Fernandez	4/4
Ng Sing Hwa*	Not applicable

* Mr Ng did not attend any Audit Committee Meetings during the financial year because he was only appointed as Audit Committee Member on 29 April 2015.

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

TERMS OF REFERENCE

1. MEMBERSHIP

- 1.1 The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than 3 members.
- 1.2 All members of the Committee must be non-executive Directors, a majority of whom are Independent Directors as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- 1.3 The members of the Committee should be financially literate and shall include at least 1 person:-
 - (a) who is a member of the Malaysian Institute of Accountants; or
 - (b) who must have at least 3 years' working experience and:
 - (i) have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (ii) is a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - (c) who must have at least 3 years' post qualification experience in accounting or finance and:
 - (i) has a degree/ masters/ doctorate in accounting or finance; or
 - (ii) is a member of one of the professional accountancy organisations which has been admitted as a full member of the International Federation of Accountants; or
 - (d) who must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 1.4 No Alternate Director shall be appointed as a member of the Committee.
- 1.5 The members of the Committee shall elect a Chairman from amongst their number, who shall be an Independent Director.
- 1.6 If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraphs 1.1, 1.2 or 1.3 above, the Board of Directors must fill the vacancy within 3 months.
- 1.7 The terms of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors no less than once every 3 years. However, the appointment terminates when a member ceases to be a Director.

AUDIT COMMITTEE REPORT (CONT'D)

2. MEETINGS

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

3. RIGHTS AND AUTHORITY

The Committee is authorised to:-

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

4. FUNCTIONS AND DUTIES

4.1 To review the following and report to the Board of Directors:-

(a) With the External Auditors:

- (i) the audit plan and audit report and the extent of assistance rendered by employees of the Auditee, Property Manager or its service providers;
- (ii) their evaluation of the system of internal controls;
- (iii) the audit fee and on matter concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as External Auditors;
- (iv) the management letter and management's response; and
- (v) issues and reservations arising from audits.

(b) With the Internal Auditors:

- (i) the Internal Audit Charter which defines the independent purpose, authority, scope and responsibility of the internal audit function in the Company;
- (ii) the adequacy and relevance of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
- (iii) the audit plan of work programme and results of internal audit processes including recommendations and actions taken;
- (iv) the extent of cooperation and assistance rendered by employees of Auditee, the Property Manager or its service providers;
- (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

AUDIT COMMITTEE REPORT (CONT'D)

- (vi) the internal audit reports pertaining to the effectiveness of internal control, risk management and governance processes including compliance with the operational manuals, Securities Commission's Guidelines on Real Estate Investment Trusts and Listing Requirements of Bursa Malaysia Securities Berhad and ensuring that the audit recommendations are promptly implemented by the management.
 - (c) The quarterly results and year end financial statements prior to the approval by the Board of Directors, focusing particularly on:-
 - (i) changes and implementation of major accounting policies and practices;
 - (ii) significant and unusual issues;
 - (iii) going concern assumption; and
 - (iv) compliance with accounting standards, regulatory and other legal requirements.
 - (d) The major findings of investigations and management response.
 - (e) The propriety of any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity as set out in the Securities Commission's Guidelines on Real Estate Investment Trusts and the Deed.
- 4.2 To report any breaches of the Listing Requirements which have not been satisfactorily resolved, to Bursa Malaysia Securities Berhad.
- 4.3 To prepare the Audit Committee Report for inclusion in Sunway REIT's Annual Report covering:-
- (a) the composition of the Committee including the name, designation and directorship of the members;
 - (b) the terms of reference of the Committee;
 - (c) the number of meetings held and details of attendance of each member of the Committee;
 - (d) a summary of the activities of the Committee in the discharge of its functions and duties; and
 - (e) a summary of the activities of the internal audit function.
- 4.4 To review the following for publication in Sunway REIT's Annual Report:-
- (a) the disclosure statement of the Board of Directors on:
 - (i) the applications of the principles set out in the Malaysian Code on Corporate Governance 2012; and
 - (ii) the extent of compliance with the best practices set out in the Malaysian Code on Corporate Governance 2012, 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 risk management and 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 the Company and Sunway REIT and to ensure the effective discharge of the Committee's duties and responsibilities.
- 4.6 To review the procedures for detecting fraud and whistleblowing, and ensuring that arrangements are in place whereby employees may, in confidence, raise concerns or any possible improprieties in the matters of financial reporting, financial control or any other matters.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee for the financial year ended 30 June 2015 included the following:-

- (a) Reviewed the adequacy and relevance of the scope, functions, resources, risk based internal audit plan and results of the internal audit processes with the Internal Auditors.
- (b) Reviewed the audit activities carried out by the Internal Auditors and the audit reports to ensure corrective actions were taken in addressing the risk issues reported.
- (c) Reviewed with the assistance of the Internal Auditors and management, the adequacy, appropriateness and compliance of the procedures established to monitor recurrent related party transactions.
- (d) Reviewed with the External Auditors, the audit plan for the year (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and management responses) prior to the commencement of the annual audit.
- (e) Reviewed the extent of assistance rendered by management to the External Auditors. Discussed with External Auditors any issues as well as reservations arising from their audit without the presence of management staff and the executive board members.

AUDIT COMMITTEE REPORT (CONT'D)

- (f) Reviewed the financial statements and the External Auditors' audit report.
- (g) Reviewed the audit and non-audit fees for the financial year ended June 2014.
- (h) Deliberated with management the approval of the policy on non-audit services rendered by External Auditors.
- (i) Reviewed and discussed with management the Management Accounts.
- (j) Reviewed the quarterly results and annual financial statements with management and the External Auditors and subsequently recommended the same to the Board of Directors for approval and release to Bursa Malaysia Securities Berhad. In the course of the review, the parties discussed on the accounting principles and standards that were applied and their judgement of the accounting principles and standards that might affect the financial statements.
- (k) Deliberated and endorsed all related party transactions entered into by Sunway REIT to ensure that the transactions entered into were at arm's length basis and on normal commercial terms as well as the statements by the Audit Committee in respect of the related party transactions announced to Bursa Malaysia Securities Berhad.
- (l) Reviewed any management conflict of interest situation that might arise including any transaction, procedure or course of conduct that raises questions of management integrity.
- (m) Discussed the implications that might arise or affect Sunway REIT and/or the Manager pursuant to any latest changes and pronouncements issued by the statutory and regulatory bodies.
- (n) Reported to the Board on significant issues and concerns discussed during the Committee's meetings together with appropriate recommendations. Minutes of meetings were tabled, discussed and noted by all Board members.
- (o) Recommended to the Board and endorsed by Trustee, the appointment and remuneration of External Auditors.
- (p) Reviewed and recommended for the Board's approval, the Audit Committee Report and Statement on Risk Management & Internal Control for inclusion into the Annual Report of Sunway REIT.
- (q) Reviewed and approved the Annual Report 2014.
- (r) Assessed and evaluated on the performance, independence and suitability of the External Auditors for its re-appointment as Auditors of the Company and Sunway REIT.
- (s) Evaluated the adequacy and effectiveness of Internal Audit Function as well as the performance of the Internal Auditors against the audit plan.

AUDIT COMMITTEE'S TRAINING

The details of training programmes and seminars attended by each Committee Member during the financial year ended 30 June 2015 are set out in the Corporate Governance Statement under "Directors' Training".

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Internal Audit function is performed in-house by the Manager's internal audit team. It reports to the Audit Committee on its activities based on the approved annual plan. The internal auditors adopt a risk-based auditing approach, taking into account global best practices and industry standards. The main role of the internal auditor is to provide the Audit Committee with independent and objective reports on the adequacy and effectiveness of the system of internal controls, risks and governance framework within the Manager. The internal auditors' reports arising from assignments were issued to the management for their response, corrective actions and status of implementation of audit recommendations. The internal auditor's reports were subsequently tabled to the Audit Committee for their deliberation and approval. The Head of the Internal Audit has unrestricted access to the Audit Committee and reports directly to the Audit Committee.

During the financial year ended 30 June 2015, the internal auditors 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 management on concerns over operations or controls and significant issues.
- (e) Followed up on management corrective actions on audit issues raised by the External Auditors.
- (f) Reported to the Committee on review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent related party transactions.
- (g) Performed independent evaluation on the operation of risk management framework focusing primarily on the adequacy and effectiveness of the said framework.

The costs incurred for the internal audit function in respect of the financial year ended 30 June 2015 amounted to RM356,200.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Sunway REIT Management Sdn Bhd, the Manager for Sunway REIT (“the Manager”) is pleased to present the Statement on Risk Management and Internal Control for Sunway REIT in compliance with Chapter 15, Paragraph 15.26 (b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system with the objective of safeguarding the unitholders’ investment and the Group’s assets and to maintain a respectable high level of governance in carrying out the role of the REIT Manager in managing Sunway REIT. Hence, although Sunway REIT as a real estate investment trust, is not required to comply with paragraph 15.26 (b) of the MMLR, the Board has voluntarily adopted the relevant corporate governance requirement under Chapter 15 of the MMLR. The Board also acknowledges and endorses the importance of compliance with the Malaysian Code on Corporate Governance 2012.

THE BOARD’S RESPONSIBILITY AND COMMITMENT

The Board affirms its responsibility and accountability for good corporate governance by ensuring and empowering the management to continuously reviewing the adequacy, effectiveness and integrity of the Manager’s system of internal control, risk management and management information systems, including the systems implemented for investments, financing, budgetary approvals, capital and operating expenditure, lease renewals, marketing and other operational matters, related party transaction policies and procedures and compliance program and management systems.

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

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

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

THE MANAGER’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Monitoring Mechanisms and Management Style

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

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

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

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 by the management and the Audit Committee.

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

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

The framework basically:

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

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

Whistleblowing Policy

To further strengthen the monitoring process, the Audit Committee has embarked on the implementation of whistleblowing policy and procedures in 2012. This whistleblowing policy has been established to promote fraud awareness. The objective of whistle blowing policy is to encourage the employees of the Manager and other stakeholders, to report on suspected fraud, corrupt practices, abuses, or other similar matters relating to Sunway REIT. The employees of the Manager are encouraged to report such matters in good faith, with the confidence that they will be treated fairly and shall be protected from reprisal.

The procedures provide employees of the Manager, the unitholders and other stakeholders, accessible channels to whistle-blow on the concerns relating to Sunway REIT, and for independent investigation of these reports and appropriate follow-up action.

Key Elements of the Manager's System of Internal Control

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

- Clear vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.
- The Board with appropriate management reporting mechanisms which enable the Board to review the performance of Sunway REIT.
- Board approved annual budgets and business plans prepared by each property during the Business Plan exercise to consider the relevant strengths, weaknesses, opportunities and threats including competitor, market and broader environmental analysis.
- Investment strategies and criteria which are agreed and formulated by the Investment Appraisal Working Group and recommendation on any acquisition or divestment would be presented to the Board for approval before escalating to the Trustee 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 of the Manager through a staff handbook which is also available on the intranet.
- A systematic performance appraisal system for all levels of staff of the Manager
- Relevant training provided to personnel across all functions to maintain a high level of competency and capability.
- The internal audit function which carries out internal audits based on an annual risk-based audit plan approved by the Audit Committee.
- A compliance program which outlines questionnaires and guidelines for compliance with the applicable laws, rules, directives and guidelines.

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. The compliance officer ensures that the proper framework with compliance manuals, procedures, guidance and assessment questionnaires are in place for compliance of the REIT Deed, SC REIT Guidelines, SC Licensing Handbook, the Capital Markets and Services Act 2007 and the Main Market Listing Requirements.

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 CONCLUSION

The Board is pleased to report that there are adequate internal controls and risk management practices in place to satisfactorily meet the objectives of the Manager to ensure good corporate governance practices. There was no material control failure or weakness that would have material adverse effect on the results of Sunway REIT for the period under review.

This Statement on Risk Management and Internal Control was made by the Board on 11 August 2015.



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

ADDITIONAL INFORMATION

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

1. SANCTIONS AND/OR PENALTIES

There was no public sanction and/or penalty imposed on Sunway REIT, Directors or Management of the Manager by the relevant regulatory bodies during the financial year ended 30 June 2015.

2. NON-AUDIT FEES

There was no non-audit fee paid to the External Auditors of Sunway REIT for the financial year ended 30 June 2015.

3. SOFT COMMISSION

There was no soft commission received by the Manager during the financial year ended 30 June 2015.

4. VARIATION IN RESULTS

There was no variance of 10% or more between the audited results for the financial year ended 30 June 2015 and the unaudited results previously announced by Sunway REIT. Sunway REIT did not release any profit estimate, forecast or projection for the financial year.

5. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF THE DIRECTORS AND MAJOR UNITHOLDERS

Save as disclosed, there were no material contract (not being contracts entered into in the ordinary course of business) entered into by Sunway REIT involving the interests of the Directors and major unitholders during the financial year ended 30 June 2015:-

- (a) the first supplemental agreement dated 17 September 2014 between RHB Trustees Berhad ("Trustee"), the Manager and Sunway Resort Hotel Sdn Bhd ("SRHSB") of the hotel master lease dated 26 May 2010 made between the Trustee, the Manager and SRHSB ("SRH HMLA"), to exclude a multi-storey annex building from the SRH HMLA.
- (b) the second car park tenancy agreement dated 26 September 2014 between the Trustee and Sunway Mall Parking Sdn Bhd ("SMPSB") as the tenant ("Second CPTA"), in relation to the tenancy of Level 5 to Level 8 within Sunway Putra with a minimum 637 parking bays ("Demised Premises").
- (c) the sale and purchase agreement dated 8 December 2014 between the Trustee and Sunway Biz Hotel Sdn Bhd (formerly known as Sunway Hotel (Penang) Sdn Bhd) ("SBH"), to acquire 2 pieces of freehold land held under GRN 63519 Lot 2220, Seksyen 12, Bandar Georgetown, Daerah Timor Laut, Negeri Pulau Pinang and GRN 35332 Lot 1754, Seksyen 12, Bandar Georgetown, Daerah Timor Laut, Negeri Pulau Pinang together with a 16-storey building comprising a 250-room hotel erected thereon known as "Sunway Hotel Georgetown" ("Sunway Hotel Georgetown Property").

(d) the master lease agreement dated 8 December 2014 between the Trustee and the Manager and SBH, as the Lessee for the leaseback of the Sunway Hotel Georgetown Property.

(e) the sale and purchase agreement dated 8 December 2014 between the Trustee and SunwayMas Sdn Bhd ("SMSB") and Daksina Harta Sdn Bhd ("DHSB") to acquire 15 individual strata titles for various floors/storeys of all that office building known as "Wisma Sunway" located at No.1, Jalan Tengku Ampuan Zabedah C9/C, Seksyen 9, 40100 Shah Alam, Selangor.

Relationship of Related Parties for item (a) above

SRHSB, a wholly-owned subsidiary of Sunway is deemed related party to Sunway REIT by virtue of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are Directors of Sunway and the Manager. They are also substantial shareholders of Sunway, the ultimate holding company of SRHSB. Dato' Ngeow Voon Yean is a Director of SRHSB and the Manager. He also has direct interest in Sunway and deemed interest in Sunway REIT.

Relationship of Related Parties for item (b) above

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

Relationship of Related Parties for item (c) & (d) above

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

Relationship of Related Parties for item (e) above

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

**MOST ACTIVE M-REIT
IN UNDERTAKING ASSET
ENHANCEMENT INITIATIVES**



**FINANCIAL
INSIGHT**

Financial Statements	180	Notice of 3 rd Annual	
Financial Calendar	247	General Meeting	259
Detailed Market Report	248	Proxy Form	261
Analysis of Unitholdings	256	Glossary	263

“ Half a billion worth of asset enhancement initiatives translating to additional value creation of 40% of total investments. Assets are constantly refreshed to enhance competitiveness in the market ”



MANAGER'S REPORT

The Manager of Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund"), Sunway REIT Management Sdn. Bhd., has pleasure in presenting its report together with the audited financial statements of the Group and of the Fund for the financial year ended 30 June 2015.

Sunway REIT is a Malaysia-domiciled real estate investment trust constituted pursuant to the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as the "Deed") between Sunway REIT Management Sdn. Bhd. (the "Manager") and RHB Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010.

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

Sunway REIT seeks to achieve its investment objective via the following broad strategies:

- a) active asset management strategy;
- b) acquisition growth strategy; and
- c) capital and risk management strategy.

The Manager is of the view that it has achieved the investment objective for the financial year ended 30 June 2015. There was no change in the strategies and policies employed during the financial year.

Other information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Fund were made out, the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Manager is not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Fund inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Fund misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Fund which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Fund which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Fund which has arisen since the end of the financial year.
- (f) In the opinion of the Manager:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Fund to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Fund for the financial year in which this report is made.

MANAGER'S REPORT (CONT'D)

Significant event during the financial year

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

Material litigations

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

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 11 August 2015.



Dato' Ng Tiong Lip



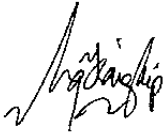
Sarena Cheah Yean Tih

STATEMENT BY THE MANAGER

The Manager acknowledges its responsibilities for the preparation and fair presentation of the financial statements of Sunway Real Estate Investment Trust. In the opinion of the Manager, the financial statements set out on pages 186 to 245 are drawn up in accordance with the provisions of the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as the "Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 on page 246 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 11 August 2015.



Dato' Ng Tiong Lip



Sarena Cheah Yean Tih

STATUTORY DECLARATION

I, Wai Sow Fun, being the officer primarily responsible for the financial management of Sunway Real Estate Investment Trust, do solemnly and sincerely declare that the accompanying financial statements set out on pages 186 to 246 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 2015



Wai Sow Fun

Before me,



No. 69A, Jalan SS21/37
Damansara Utama (Up Town)
47400 Petaling Jaya, Selangor D.E

TRUSTEE'S REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST

We have acted as Trustee of Sunway Real Estate Investment Trust ("Sunway REIT" or the "Fund") for the financial year ended 30 June 2015. 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 186 to 245, in accordance with the limitations imposed on the investment powers of the Manager, the provisions of the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as the "Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia and the applicable securities laws.

We have ensured that the procedures and processes employed by the Manager to value/price the units of Sunway REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 30 June 2015 are in line with and are reflective of the objective of Sunway REIT.

For and on behalf of the Trustee,
RHB Trustees Berhad



Tony Chieng Siong Ung
Director

Kuala Lumpur, Malaysia
11 August 2015

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 2015 of the Group and of the Fund, and the statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 186 to 245.

Manager's and Trustee's responsibility for the financial statements

The Manager of the Fund is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia.

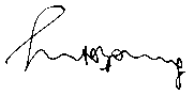
INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF SUNWAY REAL ESTATE INVESTMENT TRUST (CONT'D)

Other reporting responsibilities

The supplementary information set out in Note 39 on page 246 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Manager is responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (the "MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

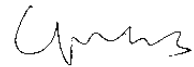
Other matters

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 2015



Yap Seng Chong
No. 2190/12/15(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2015

	Note	Group		Fund	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gross revenue	4	453,454	427,788	453,454	427,788
Property operating expenses	5	(112,628)	(106,811)	(112,628)	(106,811)
Net property income		340,826	320,977	340,826	320,977
Other income	6	3,444	2,278	3,444	2,278
Changes in fair value of investment properties	13	306,750	179,122	306,750	179,122
Net investment income		651,020	502,377	651,020	502,377
Manager's fees	7	(28,121)	(25,834)	(28,121)	(25,834)
Trustee's fees		(1,160)	(1,103)	(1,120)	(1,063)
Auditors' remuneration:					
Statutory audits		(174)	(164)	(171)	(161)
Underprovision in prior years		-	(5)	-	(7)
Tax agent's fee		(28)	(22)	(26)	(21)
Valuation fees		(539)	(159)	(539)	(159)
Other trust expenses		(2,907)	(935)	(2,952)	(977)
Finance costs	8	(70,751)	(63,031)	(70,751)	(63,031)
Total expenses		(103,680)	(91,253)	(103,680)	(91,253)
Profit before tax		547,340	411,124	547,340	411,124
Income tax expense	9	(5,896)	-	(5,896)	-
Profit for the year		541,444	411,124	541,444	411,124
Profit for the year comprises the following:					
Realised		242,032	231,931	242,032	231,931
Unrealised		299,412	179,193	299,412	179,193
		541,444	411,124	541,444	411,124
Basic earnings per unit (sen):	10				
Realised		8.25	7.93	8.25	7.93
Unrealised		10.21	6.13	10.21	6.13
		18.46	14.06	18.46	14.06
Distribution per unit (sen)	11	8.73	8.36	8.73	8.36

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

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

For the financial year ended 30 June 2015

	Group		Fund	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the year	541,444	411,124	541,444	411,124
Other comprehensive income to be reclassified to profit or loss in subsequent periods*:				
Cash flow hedge - fair value of derivative	53,419	4,944	53,419	4,944
Cash flow hedge reserve recycled to profit or loss	(58,950)	(3,200)	(58,950)	(3,200)
Total comprehensive income for the year	535,913	412,868	535,913	412,868

Realised profit for the year is arrived at as follows:

Profit for the year	541,444	411,124	541,444	411,124
Less: Changes in fair value of investment properties	(306,750)	(179,122)	(306,750)	(179,122)
Add: Deferred tax expense on fair value gain of investment properties	5,896	-	5,896	-
Add: Net changes in fair value of derivative financial instrument (Note 19)	1,513	-	1,513	-
Add: Unrealised foreign exchange loss (hedged item)	58,950	3,200	58,950	3,200
Less: Cash flow hedge reserve recycled to profit or loss	(58,950)	(3,200)	(58,950)	(3,200)
Less: Others	(71)	(71)	(71)	(71)
Realised profit for the year	242,032	231,931	242,032	231,931

* There is no tax effect arising from each of the components of the other comprehensive income.

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

For the financial year ended 30 June 2015

Income distribution

	Group		Fund	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Realised profit for the year	242,032	231,931	242,032	231,931
Add: Surplus cash arising from 50% Manager's fees paid/payable in units	14,061	12,917	14,061	12,917
Total available for income distribution for the year	256,093	244,848	256,093	244,848
Brought forward undistributed income available for distribution	484	169	484	169
Total available for income distribution	256,577	245,017	256,577	245,017
Distribution to unitholders during the year:				
Distribution of 2.00 sen per unit for period from 1 July 2013 to 30 September 2013	-	(58,429)	-	(58,429)
Distribution of 2.23 sen per unit for period from 1 October 2013 to 31 December 2013	-	(65,198)	-	(65,198)
Distribution of 2.10 sen per unit for period from 1 January 2014 to 31 March 2014	-	(61,453)	-	(61,453)
Final income distribution of 2.03 sen per unit for period from 1 April 2014 to 30 June 2014	-	(59,453)	-	(59,453)
Distribution of 2.28 sen per unit for period from 1 July 2014 to 30 September 2014	(66,826)	-	(66,826)	-
Distribution of 2.27 sen per unit for period from 1 October 2014 to 31 December 2014	(66,585)	-	(66,585)	-
Distribution of 2.13 sen per unit for period from 1 January 2015 to 31 March 2015	(62,528)	-	(62,528)	-
Proposed final income distribution of 2.05 sen per unit for period from 1 April 2015 to 30 June 2015 ¹	(60,224)	-	(60,224)	-
Balance undistributed arising from rounding difference	414	484	414	484

¹ The proposed final income distribution will be recognised and paid in the financial year ending 30 June 2016.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2015

	Note	Group	
		2015 RM'000	2014 RM'000
Assets			
Non-current assets			
Plant and equipment	12	5,268	3,039
Investment properties	13	6,324,000	5,520,000
		6,329,268	5,523,039
Current assets			
Trade receivables	15	12,993	12,135
Other receivables	16	7,181	4,226
Derivatives	19	14,358	12,484
Cash and bank balances	18	66,218	54,607
		100,750	83,452
Total assets		6,430,018	5,606,491
Equity and liabilities			
Unitholders' funds			
Unitholders' capital	20	2,716,456	2,702,788
Undistributed income		1,265,804	985,283
		3,982,260	3,688,071
Non-current liabilities			
Borrowings	21	1,378,550	1,000,000
Long term liabilities	22	75,585	60,279
Deferred tax liability	23	5,896	-
Derivatives	19	1,513	-
		1,461,544	1,060,279
Current liabilities			
Trade payables	24	6,506	3,305
Other payables	25	216,320	112,794
Borrowings	21	763,388	742,042
		986,214	858,141
Total equity and liabilities		6,430,018	5,606,491
Units in circulation ('000)	20	2,937,777	2,928,715
Net asset value ("NAV") per unit (RM):			
Before income distribution ¹		1.3555	1.2593
After income distribution ²		1.3350	1.2390

¹ Before the proposed final income distribution of 2.05 sen per unit (2014: 2.03 sen per unit)

² After the proposed final income distribution of 2.05 sen per unit (2014: 2.03 sen per unit)

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)

As at 30 June 2015

	Note	Fund	
		2015 RM'000	2014 RM'000
Assets			
Non-current assets			
Plant and equipment	12	5,268	3,039
Investment properties	13	6,324,000	5,520,000
Investments in subsidiaries	14	- ¹	- ¹
		6,329,268	5,523,039
Current assets			
Trade receivables	15	12,993	12,135
Other receivables	16	7,181	4,226
Derivatives	19	14,358	12,484
Cash and bank balances	18	66,218	54,607
		100,750	83,452
Total assets		6,430,018	5,606,491
Equity and liabilities			
Unitholders' funds			
Unitholders' capital	20	2,716,456	2,702,788
Undistributed income		1,265,807	985,286
		3,982,263	3,688,074
Non-current liabilities			
Amount due to a subsidiary	17	1,000,000	1,000,000
Borrowings	21	378,550	-
Long term liabilities	22	75,585	60,279
Deferred tax liability	23	5,896	-
Derivatives	19	1,513	-
		1,461,544	1,060,279
Current liabilities			
Trade payables	24	6,506	3,305
Other payables	25	208,776	105,274
Amounts due to subsidiaries	17	27,529	19,509
Borrowings	21	743,400	730,050
		986,211	858,138
Total equity and liabilities		6,430,018	5,606,491
Units in circulation ('000)	20	2,937,777	2,928,715
Net asset value ("NAV") per unit (RM):			
Before income distribution ²		1.3555	1.2593
After income distribution ³		1.3350	1.2390

¹ Value less than RM1,000

² Before the proposed final income distribution of 2.05 sen per unit (2014: 2.03 sen per unit)

³ After the proposed final income distribution of 2.05 sen per unit (2014: 2.03 sen per unit)

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

STATEMENTS OF CHANGES IN NET ASSET VALUE

For the financial year ended 30 June 2015

Group	Unitholders'	---- Undistributed Income ----		Unitholders'
	Capital RM'000	Realised RM'000	Unrealised RM'000	Funds RM'000
As at 1 July 2014	2,702,788	14,087	971,196	3,688,071
Total comprehensive income				
Profit for the year	-	242,032	299,412	541,444
Other comprehensive income:				
- Cash flow hedge - fair value of derivative	-	-	53,419	53,419
- Cash flow hedge reserve recycled to profit or loss	-	-	(58,950)	(58,950)
Total comprehensive income, representing the increase in net assets resulting from operations	2,702,788	256,119	1,265,077	4,223,984
Unitholders' transactions				
Creation of units (Note 20):				
- Manager's fees paid in units	13,668	-	-	13,668
Distribution to unitholders:				
- Income distribution declared and paid in current year (Note 11)	-	(195,939)	-	(195,939)
- Income distribution proposed in prior year but paid in current year	-	(59,453)	-	(59,453)
Increase/(decrease) in net assets resulting from unitholders' transactions	13,668	(255,392)	-	(241,724)
As at 30 June 2015	2,716,456	727	1,265,077	3,982,260
As at 1 July 2013	2,690,002	26,208	790,259	3,506,469
Total comprehensive income				
Profit for the year	-	231,931	179,193	411,124
Other comprehensive income:				
- Cash flow hedge - fair value of derivative	-	-	4,944	4,944
- Cash flow hedge reserve recycled to profit or loss	-	-	(3,200)	(3,200)
Total comprehensive income, representing the increase in net assets resulting from operations	2,690,002	258,139	971,196	3,919,337
Unitholders' transactions				
Creation of units (Note 20):				
- Manager's fees paid in units	12,786	-	-	12,786
Distribution to unitholders:				
- Income distribution declared and paid in current year (Note 11)	-	(185,080)	-	(185,080)
- Income distribution proposed in prior year but paid in current year	-	(58,972)	-	(58,972)
Increase/(decrease) in net assets resulting from unitholders' transactions	12,786	(244,052)	-	(231,266)
As at 30 June 2014	2,702,788	14,087	971,196	3,688,071

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

STATEMENTS OF CHANGES IN NET ASSET VALUE (CONT'D)

For the financial year ended 30 June 2015

Fund	Unitholders'	I--- Undistributed Income ---I		Unitholders'
	Capital RM'000	Realised RM'000	Unrealised RM'000	Funds RM'000
As at 1 July 2014	2,702,788	14,090	971,196	3,688,074
Total comprehensive income				
Profit for the year	-	242,032	299,412	541,444
Other comprehensive income:				
- Cash flow hedge - fair value of derivative	-	-	53,419	53,419
- Cash flow hedge reserve recycled to profit or loss	-	-	(58,950)	(58,950)
Total comprehensive income, representing the increase in net assets resulting from operations	2,702,788	256,122	1,265,077	4,223,987
Unitholders' transactions				
Creation of units (Note 20):				
- Manager's fees paid in units	13,668	-	-	13,668
Distribution to unitholders:				
- Income distribution declared and paid in current year (Note 11)	-	(195,939)	-	(195,939)
- Income distribution proposed in prior year but paid in current year	-	(59,453)	-	(59,453)
Increase/(decrease) in net assets resulting from unitholders' transactions	13,668	(255,392)	-	(241,724)
As at 30 June 2015	2,716,456	730	1,265,077	3,982,263
As at 1 July 2013	2,690,002	26,211	790,259	3,506,472
Total comprehensive income				
Profit for the year	-	231,931	179,193	411,124
Other comprehensive income:				
- Cash flow hedge - fair value of derivative	-	-	4,944	4,944
- Cash flow hedge reserve recycled to profit or loss	-	-	(3,200)	(3,200)
Total comprehensive income, representing the increase in net assets resulting from operations	2,690,002	258,142	971,196	3,919,340
Unitholders' transactions				
Creation of units (Note 20):				
- Manager's fees paid in units	12,786	-	-	12,786
Distribution to unitholders:				
- Income distribution declared and paid in current year (Note 11)	-	(185,080)	-	(185,080)
- Income distribution proposed in prior year but paid in current year	-	(58,972)	-	(58,972)
Increase/(decrease) in net assets resulting from unitholders' transactions	12,786	(244,052)	-	(231,266)
As at 30 June 2014	2,702,788	14,090	971,196	3,688,074

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

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2015

	Note	Group		Fund	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating activities					
Cash receipts from customers		484,768	442,606	484,768	442,606
Refundable security deposits from customers		26,473	16,094	26,473	16,094
Cash paid for operating expenses		(163,697)	(143,844)	(163,697)	(143,844)
Net cash generated from operating activities		347,544	314,856	347,544	314,856
Investing activities					
Acquisition of plant and equipment	Note a	(2,328)	(1,829)	(2,328)	(1,829)
Acquisition of investment properties	13	(134,000)	-	(134,000)	-
Incidental costs on acquisition of investment properties	Note b	(1,967)	-	(1,967)	-
Subsequent expenditure of investment properties	Note c	(266,068)	(118,779)	(266,068)	(118,779)
Interest received		3,340	2,275	3,340	2,275
Net cash used in investing activities		(401,023)	(118,333)	(401,023)	(118,333)
Financing activities					
Drawdown of term loan		50,100	-	50,100	-
Proceeds from issuance of commercial papers		542,400	2,976,000	-	-
Drawdown of revolving loans/credits		6,688,000	1,477,000	6,688,000	1,477,000
Repayment of commercial papers		(534,400)	(3,279,000)	-	-
Repayment of revolving loans/credits		(6,353,600)	(1,068,000)	(6,353,600)	(1,068,000)
Interest paid		(72,018)	(62,383)	(72,018)	(62,383)
Net change in inter-company balances		-	-	8,000	(303,000)
Distribution paid		(255,392)	(244,052)	(255,392)	(244,052)
Net cash generated from/(used in) financing activities		65,090	(200,435)	65,090	(200,435)
Net increase/(decrease) in cash and bank balances		11,611	(3,912)	11,611	(3,912)
Cash and bank balances at beginning of year		54,607	58,519	54,607	58,519
Cash and bank balances at end of year		66,218	54,607	66,218	54,607

STATEMENTS OF CASH FLOWS (CONT'D)

For the financial year ended 30 June 2015

	Note	Group		Fund	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances at end of year comprise:					
Cash on hand and at banks		66,218	45,802	66,218	45,802
Deposits with licensed financial institutions		-	8,805	-	8,805
Cash and bank balances at end of year	18	66,218	54,607	66,218	54,607
Less: Deposit with a licensed financial institution with maturity of more than 3 months					
		-	(840)	-	(840)
Cash and cash equivalents at end of year		66,218	53,767	66,218	53,767
Note a:					
Additions of plant and equipment	12	2,911	2,112	2,911	2,112
Additions via deferred payment		(1,067)	(484)	(1,067)	(484)
Payment of plant and equipment purchased via deferred payment in prior year		484	201	484	201
Cash outflow for acquisition of plant and equipment		2,328	1,829	2,328	1,829
Note b:					
Incidental costs on acquisition of investment properties, representing cash outflow for incidental costs on acquisition of investment properties	13	1,967	-	1,967	-
Note c:					
Subsequent expenditure of investment properties	13	361,283	156,878	361,283	156,878
Additions via deferred payment		(127,252)	(40,716)	(127,252)	(40,716)
Payment of subsequent expenditure of investment properties incurred via deferred payment in prior year		32,037	2,617	32,037	2,617
Cash outflow for subsequent expenditure of investment properties		266,068	118,779	266,068	118,779

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

1. Fund information

Sunway Real Estate Investment Trust (“Sunway REIT” or the “Fund”) is a Malaysia-domiciled real estate investment trust constituted pursuant to the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as the “Deed”) between Sunway REIT Management Sdn. Bhd. (the “Manager”) and RHB Trustees Berhad (the “Trustee”). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010.

The registered office of the Manager is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal place of business is located at Level 15, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

Sunway REIT is an income and growth fund with the key investment objective to provide unitholders with exposure to a diverse portfolio of authorised investments (pursuant to provisions of the Deed) that will provide stable cash distributions with the potential for sustainable growth in net asset value (“NAV”) per unit. The principal investment policy of Sunway REIT is to invest in retail, hospitality, office and other real estate assets, subject to the Securities Commission’s Guidelines on Real Estate Investment Trusts in Malaysia. The principal activities of the subsidiaries are set out in Note 32.

There has been no significant change in the nature of the principal activity during the financial year.

The consolidated financial statements comprise the Fund and its subsidiaries (the “Group”).

The financial statements for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors of the Manager on 11 August 2015.

Sunway REIT has entered into several service agreements in relation to the management of the Fund and its property operations. The fee structures of these services are as follows:

1.1 Manager’s fees

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

- (a) Base fee of 0.3% per annum on the total assets value;
- (b) Performance fee of 3% per annum of net property income, but before deduction of fees payable to the Property Manager;
- (c) Acquisition fee of 1% of the acquisition price of any future assets of Sunway REIT or a Single-Purpose Company acquired by the Trustee for Sunway REIT (pro rated if applicable to the proportion of the interest in Real Estate or Single-Purpose Company purchased by the Trustee for Sunway REIT); and
- (d) Divestment fee of 0.5% of the sale price of any future assets of Sunway REIT or a Single-Purpose Company sold or divested by the Trustee (pro rated if applicable to the proportion of the interest of Sunway REIT in the assets of Sunway REIT sold).

The Manager’s fee shall be net of all applicable tax, duties and levies imposed by the relevant authorities in Malaysia. The Manager shall be paid the base fee and performance fee which may be in the form of cash, new units or a combination thereof, with the initial applicable proportion to be 50% in the form of cash and 50% in the form of new units, such proportion which may be varied at the discretion of the Manager. The Manager’s fees are payable quarterly in arrears.

1.2 Property management fees

The Property Manager, AREM (Malaysia) Sdn. Bhd. (“AREM”), is entitled to receive a fixed fee for managing the retail and office properties owned by Sunway REIT. AREM 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 AREM and/or its service providers as provided in the Property Management Agreement dated 1 July 2014. The property management fees and reimbursements are payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

1. Fund information (cont'd)

1.3 Trustee's fees

Pursuant to the Deed, the Trustee of Sunway REIT is entitled to receive up to 0.03% per annum of the net asset value of Sunway REIT, net of all applicable taxes, duties and levies imposed by the relevant authorities in Malaysia, calculated on a monthly accrual basis, based on a year of 12 months and is payable monthly in arrears.

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

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

The financial statements of the Group and of the Fund have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2014, the Group and the Fund adopted the following new and amended Malaysian Financial Reporting Standards ("MFRSs") and IC Interpretations mandatory for annual periods beginning on or after 1 July 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

Adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group and of the Fund.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.2 Changes in accounting policies (cont'd)

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Manager does not anticipate that the application of these amendments will have a significant impact on the Group's and the Fund's financial statements.

(a) MFRS 2 Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

(b) MFRS 3 Business Combinations

The amendments to MFRS 3 clarify that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

(c) MFRS 8 Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

(d) MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

(e) MFRS 124 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.2 Changes in accounting policies (cont'd)

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Manager does not anticipate that the application of these amendments will have a significant impact on the Group's and the Fund's financial statements.

(a) MFRS 3 Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

(b) MFRS 13 Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

(c) MFRS 140 Investment Property

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3.

to determine if the transaction is a purchase of an asset or is a business combination.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.3 Standards issued but not yet effective (cont'd)

The effects of the above standards issued but not yet effective are discussed below:

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group and the Fund as the Group and the Fund have not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Fund's financial statements.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Manager does not anticipate that the application of these amendments will have a material impact on the Group's and the Fund's financial statements.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Manager anticipates that the application of MFRS 15 will not have a material impact on the amounts reported and disclosures made in the Group's and the Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.3 Standards issued but not yet effective (cont'd)

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Manager anticipates that the application of MFRS 9 will not have a material impact on the amounts reported and disclosures made in the Group's and the Fund's financial statements.

Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Manager does not anticipate that the application of these amendments will have a significant impact on the Group's and the Fund's financial statements.

(a) MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to MFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(b) MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

(c) MFRS 119 Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

(d) MFRS 134 Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.4 Fair value measurement

The Group and the Fund measure non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group or the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Fund use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Fund determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Manager determines the policies and procedures for the recurring fair value measurement, such as investment properties and derivative.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Manager analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's and the Fund's accounting policies. For this analysis, the Manager verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Manager, in conjunction with the Group's and the Fund's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group and the Fund have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Fund. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Fund are presented in Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Fund and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.7 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 Fund and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group and the Fund recognise 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:

Office/computer equipment	10 - 20%
Furniture and fittings	10%

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.8 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 or the Fund 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 2.7 up to the date of change in use.

2.9 Impairment of non-financial assets

The Manager assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Manager makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

In the Fund's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and the carrying amounts is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.11 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Fund determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Fund commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.12 Impairment of financial assets

The Manager assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Manager considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Manager's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.13 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.

2.14 Provisions

Provisions are recognised when the Group or the Fund 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.

2.15 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.15 Financial liabilities (cont'd)

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Fund that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

The Group's and the Fund's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Fund have 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.

2.16 Derivatives financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group and the Fund designate and document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group and the Fund assess both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items and applies hedge accounting only where effectiveness tests are met on both a prospective and retrospective basis. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group and the Fund do not have any fair value hedges and net investment hedges except for cash flow hedge.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.16 Derivatives financial instruments and hedging activities (cont'd)

Cash flow hedge

The Group and the Fund use cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve until such time as the hedged items affect profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss. The application of hedge accounting will create some volatility in equity reserve balances.

Where a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time remain in equity and are recognised when the forecast transaction is ultimately recognised in the profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the profit or loss.

2.17 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.

2.18 Leases

Leases where the Group or the Fund 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 2.19 (a), (b), (c) and (d).

2.19 Revenue and other income

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the Fund and the revenue and other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(a) Rental income

Rental income is derived from renting of retail and office properties to tenants and includes base rent, turnover rent and service and promotion charges from tenants. Base rent and service and promotion charges are recognised in profit or loss on a straight-line basis over the term of lease. Contingent rent such as turnover rent is recognised as income in the profit or loss on an accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(b) Hotel master lease income

Hotel master lease income is derived from leasing of hotel properties to hotel operators for a 10-year lease term and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis. The hotel master lease income is derived based on the following total rent formula:

Total rent = The higher of variable rent or guaranteed rent

Variable rent = Base rent plus 70% of (hotel's gross operating profit less master lease expenses)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.19 Revenue and other income (cont'd)

(b) Hotel master lease income (cont'd)

- (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) Hospital master lease income

Hospital master lease income is derived from leasing of a medical premise to a hospital operator for a 10-year lease term at a predetermined annual rental with a 3.5% annual rental increase and is recognised on a straight-line basis over the term of lease unless recoverability is in doubt, in which case, it is recognised on receipt basis.

The hospital master lease is based on a triple net basis whereby all the property operating expenses, quit rent, assessment and insurance will be borne by the hospital operator.

(d) Carpark rental income

Carpark rental income is derived from renting of the investment properties' carpark space to carpark operators and is recognised on accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis. The carpark rental income is derived based on the following variable rent formula:

Variable rent = Base rent plus 95% of carpark's gross operating profit

- (i) Base rent: 20% of the carpark's gross operating revenue.
- (ii) Gross operating profit: Carpark's gross operating revenue less base rent and operating expenses.

(e) Other operating income

Other operating income mainly comprises rental from common area of the retail properties for promotional events and is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(f) Interest income

Interest income from short term deposits is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.20 Income taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable 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.

Where investment properties are carried at fair value in accordance with the accounting policy set out in Note 2.8, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date unless the property is depreciable and is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

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

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their business and geographical segment which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Manager who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment's performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 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 and of the Fund. Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Fund.

2.23 Current versus non-current classification

The Group and the Fund present assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Fund classify all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

3. Judgements made in applying accounting policies

The preparation of the Group's and of the Fund's financial statements requires the Manager 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.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Fund'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:

Classification between investment properties and plant and equipment

The Group and the Fund have developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Fund would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

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 amounts of the Group's and of the Fund's loans and receivables at the reporting date are disclosed in Note 15.

(c) Fair value of investment properties

Fair value is determined in accordance with the Deed, the Guidelines on Real Estate Investment Trusts and the Guidelines on Asset Valuation issued by the Securities Commission which require the investment properties to be valued by independent qualified valuers. In determining the fair value, the valuers used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates reflect the current market conditions. The basis of valuation is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

4. Revenue

	Group/Fund	
	2015 RM'000	2014 RM'000
Rental income	345,164	318,602
Hotel/hospital master lease income	79,719	82,596
Carpark rental income	17,739	15,949
Other operating income	10,832	10,641
	453,454	427,788

5. Property operating expenses

	Group/Fund	
	2015 RM'000	2014 RM'000
Quit rent, assessment and insurance	9,531	13,998
Property management fees and reimbursements	34,617	31,753
Utilities	26,237	22,904
Service contracts and maintenance	19,393	18,332
Advertising and promotion	13,065	13,885
Reversal of allowance for impairment on trade receivables (Note 15)	(620)	(328)
Bad debts written off (Note 36)	1,718	32
Depreciation of plant and equipment (Note 12)	682	355
Loss on disposal of plant and equipment	-	1
Administrative and other operating expenses	8,005	5,879
	112,628	106,811

6. Other income

	Group/Fund	
	2015 RM'000	2014 RM'000
Interest income from deposits with licensed financial institutions	3,329	2,207
Others	115	71
	3,444	2,278

7. Manager's fees

	Group/Fund	
	2015 RM'000	2014 RM'000
Base fee	17,888	16,197
Performance fee	10,233	9,637
	28,121	25,834

During the financial year, approximately 50% (2014 : 50%) of Manager's fees were paid/payable in units.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

8. Finance costs

	Group		Fund	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest paid/payable:				
- subsidiaries	-	-	40,633	47,368
- term loan	13,154	12,059	13,154	12,059
- commercial papers	1,652	8,387	-	-
- revolving loan/credit and commitment fees	19,620	4,011	19,620	4,011
- unrated medium term notes	38,981	38,981	-	-
Amortisation of transaction costs	1,880	1,200	1,880	1,200
Others	75	79	75	79
	75,362	64,717	75,362	64,717
Less: Interest expense capitalised in investment properties (Note 13)	(4,611)	(1,686)	(4,611)	(1,686)
	70,751	63,031	70,751	63,031

9. Income tax expense

	Group/Fund	
	2015 RM'000	2014 RM'000
Deferred tax (Note 23):		
Relating to origination of temporary differences	5,896	-

Taxation of the Real Estate Investment Trust ("REIT")

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

Sunway REIT will not incur any tax expense during the financial year as it will distribute approximately 100% of its realised income available for distribution for the financial year ended 30 June 2015 which translates to more than 90% of its total taxable income.

Reconciliation of the tax expense is as follows:

	Group		Fund	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	547,340	411,124	547,340	411,124
Income tax at Malaysian statutory tax rate of 25% (2014: 25%)	136,835	102,781	136,835	102,781
Fair value adjustment of investment properties not subject to tax	(70,792)	(44,781)	(70,792)	(44,781)
Income not subject to tax	(62,706)	(60,503)	(62,706)	(60,503)
Expenses not deductible for tax purposes	2,559	2,503	2,559	2,503
Income tax expense	5,896	-	5,896	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

9. Income tax expense (cont'd)

Taxation of the Unitholders

Pursuant to Section 109D(2) of the Malaysian Income Tax Act 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders	Tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	25%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 25%.

10. Basic earnings per unit

Basic earnings per unit amounts are calculated by dividing realised/unrealised total profit for the year attributable to unitholders of the Fund by the weighted average number of units in issue during the financial year.

	Fund	
	2015 Unit'000	2014 Unit'000
Weighted average number of units in issue	2,933,074	2,923,523

	Group/Fund	
	2015 RM'000	2014 RM'000
Realised		
Total realised profit for the year attributable to unitholders of the Group/Fund	242,032	231,931
Realised basic earnings per unit (sen)	8.25	7.93
Unrealised		
Total unrealised profit for the year attributable to unitholders of the Group/Fund	299,412	179,193
Unrealised basic earnings per unit (sen)	10.21	6.13

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

11. Distribution per unit

Distribution to unitholders is from the following sources:

	Group/Fund	
	2015 RM'000	2014 RM'000
Net property income	340,826	320,977
Other income	3,444	2,278
Changes in fair value of investment properties	306,750	179,122
Net investment income	651,020	502,377
Less: Expenses	(109,576)	(91,253)
Profit for the year	541,444	411,124
Less: Unrealised income	(299,412)	(179,193)
Add: Surplus cash arising from 50% Manager's fees paid/payable in units	14,061	12,917
Add: Brought forward undistributed income available for distribution	484	169
Total available for income distribution	256,577	245,017
Less: Income distributed	(195,939)	(185,080)
Less: Proposed final income distribution	(60,224)	(59,453)
Balance undistributed arising from rounding difference	414	484
Distribution per unit (sen)	8.73	8.36

12. Plant and equipment

At 30 June 2015

Group/Fund	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Cost			
At beginning of financial year	2,680	930	3,610
Additions (Note 36)	2,152	759	2,911
At end of financial year	4,832	1,689	6,521
Accumulated depreciation			
At beginning of financial year	481	90	571
Depreciation charge for the year (Note 5)	557	125	682
At end of financial year	1,038	215	1,253
Net carrying amount	3,794	1,474	5,268

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

12. Plant and equipment (cont'd)

At 30 June 2014

Group/Fund	Office/ computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Cost			
At beginning of financial year	1,195	304	1,499
Additions (Note 36)	1,486	626	2,112
Disposal	(1)	-	(1)
At end of financial year	2,680	930	3,610
Accumulated depreciation			
At beginning of financial year	183	33	216
Depreciation charge for the year (Note 5)	298	57	355
At end of financial year	481	90	571
Net carrying amount	2,199	840	3,039

13. Investment properties

	Group/Fund	
	2015 RM'000	2014 RM'000
At beginning of financial year	5,520,000	5,184,000
Additions from acquisition (Note 36)	134,000	-
Incidental costs on acquisition (Note 36)	1,967	-
Additions from subsequent expenditure (Note 36)	361,283	156,878
Changes in fair value (Note 36)	306,750	179,122
At end of financial year	6,324,000	5,520,000

During the financial year, Sunway REIT acquired two investment properties namely Sunway Hotel Georgetown and Wisma Sunway for a purchase consideration of RM74,000,000 and RM60,000,000 respectively, which were fully financed through proceeds from drawdown of borrowings.

Included in the subsequent expenditure of investment properties are the borrowing costs capitalised for certain capital work-in-progress which satisfied the recognition criteria of MFRS 123: Borrowing Costs amounting to RM4,611,000 (2014: RM1,686,000) as disclosed in Note 8.

Investment properties of the Group and of the Fund amounting to RM5,863,000,000 (2014: RM5,203,000,000) are pledged as securities for borrowings as disclosed in Note 21.

The following are recognised in profit or loss in respect of investment properties:

	Group/Fund	
	2015 RM'000	2014 RM'000
Revenue	453,454	427,788
Property operating expenses	(112,628)	(106,811)
Net property income	340,826	320,977

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

13. Investment properties (cont'd)

Details of the investment properties are as follows:

Description of property	Location	Date of acquisition	Tenure of land	Term of lease	Remaining term of lease	Fair value as at 30.6.2015 RM'000	Fair value as at 30.6.2014 [^] RM'000	Percentage of net asset value as at	
								30.6.2015 %	30.6.2014 %
Retail									
Sunway Pyramid Shopping Mall	Selangor	8 July 2010	Leasehold	99 years	82/90 years	3,200,000 *	2,908,000	80.3	78.8
Sunway Carnival Shopping Mall	Penang	8 July 2010	Leasehold	99 years	77 years	340,000 *	296,000	8.5	8.0
SunCity Ipoh Hypermarket	Perak	8 July 2010	Leasehold	99 years	85 years	60,000 *	56,000	1.5	1.6
Sunway Putra Mall	Kuala Lumpur	19 April 2011	Freehold	-	-	588,000 #	352,000	14.8	9.5
						4,188,000	3,612,000	105.1	97.9
Hotel									
Sunway Resort Hotel & Spa	Selangor	8 July 2010	Leasehold	99 years	82 years	530,000 *	530,000	13.3	14.4
Pyramid Tower East (formerly known as Pyramid Tower Hotel)	Selangor	8 July 2010	Leasehold	99 years	86 years	295,000 *	295,000	7.4	8.0
Sunway Hotel Seberang Jaya	Penang	8 July 2010	Leasehold	99 years	77 years	75,000 *	75,000	1.9	2.0
Sunway Putra Hotel	Kuala Lumpur	19 April 2011	Freehold	-	-	335,000 #	258,000	8.4	7.0
Sunway Hotel Georgetown	Penang	28 January 2015	Freehold	-	-	74,000 *	-	1.9	-
						1,309,000	1,158,000	32.9	31.4
Office									
Menara Sunway	Selangor	8 July 2010	Leasehold	99 years	82 years	164,000 *	160,000	4.1	4.3
Sunway Tower	Kuala Lumpur	8 July 2010	Freehold	-	-	166,000 *	180,000	4.2	4.9
Sunway Putra Tower	Kuala Lumpur	19 April 2011	Freehold	-	-	110,000 #	93,000	2.8	2.6
Wisma Sunway	Selangor	23 March 2015	Leasehold	99 years	79 years	62,000 *	-	1.5	-
						502,000	433,000	12.6	11.8
Others									
Sunway Medical Centre	Selangor	31 December 2012	Leasehold	99 years	82 years	325,000 #	317,000	8.2	8.6
						6,324,000	5,520,000	158.8	149.7

* Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd. on 30 June 2015

Based on valuation carried out by an independent professional valuer, CH Williams Talhar & Wong Sdn. Bhd. on 30 June 2015

[^] Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd. on 30 June 2014

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

13. Investment properties (cont'd)

Fair value information

MFRS 13 establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The three levels are explained below:

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the Group and the Fund can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

The fair values of investment properties of the Group and of the Fund are categorised as Level 3.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment method (refer below)	<ul style="list-style-type: none"> - Allowance for void of 5.00% - 10.00% - Term yield rates ranging from 6.00% - 7.50% - Reversionary yield rates ranging from 6.50% - 7.25% 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> - Allowance for void was lower/(higher) - Term yield rate was lower/(higher) - Reversionary yield rate was lower/(higher)
Profits method (refer below)	<ul style="list-style-type: none"> - Average room rates during holding period ranging from RM210 per room - RM495 per room - Average occupancy rates during holding period ranging from 60.00% - 83.50% - Capitalisation rate of 7.00% - Discount rate of 9.00% over 10-year holding period 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> - Average room rates during the holding period were higher/(lower) - Average occupancy rates during the holding period were higher/(lower) - Capitalisation rate was lower/(higher) - Discount rate was lower/(higher)

The investment method involves capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

The profits method is most appropriate for properties occupied as business premises and in essence, attempts to determine the net operating profit from the trading accounts which is then capitalised. As a primary method of valuation for the hotel properties, the valuer 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 discounted cash flow analysis. In undertaking this analysis, the valuer 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

13. Investment properties (cont'd)

The following table shows a reconciliation of Level 3 fair value:

	Group/Fund	
	2015 RM'000	2014 RM'000
At beginning of financial year	5,520,000	5,184,000
Additions	497,250	156,878
Changes in fair value	306,750	179,122
At end of financial year	6,324,000	5,520,000

Valuation processes applied by the Group and the Fund for Level 3 fair value

The fair value of investment properties are determined by independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the investment properties being valued. The independent professional valuers provide the fair value of the Group's and of the Fund's investment properties portfolio annually. Changes in Level 3 fair value are assessed by the Manager annually after obtaining the valuation reports from the independent professional valuers.

14. Investments in subsidiaries

	Fund	
	2015 RM	2014 RM
At cost		
Unquoted ordinary shares	4	4

Further details of the subsidiaries are disclosed in Note 32.

15. Trade receivables

	Group/Fund	
	2015 RM'000	2014 RM'000
Current		
Third parties	12,094	11,369
Amount due from parties related to the Manager	4,374	4,861
	16,468	16,230
Less: Allowance for impairment	(3,475)	(4,095)
Total trade receivables	12,993	12,135
Total trade receivables	12,993	12,135
Add: Other receivables (Note 16)	7,181	4,226
Less: Prepayments (Note 16)	(2,578)	(2,287)
Add: Cash and bank balances (Note 18)	66,218	54,607
Total loans and receivables	83,814	68,681

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

15. Trade receivables (cont'd)

Included in trade receivables is the following amount due from parties related to the Manager:

	Group/Fund	
	2015 RM'000	2014 RM'000
Sunway Berhad Group	4,374	4,861

The amount due from parties related to the Manager is unsecured and bears interests ranging from 8% to 18% per annum (2014: 8% to 18% per annum) and the credit period is generally for a period of 7 days to 30 days (2014: 7 days to 30 days). The relationship with the parties related to the Manager is as disclosed in Note 31.

The Group's and the Fund's primary exposure to credit risk arises through its trade receivables. The Group's and the Fund's trading terms with its customers are mainly on credit. The credit period is generally for a period of 7 days to 30 days (2014: 7 days to 30 days). The Group and the Fund seek to maintain strict control over its outstanding receivables and have 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 and the Fund'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 (2014: 8% to 18% per annum).

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Fund's trade receivables is as follows:

	Group/Fund	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	7,860	7,088
Past due but not impaired:		
1 to 30 days	2,725	1,440
31 to 60 days	1,194	507
61 to 90 days	297	563
91 to 120 days	831	2,533
More than 120 days	86	4
	5,133	5,047
Impaired	3,475	4,095
	16,468	16,230

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 and the Fund.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

15. Trade receivables (cont'd)

Receivables that are impaired

The Group's and the Fund's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group/Fund	
	2015 RM'000	2014 RM'000
At beginning of financial year	4,095	4,423
Reversal for the year (Note 5)	(620)	(328)
At end of financial year	3,475	4,095

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Receivables that are past due but not impaired

The remainder trade receivables that are past due but not impaired relate to customers with good track record with the Group and the Fund. Based on past experience, the Manager believes that no allowance for impairment is necessary in respect of those balances.

16. Other receivables

	Group/Fund	
	2015 RM'000	2014 RM'000
Deposits	3,180	1,063
Prepayments (Note 15)	2,578	2,287
Sundry receivables	1,423	876
	7,181	4,226

Included in other receivables are the following amounts due from parties related to the Manager:

	Group/Fund	
	2015 RM'000	2014 RM'000
Sunway Berhad Group	210	117
Sunway Technology Sdn. Bhd. Group	3	-

The amounts due from parties related to the Manager are unsecured, non-interest bearing and are repayable on demand. The relationship with the parties related to the Manager is as disclosed in Note 31.

The Group and the Fund have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

17. Amounts due to subsidiaries

The amount due to a subsidiary (non-current) is unsecured, bears an average interest rate of 3.90% per annum (2014: 3.90% per annum) and is repayable in year 2017 and year 2018.

The amounts due to subsidiaries (current) are unsecured, bear an average interest rate of 3.84% per annum (2014: 3.59% per annum) and are repayable on demand.

18. Cash and bank balances

	Group/Fund	
	2015 RM'000	2014 RM'000
Cash on hand and at banks	66,218	45,802
Deposits with licensed financial institutions	-	8,805
	66,218	54,607

Cash at banks earn interest rates ranging from 3.05% to 3.70% per annum (2014: 2.85% to 3.35% per annum).

The weighted average interest rate and range of maturities of deposits with licensed financial institutions of the Group and of the Fund in prior year were 3.23% per annum and between 7 days to 100 days respectively.

19. Derivatives

	Contract/ Notional amount RM'000	Group/Fund	
		Asset RM'000	Liability RM'000
At 30 June 2015			
Non-current			
Non-hedging derivative:			
Interest rate swap	500,000	-	(1,513)
Current			
Hedging derivative: Cash flow hedge			
Cross currency swap	360,900	14,358	-
	860,900	14,358	(1,513)
At 30 June 2014			
Current			
Hedging derivative: Cash flow hedge			
Cross currency swap	310,800	12,484	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

19. Derivatives (cont'd)

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. During the financial year, Sunway REIT had entered into several 3-year interest rate swap contracts to exchange floating interest rates for fixed interest rates in order to minimise the exposure from fluctuation of interest rate. The interest rate swap contracts receive floating interest rates equal to Kuala Lumpur Interbank Offered Rate ("KLIBOR") per annum, pay fixed rates of interest ranging from 3.80% to 3.85% per annum. The fair value of the interest rate swap contracts is 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. Accordingly, the Group and the Fund recognised an unrealised net loss of RM1,513,000 arising from changes in fair value of interest rate swap in the current financial year.

Sunway REIT also entered into a 1-year cross currency swap contract on 4 February 2015, upon maturity of the previous 3-year cross currency swap contract, to manage its exposure to foreign currency risk arising from foreign currency borrowings which was entered to reduce the Group's and the Fund's average cost of borrowings. The Group and the Fund use cash flow hedge to mitigate the risk variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognized directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss. The fair value of the cross currency swap contract is determined by using the market rate at the end of reporting period and changes in the fair value is recognised in equity due to the application of hedge accounting.

20. Unitholders' capital

	Group/Fund	
	2015 Unit'000	2014 Unit'000
Authorised		
At beginning/end of financial year	3,650,889	3,650,889

	Group/Fund			
	2015 Unit'000	2014 Unit'000	2015 RM'000	2014 RM'000
Issued and fully paid				
At beginning of financial year	2,928,715	2,919,423	2,770,331	2,757,545
Manager's fees paid in units	9,062	9,292	13,668	12,786
Total issued and fully paid	2,937,777	2,928,715	2,783,999	2,770,331
Less: Unit issuance expenses (Note 26)	-	-	(67,543)	(67,543)
At end of financial year	2,937,777	2,928,715	2,716,456	2,702,788

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

20. Unitholders' capital (cont'd)

As at 30 June 2015, the Manager did not hold any units in Sunway REIT. However, the directors of the Manager and parties related to the Manager held units in Sunway REIT as follows:

	Group/Fund			
	Number of units		Market value	
	2015 Unit'000	2014 Unit'000	2015 RM'000	2014 RM'000
Direct unitholdings of directors of the Manager:				
Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO *	164,907	164,907	253,957	237,466
Elvin A/L Berty Luke Fernandez	90	90	139	130
Indirect unitholdings of directors of the Manager:				
Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO *	1,061,048	1,012,228	1,634,014	1,457,608
Dato' Ngeow Voon Yeap **	200	200	308	288
Sarena Cheah Yeap Tih ***	1,225,959	1,177,138	1,887,977	1,695,079
Ng Sing Hwa ****	3,270	1,457	5,036	2,098
Direct unitholdings of parties related to the Manager:				
Sunway Berhad	32,843	25,593	50,578	36,854
Millennium Pavilion Sdn. Bhd.	3,270	1,457	5,036	2,098
Sunway Reit Holdings Sdn. Bhd.	1,028,205	986,634	1,583,436	1,420,753
Indirect unitholdings of parties related to the Manager:				
Sunway Berhad ^	1,028,205	986,634	1,583,436	1,420,753

* Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad and Sunway Reit Holdings Sdn. Bhd.

** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through spouse and child.

*** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad, Sunway Reit Holdings Sdn. Bhd., spouse and parent.

**** Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Millennium Pavilion Sdn. Bhd.

^ Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway Reit Holdings Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

21. Borrowings

	Note	Group		Fund	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short term borrowings					
Secured:					
Commercial papers	(a)	20,000	12,000	-	-
Term loan	(c)	-	321,050	-	321,050
		20,000	333,050	-	321,050
Unsecured:					
Revolving loan	(b)	743,400	409,000	743,400	409,000
		763,400	742,050	743,400	730,050
Less: Discount on commercial papers		(12)	(8)	-	-
		763,388	742,042	743,400	730,050
Long term borrowings					
Secured:					
Term loan	(c)	378,550	-	378,550	-
Unrated medium term notes	(d)	1,000,000	1,000,000	-	-
		1,378,550	1,000,000	378,550	-
Total borrowings		2,141,938	1,742,042	1,121,950	730,050

(a) Commercial papers

SunREIT Capital Berhad ("SunREIT Capital" or the "Issuer"), a wholly owned subsidiary of Sunway REIT, had on 26 April 2012, issued its first commercial papers ("CPs") amounting to RM850 million in nominal value. The CPs are issued at a discount to face value under a 7-year programme of up to RM1.6 billion in nominal value ("CP Programme"). The CP Programme has been accorded a rating of P1 by RAM Rating Services Berhad and is fully underwritten by a financial institution (the "Underwriter").

The CPs issued are for various tenures ranging from 1, 2, 3, 6, 9 or 12 months, and any amount that has been issued may be rolled over during the tenure of the programme at the option of the holder or reissued, to the same or new lenders. In view that the CPs issued carry tenures that are less than 12 months, the Group has classified the outstanding balance of the CPs as current liabilities despite there will be no roll over risk to the Group throughout the duration of the programme as the CP Programme is fully underwritten by the Underwriter for the entire duration of the CP Programme.

(i) Details of the CP Programme

The respective limit of the CP Programme shall be as follows:

- 1) RM1.25 billion in nominal value for the first three (3) years (commencing on the date of first issuance of the commercial paper(s) to be issued from time to time under the CP Programme); and
- 2) RM1.6 billion in nominal value thereafter until expiry of the CP Programme.

The aggregate outstanding nominal value of the CPs issued under the CP Programme shall not exceed the applicable programme limit at any one time. The CPs may be issued via competitive tender, direct or private placement, bought deal basis or book running basis, all without prospectus at the option of the Issuer.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

21. Borrowings (cont'd)

(a) Commercial papers (cont'd)

(i) Details of the CP Programme (cont'd)

At all times, the amount underwritten will not exceed the programme limit of the CP Programme (being RM1.25 billion for the first three (3) years and RM1.6 billion thereafter). The Underwriter reserves the right to sell down all or part of its underwriting commitment.

On 10 April 2013, Sunway REIT had obtained approval from the Underwriter to revise the underwriting commitment from the applicable programme limit to such underwritten commitment as requested by the Issuer and agreed to by the Underwriter ("Prevailing Underwriting Commitment") at any one time and from time to time provided that at all times the aggregate outstanding nominal value of the CPs shall not exceed the Prevailing Underwriting Commitment.

(ii) Utilisation of the proceeds

The proceeds raised from the CP Programme shall be utilised by the Issuer for the purpose of advancing to Sunway REIT where the Trustee, shall utilise such proceeds firstly to repay the existing borrowings granted by the Underwriter, secondly as working capital requirements of Sunway REIT and to defray expenses incurred in relation to the CP Programme and thirdly for financing including repayment of cash utilised by Sunway REIT to part finance the investment activities (including capital expenditure and the related acquisition and financing expenses) of Sunway REIT and/or refinancing of existing/future borrowings undertaken by Sunway REIT for its investment activities (including capital expenditure and the related acquisition and financing expenses) as well as to refinance maturing CPs on their respective maturity dates subsequent to the first issuance of the CPs and to fund the Trustee's Reimbursement Account as required under the Deed and the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia.

(b) Revolving loan

On 25 February 2015, Sunway REIT had renewed a 1-year floating rate Revolving Loan Facility (the "Facility") of RM1.25 billion from a financial institution. The purpose of the Facility is to partly or fully repay any issuance of the CPs by SunREIT Capital during the tenure of the Facility. The Facility has been extended until 7 June 2016.

On even date, the financial institution also approved to revise the operative limit of the Facility from RM800 million to RM1.1 billion, to be increased on a staggered basis until 1 July 2015. With the revised limit, the aggregate outstanding revolving loan and CPs must not exceed RM1.1 billion at any one time during the tenure of the CP Programme.

(c) Term loan

Sunway REIT had secured a 3-year fixed rate term loan facility ('USD100 million Loan Facility') of USD100 million (equivalent to RM360.9 million) from a financial institution during the financial year and had fully drawdown the facility on 4 February 2015 to repay the existing 3-year fixed rate term loan which matured on even date.

Sunway REIT had, on even date, entered into a 1-year cross currency swap contract to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the period of the foreign currency borrowing.

The USD100 million Loan Facility is to be repaid by way of bullet repayment at maturity.

(d) Unrated medium term notes

In the previous financial years, SunREIT Unrated Bond Berhad ("SunREIT Unrated Bond" or the "Issuer"), a wholly owned subsidiary of Sunway REIT, had issued several 5-year unrated medium term notes ("Unrated MTNs") amounting to an aggregate of RM1.0 billion in nominal value at an agreed coupon rate pursuant to the 15-year RM1.0 billion Medium Term Note Programme ("MTN Programme").

The proceeds raised from the MTN Programme was utilised by the Issuer for the purpose of advancing to Sunway REIT to repay all the existing borrowings of Sunway REIT.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

21. Borrowings (cont'd)

All borrowings are denominated in Ringgit Malaysia (RM) unless otherwise indicated.

The secured borrowings of the Group and of the Fund are secured by legal charges on investment properties of the Group and of the Fund amounting to RM5,863,000,000 (2014: RM5,203,000,000) as disclosed in Note 13.

Maturity of the gross borrowings are as follows:

	Group		Fund	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Not later than 1 year	763,400	742,050	743,400	730,050
Later than 1 year and not later than 2 years	-	-	-	-
Later than 2 years and not later than 3 years	1,378,550	-	378,550	-
Later than 3 years and not later than 4 years	-	1,000,000	-	-
Later than 4 years and not later than 5 years	-	-	-	-
	2,141,950	1,742,050	1,121,950	730,050

Sunway REIT had entered into several 3-year interest rate swap contracts to hedge the floating interest rate payable on CPs and revolving loan. The contracts entitle the Group and the Fund to pay interest at fixed rates on notional principal amounts and oblige them to receive interest at floating rates on the same amounts. Under the swaps, Sunway REIT agrees with the other parties to exchange, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Type of borrowings	Year of maturity	Average interest rate		Group	
		2015	2014	2015 RM'000	2014 RM'000
<u>Secured</u>					
Fixed rate:					
Term loan	2018	4.10%	3.99%	378,550	321,050
Unrated medium term notes (Issue 1, Tranche 1 and 2)	2017	3.97%	3.97%	400,000	400,000
Unrated medium term notes (Issue 2 and 3)	2018	3.85%	3.85%	600,000	600,000
				1,378,550	1,321,050
Floating rate:					
Commercial papers	2015	3.84%	3.59%	20,000	12,000
Total secured borrowings				1,398,550	1,333,050
<u>Unsecured</u>					
Floating rate:					
Revolving loan	2015	3.84%	3.62%	743,400	409,000
Total gross borrowings				2,141,950	1,742,050
Less: Discount on commercial papers				(12)	(8)
Total carrying amount				2,141,938	1,742,042

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

21. Borrowings (cont'd)

Type of borrowings	Year of maturity	Average interest rate		Fund	
		2015	2014	2015 RM'000	2014 RM'000
<u>Secured</u>					
Fixed rate:					
Term loan	2018	4.10%	3.99%	378,550	321,050
<u>Unsecured</u>					
Floating rate:					
Revolving loan	2015	3.84%	3.62%	743,400	409,000
Total carrying amount				1,121,950	730,050

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. Deferred tax liability

	Group/Fund	
	2015 RM'000	2014 RM'000
At beginning of financial year	-	-
Recognised in profit or loss (Note 9)	5,896	-
At end of financial year	5,896	-

The deferred tax liability relates to fair value gain of freehold land component within the investment properties which is expected to be recovered through sale.

24. Trade payables

	Group		Fund	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total trade payables	6,506	3,305	6,506	3,305
Add: Other payables (Note 25)	216,320	112,794	208,776	105,274
Less: Deferred income (Note 25)	(1,691)	-	(1,691)	-
Add: Amounts due to subsidiaries (Note 17)	-	-	1,027,529	1,019,509
Add: Borrowings (Note 21)	2,141,938	1,742,042	1,121,950	730,050
Add: Long term liabilities (Note 22)	75,585	60,279	75,585	60,279
Total financial liabilities carried at amortised cost	2,438,658	1,918,420	2,438,655	1,918,417

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

24. Trade payables (cont'd)

Included in trade payables is the following amount due to parties related to the Manager:

	Group/Fund	
	2015 RM'000	2014 RM'000
Sunway Berhad Group	287	-

The amount due to parties related to the Manager is unsecured, non-interest bearing and is repayable demand. The relationship with the parties related to the Manager is as disclosed in Note 31.

The normal trade credit terms granted to the Group and the Fund range from 1 day to 90 days (2014: 1 day to 90 days).

25. Other payables

	Group		Fund	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sundry payables	10,470	1,297	10,470	1,294
Accruals	176,294	85,996	168,750	78,479
Deferred income (Note 24)	1,691	-	1,691	-
Refundable deposits	27,865	25,501	27,865	25,501
	216,320	112,794	208,776	105,274

Included in other payables is the following amount due to parties related to the Manager:

	Group/Fund	
	2015 RM'000	2014 RM'000
Sunway Berhad Group	36,383	38,403

The amount due to parties related to the Manager is unsecured, non-interest bearing and is repayable on demand. The relationship with the parties related to the Manager is as disclosed in Note 31.

26. Unit issuance expenses

	Group/Fund	
	2015 RM'000	2014 RM'000
At beginning/end of financial year	67,543	67,543

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

27. Portfolio turnover ratio

	Group	
	2015 RM'000	2014 RM'000
Average of the total acquisitions	67,984	-
Average net asset value during the financial year	3,699,579	3,494,747
Portfolio Turnover Ratio ("PTR") (times)	0.02	-

The calculation of PTR is based on the average of the total acquisitions and total disposals of investments in the Group for the year to the average net asset value during the financial year.

Since the basis of calculating PTR can vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of the Group's PTR against other real estate investment trusts.

28. Management expense ratio

	Group	
	2015 RM'000	2014 RM'000
Total trust expenses	31,238	28,222
Net asset value at end of financial year	3,982,260	3,688,071
Less: Proposed final income distribution	(60,224)	(59,453)
Net asset value at end of financial year, after proposed final income distribution	3,922,036	3,628,618
Management Expense Ratio ("MER")	0.80%	0.78%

The calculation of MER is based on the total fees and expenses incurred by the Group in the year, including Manager's fees, Trustee's fees, auditors' remuneration, tax agent's fee, valuation fees and other trust expenses to the net asset value (after proposed final income distribution) at end of financial year.

Since the basis of calculating MER can vary among real estate investment trusts, comparison of the Group's MER with other real estate investment trusts which use a different basis of calculation may not be an accurate comparison.

29. Operating lease agreements

The Group and the Fund as lessor

The Group and the Fund lease out their investment properties. Non-cancellable operating lease rentals receivable are as follows:

	Group/Fund	
	2015 RM'000	2014 RM'000
Within 1 year	395,791	353,758
After 1 year but within 5 years	538,729	524,436
After 5 years	92,033	144,717
	1,026,553	1,022,911

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

30. Capital commitments

	Group/Fund	
	2015 RM'000	2014 RM'000
Capital expenditure		
Subsequent expenditure of investment properties:		
Approved and contracted for	58,556	261,383
Approved but not contracted for	20,775	145,961
	79,331	407,344

31. Significant transactions with parties related to the Manager

During the financial year, other than those disclosed elsewhere in the financial statements, the Group and the Fund transacted with certain parties related to the Manager as follows:

Name of companies related to the Manager	Nature of transactions	Group/Fund	
		2015 RM'000	2014 RM'000
(a) Sunway Berhad Group *	Rental income and utilities charges	124,944	123,557
	Property management and related services	(35,747)	(25,835)
	Construction and related services	(237,804)	(93,798)
	Others	(6,102)	(6,397)
	Acquisition of investment properties	(134,000)	-
(b) Sunway Technology Sdn. Bhd. Group ("STSB Group") #	Rental income and utilities charges	575	542

The above transactions have been entered into in the normal course of business and have been established based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

The above parties are deemed related to the Manager as follows:

* Sunway Berhad Group are deemed parties related to the Manager by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's common directorships in Sunway Berhad and the Manager as well as interests in Sunway Berhad Group and the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, has interests in Sunway Berhad Group and the Group. Sarena Cheah Yean Tih, being the child of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, is a director of Sunway Berhad, the Manager and the Group well as director and alternate director in several subsidiaries of Sunway Berhad. Evan Cheah Yean Shin, the child of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, is a director in several subsidiaries of Sunway Berhad and he has interest in Sunway Berhad. Sarena Cheah Yean Tih and Evan Cheah Yean Shin have interests in Sunway Berhad Group and the Group.

STSB Group are deemed parties related to the Manager by virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's common directorships in STSB and the Manager as well as interests in STSB Group and the Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, also has deemed interests in STSB Group and the Group. Sarena Cheah Yean Tih and Evan Cheah Yean Shin, being the children of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, have deemed interests in STSB Group and the Group. Evan Cheah Yean Shin is a director of STSB Group.

Information regarding outstanding balances arising from transactions with parties related to the Manager as at 30 June 2015 are disclosed in Notes 15, 16, 24 and 25.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

32. Subsidiaries

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activity	Proportion of ownership interest	
			2015 %	2014 %
SunREIT Capital Berhad	Malaysia	To undertake the issuance of commercial papers pursuant to the commercial papers programme ("CP Programme") and/or medium term notes programme ("MTN Programme") (collectively referred to as "CP/MTN Programme") and all matters relating to the CP/MTN Programme	100	100
SunREIT Unrated Bond Berhad	Malaysia	To undertake the issuance of unrated medium term notes ("Unrated MTNs") under a medium term note programme ("MTN Programme") and all matters relating to the Unrated MTNs under/and/or the MTN Programme	100	100

The subsidiaries are intended as Special Purpose Vehicle ("SPV") to undertake the issuance of the commercial papers and unrated medium term notes for Sunway REIT.

33. Financial instruments

(a) Financial risk management objectives and policies

The Manager proactively reviews the capital management of the Group and of the Fund to ensure that adequate financial resources are available for the working capital requirements, growing the Group's businesses and for income distributions whilst managing its interest rate risks (both fair value and cash flow), liquidity risk, foreign currency risk and credit risk. The Manager reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Fund's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Fund's 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 Manager manages the Group's and the Fund's interest rate exposure by monitoring a mix of fixed and floating rate borrowings. The Group also entered into interest rate swap contracts to hedge the floating rate interest payable on certain borrowings. At the reporting date, after taking into account the interest rate swap contracts, approximately 88% (2014: 76%) of the Group's borrowings are at fixed rates of interest.

Fair value sensitivity analysis for fixed rate instruments

The Group and the Fund do not account for any fixed rate instruments at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

33. Financial instruments (cont'd)

(b) Interest rate risk (cont'd)

Sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates at the reporting date would result in profit for the year to be (lower)/higher by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		Fund	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
25 basis points increase				
Variable rate instruments	(1,909)	(1,053)	(1,859)	(1,023)
25 basis points decrease				
Variable rate instruments	1,909	1,053	1,859	1,023

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Fund are not significantly exposed to foreign currency risk as the majority of the Group's and of the Fund's transactions, assets and liabilities are denominated in Ringgit Malaysia ("RM") except for the USD100 million Loan Facility as disclosed in Note 21 (c).

The USD100 million Loan Facility is hedged with a cross currency swap contract. As such, fluctuation in USD is not expected to have any material effects to the financial performance and position of the Group and of the Fund.

(d) Liquidity risk

The Manager manages the Group's and the Fund'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 and the Fund maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. In addition, the Manager strives to ensure that the Group and the Fund maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Fund raise committed funding from both capital markets and financial institutions and balances their portfolio with some short term funding so as to achieve overall cost effectiveness.

At the reporting date, RM763,400,000 (2014: RM742,050,000) of the Group's borrowings comprising CPs and revolving loan (2014: CPs, revolving loan and term loan) will be maturing in the next twelve months based on the carrying amount reflected in the financial statements. There will be no repayment risk for the maturing borrowings as the borrowings could be refinanced with the existing unutilised CP Programme limit and the CPs are fully underwritten by a financial institution for the entire duration of the CP Programme.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

33. Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Fund's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2015		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities			
Trade and other payables	221,135	75,585	296,720
Borrowings	832,516	1,435,873	2,268,389
Total undiscounted financial liabilities	1,053,651	1,511,458	2,565,109

Fund

Financial liabilities

Trade and other payables	280,101	1,135,220	1,415,321
Borrowings	773,535	376,238	1,149,773
Total undiscounted financial liabilities	1,053,636	1,511,458	2,565,094

	2014		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities			
Trade and other payables	116,099	60,279	176,378
Borrowings	782,840	1,101,864	1,884,704
Total undiscounted financial liabilities	898,939	1,162,143	2,061,082

Fund

Financial liabilities

Trade and other payables	167,069	1,162,143	1,329,212
Borrowings	731,859	-	731,859
Total undiscounted financial liabilities	898,928	1,162,143	2,061,071

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

33. Financial instruments (cont'd)

(e) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Fund's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Fund minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Fund's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Fund trade only with recognised and creditworthy third parties. It is the Group's and the Fund'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 and the Fund'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 and the Fund's varied customers. These customers are dispersed, engaged in a wide spectrum of activities and sell in a variety of end markets. The Manager's experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, the Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and the Fund'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:

Business segments	Group/Fund			
	2015		2014	
	RM'000	%	RM'000	%
Retail	5,980	46.0	8,035	66.2
Hotel	700	5.4	1,631	13.4
Office	4,478	34.5	979	8.1
Others	1,835	14.1	1,490	12.3
	12,993	100.0	12,135	100.0

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

33. Financial instruments (cont'd)

(f) Fair values

The carrying amounts of financial liabilities of the Group and of the Fund as at reporting date approximated their fair values except for the following:

	Group		Fund	
	Carrying amount RM'000	Fair value at Level 3 RM'000	Carrying amount RM'000	Fair value at Level 3 RM'000
At 30 June 2015				
Borrowings	2,141,938	2,128,461	1,121,950	1,120,459
Long term liabilities	75,585	71,092	75,585	71,092
At 30 June 2014				
Borrowings	1,742,042	1,720,436	730,050	727,909
Long term liabilities	60,279	55,802	60,279	55,802

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.

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
Amounts due to subsidiaries	17
Trade payables	24
Other payables	25

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

34. Fair value measurement

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

Level 1

Quoted (unadjusted) market prices in an active market for identical assets or liabilities.

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3

Valuation techniques for which the lowest input that is significant to the fair value measurement is unobservable.

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2015				
Financial assets				
Investment properties	-	-	6,324,000	6,324,000
Derivative	-	14,358	-	14,358
	-	14,358	6,324,000	6,338,358
Financial liability				
Derivative	-	(1,513)	-	(1,513)
At 30 June 2014				
Financial assets				
Investment properties	-	-	5,520,000	5,520,000
Derivative	-	12,484	-	12,484
	-	12,484	5,520,000	5,532,484

Investment properties

Fair value reconciliation and valuation techniques of investment properties measured at Level 3 are disclosed in Note 13.

Derivative

Cross currency swap and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counter parties and interest rate curves.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

35. Capital management

The primary objective of the Manager's capital management is to optimise capital structure and cost of capital of the Group and to adopt active interest rate management strategy to manage the risks associated with changes in interest rates. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2015.

The Manager monitors capital using a gearing ratio, which is total gross borrowings divided by total asset value of the Group pursuant to Securities Commission's Guidelines on Real Estate Investment Trusts. The Group's policy is to keep the gearing ratio below 50%.

	Group	
	2015 RM'000	2014 RM'000
Non-current assets	6,329,268	5,523,039
Current assets	100,750	83,452
Total asset value	6,430,018	5,606,491
Total gross borrowings (Note 21)	2,141,950	1,742,050
Gearing ratio	33.3%	31.1%

36. Segment information

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the product and services produced. Secondary information is reported geographically. The investment properties are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises the following main major business segments:

- (i) Retail - renting of retail premises to tenants
- (ii) Hotel - leasing of hotel premises to hotel operators
- (iii) Office - renting of office premises to tenants
- (iv) Others - leasing of a medical premise to a hospital operator

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Rental from tenants disclosed in geographical segments are based on the geographical location of the assets. The Group's four business segments operate in four main geographical areas:

- (i) Selangor - the operations in this area are principally renting of retail and office premises, leasing of hotel premises to a hotel operator and leasing of a medical premise to a hospital operator.
- (ii) Kuala Lumpur - the operations in this area are principally renting of retail and office premises and leasing of a hotel premise to a hotel operator.
- (iii) Penang - the operations in this area are principally renting of a retail premise and leasing of hotel premises to hotel operators.
- (iv) Perak - the operation in this area is principally renting of a retail premise.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

36. Segment information (cont'd)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	2015					Total RM'000
	Retail RM'000	Hotel RM'000	Office RM'000	Others RM'000		
Revenue						
Rental income	306,705	641	37,818	-		345,164
Hotel/hospital master lease income	-	59,335	-	20,384		79,719
Carpark rental income	15,141	1,330	1,268	-		17,739
Other operating income	10,818	2	12	-		10,832
Gross revenue	332,664	61,308	39,098	20,384		453,454
Segment net property income	236,883	58,743	24,816	20,384		340,826
Other income						3,444
Changes in fair value of investment properties	375,672	(46,072)	(24,395)	1,545		306,750
Total expenses (excluding finance costs)						(32,929)
Finance costs						(70,751)
Profit before tax						547,340
Income tax expense						(5,896)
Profit for the year						541,444

	2015							Total RM'000	Note
	Retail RM'000	Hotel RM'000	Office RM'000	Others RM'000	Subsidiaries RM'000	Elimination RM'000			
Assets									
Segment assets	4,208,770	1,309,919	507,373	326,835	1,027,532	(1,027,532)	6,352,897		
Unallocated assets							77,121		
Total assets							6,430,018		
Liabilities									
Segment liabilities	217,054	39,890	21,882	-	1,027,532	(1,027,532)	278,826	A	
Unallocated liabilities							2,168,932		
Total liabilities							2,447,758		
Other segment information									
Capital expenditure	203,239	197,072	93,395	6,455	-	-	500,161	B	
Depreciation	675	-	7	-	-	-	682		
Other significant non-cash income/(expenses)	374,574	(46,072)	(24,395)	1,545	-	-	305,652		
Unallocated							(7,338)		
							298,314	C	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

36. Segment information (cont'd)

Business segments (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments: (cont'd)

	2014					Total RM'000
	Retail RM'000	Hotel RM'000	Office RM'000	Others RM'000		
Revenue						
Rental income	276,805	-	41,797	-		318,602
Hotel/hospital master lease income	-	63,264	-	19,332		82,596
Carpark rental income	13,292	1,366	1,291	-		15,949
Other operating income	10,630	-	11	-		10,641
Gross revenue	300,727	64,630	43,099	19,332		427,788
Segment net property income	212,681	60,811	28,153	19,332		320,977
Other income						2,278
Changes in fair value of investment properties	190,740	(1,211)	(12,407)	2,000		179,122
Total expenses (excluding finance costs)						(28,222)
Finance costs						(63,031)
Profit before tax						411,124
Income tax expense						-
Profit for the year						411,124

	2014							Total RM'000	Note
	Retail RM'000	Hotel RM'000	Office RM'000	Others RM'000	Subsidiaries RM'000	Elimination RM'000			
Assets									
Segment assets	3,629,993	1,160,587	435,215	318,490	1,019,505	(1,019,505)	5,544,285		
Unallocated assets							62,206		
Total assets							5,606,491		
Liabilities									
Segment liabilities	133,581	15,924	7,350	-	1,019,514	(1,019,514)	156,855	A	
Unallocated liabilities							1,761,565		
Total liabilities							1,918,420		
Other segment information									
Capital expenditure	124,359	31,211	3,420	-	-	-	158,990	B	
Depreciation	349	-	6	-	-	-	355		
Other significant non-cash income/(expenses)	191,163	(1,211)	(12,534)	2,000	-	-	179,418		
Unallocated							71		
							179,489	C	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

36. Segment information (cont'd)

Geographical segments

The following table provides an analysis of the Group's revenue, net property income, capital expenditure and assets by geographical segments:

	2015				
	Selangor RM'000	Kuala Lumpur RM'000	Penang RM'000	Perak RM'000	Total RM'000
Gross revenue	375,012	25,169	48,271	5,002	453,454
Segment net property income	296,558	7,319	32,269	4,680	340,826
Capital expenditure	133,856	289,946	76,359	-	500,161
Segment assets	4,596,687	1,201,549	494,542	60,119	6,352,897
Unallocated assets					77,121
					6,430,018

	2014				
	Selangor RM'000	Kuala Lumpur RM'000	Penang RM'000	Perak RM'000	Total RM'000
Gross revenue	350,173	31,793	41,200	4,622	427,788
Segment net property income	275,800	14,251	26,616	4,310	320,977
Capital expenditure	49,523	109,214	253	-	158,990
Segment assets	4,227,557	886,809	373,824	56,095	5,544,285
Unallocated assets					62,206
					5,606,491

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

36. Segment information (cont'd)

Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment expenses are eliminated on consolidation.

B Capital expenditures consist of:

	Group/Fund	
	2015 RM'000	2014 RM'000
Plant and equipment (Note 12)	2,911	2,112
Investment properties (Note 13)	497,250	156,878
	500,161	158,990

C Other significant non-cash income/(expenses) consist of the following items as presented in the respective notes:

	Group/Fund	
	2015 RM'000	2014 RM'000
Fair value gain on investment properties (Note 13)	306,750	179,122
Deferred tax expense on fair value gain of investment properties (Note 23)	(5,896)	-
Net changes in fair value of derivative financial instrument (Note 19)	(1,513)	-
Unrealised foreign exchange loss (hedged item)	(58,950)	(3,200)
Cash flow hedge reserve recycled to profit or loss	58,950	3,200
Reversal of allowance for impairment on trade receivables (Note 5)	620	328
Bad debts written off (Note 5)	(1,718)	(32)
Other income	71	71
	298,314	179,489

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

37. Significant event during the financial year

Acquisition

On 8 December 2014, the Board of Directors of Sunway REIT Management Sdn. Bhd. (the "Manager"), announced that RHB Trustees Berhad (as Trustee for Sunway REIT) (the "Trustee"), has on even date entered into the following agreements with subsidiaries of Sunway Berhad ("Sunway"):

- (i) A sale and purchase agreement with Sunway Biz Hotel Sdn. Bhd. (formerly known as Sunway Hotel (Penang) Sdn. Bhd.) ("SBH") to acquire 2 pieces of freehold land together with a 16-storey building comprising a 250-room hotel erected thereon known as "Sunway Hotel Georgetown" ("Sunway Hotel Georgetown Property") located in Penang for a purchase consideration of RM74.0 million;
- (ii) A master lease agreement ("MLA") with the Manager and SBH, as the Lessee for the leaseback of Sunway Hotel Georgetown Property for a lease period of 10 years with an option to renew for a further term of 10 years commencing from the expiry of the Principal Lease Period on the same terms and conditions; and
- (iii) A sale and purchase agreement with SunwayMas Sdn. Bhd. and Daksina Harta Sdn. Bhd. to acquire all the individual strata titles for various floors/storeys of all that office building known as "Wisma Sunway" located in Shah Alam, Selangor ("Wisma Sunway Property") for a purchase consideration of RM60.0 million.

The Sunway Hotel Georgetown Property and Wisma Sunway Property shall collectively be referred to as the "Properties" and the transactions referred to in paragraphs (i) and (iii) above shall be referred to as the "Acquisition".

The purchase consideration for the Properties of RM134.0 million collectively was arrived at on a willing buyer willing seller basis after taking into consideration the market value of the Properties of RM134.0 million as appraised by Knight Frank Malaysia Sdn. Bhd., being the independent registered valuer appointed by the Trustee on behalf of Sunway REIT.

The Acquisition of Sunway Hotel Georgetown and Wisma Sunway have been completed on 28 January 2015 and 23 March 2015 respectively.

The Manager funded the Acquisition through the existing debt facility of Sunway REIT. The Manager believes that the Acquisition will marginally improve the earnings and the DPU to Sunway REIT's unitholders. The Acquisition is also consistent with the Manager's acquisition growth strategies of pursuing acquisition opportunities that are earnings accretive and will provide long-term growth in DPU and/or NAV per unit.

38. Material litigations

- (a) **Sunway Putra (formerly known as Sunway Putra Place) - Assessment for Damages (High Court Originating Summons No. 24NCVC-1255-2011, Court of Appeal W-02(NCVC)-1680-2011 and W-02(NCVC)-1773-2011, Federal Court Leave to Appeal 08(f)-425-09-2011 and Rayuan Sivil No. W-03(IM)(NCVC)-8-01/20-15)**

After the Federal Court has on 20 February 2012 dismissed Metroplex Holdings Sdn Bhd's ("Metroplex") application for leave to appeal, RHB Trustees Berhad (as Trustee for Sunway REIT) (the "Trustee") and Sunway REIT Management Sdn. Bhd. (the "Manager") proceeded with the enforcement of the remaining parts of the orders made by the High Court that have not been enforced, *inter alia*, the damages awarded to the Trustee.

The Trustee and the Manager instituted the assessment proceedings to determine the amount of damages to be paid by Metroplex.

On 27 August 2014, the court awarded a total of RM3,184,071.67 in damages to be paid to the Trustee being RM2,859,000 for revenue foregone and RM325,071.67 for security costs. The court found that these claims were justified as they were a direct result of Metroplex's unlawful possession of Sunway Putra (formerly known as Sunway Putra Place). No costs were awarded by the court.

Metroplex had proceeded to file an appeal to the judge in chambers on the decision given above. A decision was delivered by the learned judge on 22 December 2014 in favour of the Trustee and the Manager as the appeal was dismissed with costs. Metroplex had on 9 January 2015 filed a notice of appeal in the Court of Appeal to appeal against the decision delivered on 22 December 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

38. Material litigations (cont'd)

- (a) **Sunway Putra (formerly known as Sunway Putra Place) - Assessment for Damages (High Court Originating Summons No. 24NCVC-1255-2011, Court of Appeal W-02(NCVC)-1680-2011 and W-02(NCVC)-1773-2011, Federal Court Leave to Appeal 08(f)-425-09-2011 and Rayuan Sivil No. W-03(IM)(NCVC)-8-01/20-15) (cont'd)**

On 25 June 2015, the judge dismissed the appeal with costs, in favour of the Manager and the Trustee. The Manager and the Trustee have filed a winding up petition against Metroplex for non-payment of the damages awarded by the court amounting to RM3,189,071.67 (including costs of RM5,000) and have proceeded with the winding up procedures.

On 29 July 2015, the lawyers for the Trustee and the Manager informed that Metroplex has filed a notice of motion to the Federal Court for leave to appeal the decision of the Court of Appeal delivered on 25 June 2015.

The judge fixed 14 August 2015 for case management and 18 August 2015 for hearing of the winding up petition.

- (b) **Sunway Putra (formerly known as Sunway Putra Place) - Loss of Actual Income (High Court Originating Summons No. 28NCC-994-12/2012, Court of Appeal Civil No. W-02(IM)(MCC)-622-03/2013 and High Court Companies (Winding Up) No. 28NCC-994-12/2012)**

The solicitors for the Trustee and the Manager had on 2 August 2012, issued a section 218 Companies Act notice (winding up) to Metroplex pursuant to one of the High Court orders dated 28 June 2011 where Metroplex is required to provide all accounting records and a true account of all income and receipts derived or received by it from Putra Place since 19 April 2011 together with all supporting documents and to pay all such income and receipts to Sunway REIT.

On 2 August 2013, the Kuala Lumpur High Court decided that Metroplex should not be wound up as it is still solvent. Pursuant to the High Court order, a joint stakeholder account was opened and approximately RM6,189,000 was deposited in the joint stakeholder account and the amount is to be released pending the outcome of the case on assessment of damages mentioned in Note 38(a) above and committal proceedings.

On 13 December 2013, the judge for the committal proceedings (who was the judge who delivered the orders) clarified that the amount owing to Sunway is the "net value" which amounts to RM6,189,000. As the joint stakeholder account was set up pursuant to the winding up court order, the judge opined that the parties should return to the winding up court to facilitate the release of the amount deposited in the joint stakeholder account from Metroplex's solicitors. Sunway REIT's lawyers will proceed to file the application for the release of the money in the joint stakeholder account when a full determination of the case on assessment of damages (case mentioned in Note 38(a) above) has been delivered by the court.

As such, upon the decision of the Court of Appeal in Note 38(a) above, the Manager and the Trustee had instructed their lawyers to proceed with a notice of motion to the winding up court to release the money held in the joint stakeholder account amounting to RM6,189,000 (being the loss of actual income due to Sunway REIT), after the Court of Appeal decision was delivered.

On 14 July 2015, the judge ordered that the amount of RM6,189,000 (without interest) held in the joint stakeholder account with Metroplex be released to the Trustee and the Manager within 14 days from the order.

Metroplex filed for an appeal at the Court of Appeal on 20 July 2015 against the order made on 14 July 2015 and a stay of the said order. However, the money in the joint stakeholder account was released to the Manager on 28 July 2015 based on the said order. The hearing for the stay application has been fixed for 20 August 2015 and the case management for the appeal is fixed on 3 September 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2015

39. Supplementary information

The breakdown of the retained profits/undistributed income of the Group and of the Fund as at 30 June 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Fund	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits/undistributed income:				
- realised	730	14,090	730	14,090
- unrealised	1,265,077	971,196	1,265,077	971,196
	1,265,807	985,286	1,265,807	985,286
Less: Consolidation adjustments	(3)	(3)	-	-
Total retained profits/undistributed income	1,265,804	985,283	1,265,807	985,286

The unrealised retained profits/undistributed income mainly comprise fair value gain on investment properties of RM1,275,079,000 (2014: RM968,329,000).

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS

6 November 2014

Announcement of the unaudited results for the 1st quarter ended 30 September 2014

29 April 2015

Announcement of the unaudited results for the 3rd quarter ended 31 March 2015

28 January 2015

Announcement of the unaudited results for the 2nd quarter ended 31 December 2014

11 August 2015

Announcement of the unaudited results for the 4th quarter ended 30 June 2015

INCOME DISTRIBUTION

For the quarter ended 30 September 2014

2.28 sen per unit
(of which 1.96 sen per unit is taxable and 0.32 sen per unit is non-taxable/tax exempt)

Announcement of the notice of entitlement and payment

6 November 2014

Date of entitlement

21 November 2014

Date of payment

4 December 2014

For the quarter ended 31 December 2014

2.27 sen per unit
(of which 1.90 sen per unit is taxable and 0.37 sen per unit is non-taxable/tax exempt)

Announcement of the notice of entitlement and payment

28 January 2015

Date of entitlement

16 February 2015

Date of payment

3 March 2015

For the quarter ended 31 March 2015

2.13 sen per unit
(of which 1.79 sen per unit is taxable and 0.34 sen per unit is non-taxable/tax exempt)

Announcement of the notice of entitlement and payment

29 April 2015

Date of entitlement

18 May 2015

Date of payment

2 June 2015

For the quarter ended 30 June 2015

2.05 sen per unit
(of which 0.79 sen per unit is taxable and 1.26 sen per unit is non-taxable/tax exempt)

Announcement of the notice of entitlement and payment

11 August 2015

Date of entitlement

26 August 2015

Date of payment

10 September 2015

ANNUAL GENERAL MEETING

30 September 2015
3rd Annual General Meeting

DETAILED MARKET REPORT

1. ECONOMIC OVERVIEW

The Malaysian economy remained resilient for CY2014 and grew by 6%, driven mainly by stronger private sector spending. Growth was sustained by the major economic sectors, supported by trade and domestic activities. Based on the latest figures released by Bank Negara Malaysia (“BNM”) the GDP registered a growth of 5.6% in 1Q CY2015 (4Q CY2014: 5.7%), underpinned mainly by private sector demand. Economic growth is expected to moderate in the 2Q CY2015 following the front loading activities prior to the implementation of Goods and Services Tax (“GST”) in April 2015 and softer consumer and business sentiment. BNM expects the economy to remain on a steady growth path as domestic demand will remain the key driver of growth amid the lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. BNM forecasts the economy to expand by 4.5% - 5.5% in CY2015.

According to Malaysian Investment Development Authority (“MIDA”), the country’s total investments last year reached a new high of RM235.9 billion, up 8% from RM219.4 billion in 2013. Of the total investments approved, RM171.3 billion or 72.6% were domestic direct investments (“DDI”), while RM64.6 billion or 27.4% were foreign direct investments (“FDI”). The services sector contributed RM149.6 billion (63.4%) of approved total investments, followed by the primary sector with RM14.4 billion (6.1%) and manufacturing with RM71.9 billion (30.4%). Within the service sector, the real estate sub-sector continued to dominate investments, accounting for RM88.5 billion (59.2%). The World Bank, which compares 189 countries, ranked Malaysia as the 18th easiest place to do business. The World Economic Forum, which compares 144 countries, ranked Malaysia 20th most competitive. During the 1Q CY2015 Malaysia registered RM57.4 billion of investments represented 18.8% increase over the same period last year which recorded RM48.3 billion.

Private investment recorded a growth of 11.7% in 1Q CY2015 (4Q CY2014: 11.1%), underpinned by capital expenditure in the manufacturing and services sectors.

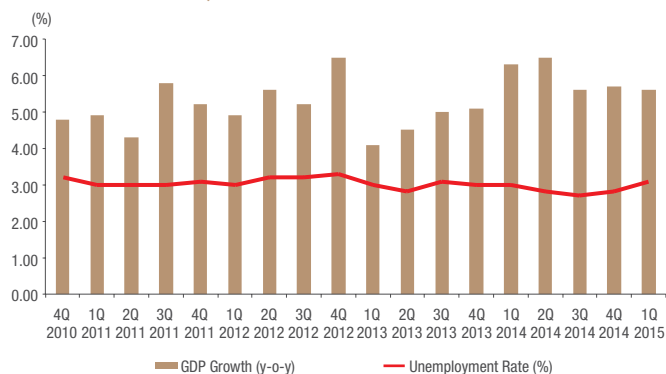
While private consumption is expected to moderate as households adjust to the introduction of the GST, the steady rise in income and stable labour market conditions would support household spending. Gradual recovery in the global economy will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports.

Growth in public sector consumption improved in the 1Q CY2015: 4.1% (4Q CY2014: 2.5%), due to higher growth in supplies and services amid moderate growth in emoluments.

Public investment turned around to register a positive growth of 0.5% in 1Q CY2015 (4Q CY2014: -1.9%) following higher capital spending by the Federal Government.

Headline inflation in June 2015 surged to 2.5% y-o-y, pushing inflation in 2Q CY2015 at 2.1% y-o-y (1Q CY2015: 0.7% y-o-y). The increase was mainly due to the upward adjustment in domestic fuel pump prices and GST follow through impact. BNM expects inflation to stay between 2.0% to 3.0% in CY2015.

Figure 1.1: GDP Growth and Unemployment Rate, 4Q CY2010 – 1Q CY2015

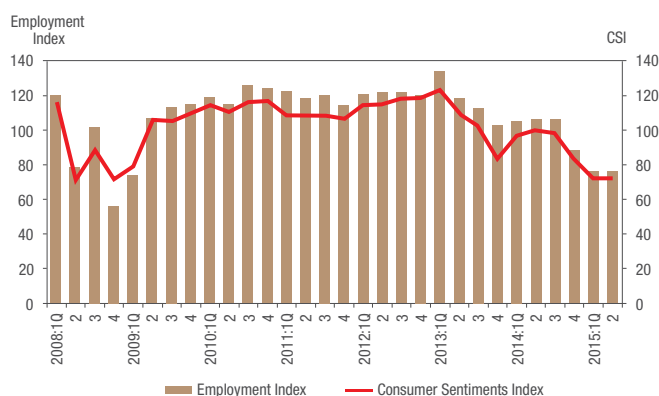


Source: Bank Negara Malaysia

BNM decided to maintain the Overnight Policy Rate (“OPR”) at 3.25% at the recent Monetary Policy Committee (“MPC”) meeting on 9 July 2015. The MPC recognises that there are heightened risks to global growth and financial conditions over Europe, continued policy uncertainties in several major advanced countries and downside risks to growth in major Asian economies. These risks are being carefully monitored to assess their implications on macroeconomic stability and the prospects of the Malaysian economy. This is to ensure that the monetary policy stance is consistent with the sustainability of the overall growth prospects.

Consumer confidence continued to weaken, with the consumer sentiment index (“CSI”) declining below the 100-point threshold. The CSI has now reached its lowest level in six years. The index dropped further 0.9 points quarter-on-quarter to 71.7 points in 2Q CY2015 (1Q CY2015: 72.6), after falling 15 points to 83 points in 4Q CY2014. Consumers are tightening their spending as they are concerned over their financial outlook.

Figure 1.2 : Consumer Sentiment Index, 1Q CY2008 – 2Q CY2015

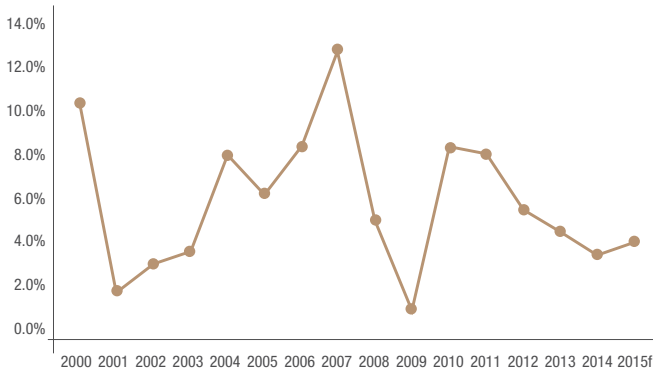


Source: Malaysia Institute of Economics Research (MIER)

DETAILED MARKET REPORT (CONT'D)

Retail Group Malaysia (“RGM”) in its recent Malaysia Retail Industry Report revised its retail sales growth rate for CY2015 downwards for the third time from 4.9% to 4.0%. The downward reversion is due to consumers having been holding back on spending due to increase in the cost of living, higher transport cost as well as increased retail prices due to weak ringgit and higher cost of doing business are expected in the second half of this year.

Figure 1.3: Retail Sales Growth, CY2000 - CY2015f



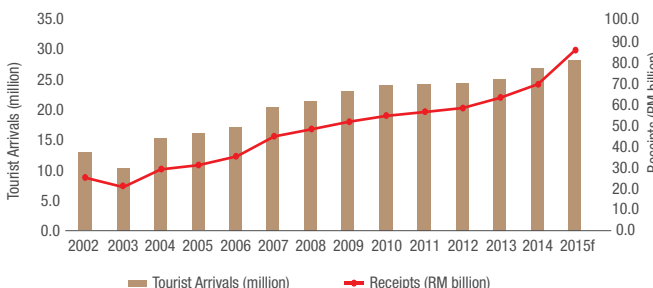
Source: Retail Group Malaysia & AREM (Malaysia) Sdn Bhd, July 2015

The hospitality sub-sector further improved as the volume of tourist arrival recorded a growth of 6.7% to 27.44 million in CY2014 compared to 25.72 million in CY2013. Being the sixth largest contributor to the Malaysian Economy, tourism sector garnered tourist receipts of RM72 billion in CY2014 (CY2013: RM65.4 billion).

Malaysia remains to be an attractive tourist destination and based on the World Tourism Organisation’s latest barometer report, Malaysia retained its 13th position ranking for international tourism receipts and maintained 12th position for international tourist arrivals, despite Visit Malaysia Year 2014 being a challenging year for the national tourism industry following several unfortunate aviation incidents.

The country recorded 6.5 million tourist arrivals during the 1Q CY2015 compared to 7.1 million in 1Q CY2014, a decline of 8.6%. The Ministry of tourism is adopting a few strategies such as enhancing collaboration with international airlines, undertaking tactical promotion missions with Malaysian industry activists in certain countries and setting up promotions through digital marketing to address the drop in tourist arrivals.

Figure 1.4: Foreign Tourist Arrivals and Receipts



Source: Tourism Malaysia

2. SELANGOR – PETALING JAYA/SUBANG JAYA

Selangor economy still remains resilient and continues to attract investments. The state is still one of the most popular destinations in the country for investment, industry and trade. It has attracted RM3.4 billion in foreign investments in the first six months of CY2015, based on statistics released by the Malaysian Industrial Development Authority (“MIDA”).

2.1 RETAIL

Performance of the retail sub-sector was livelier and the overall occupancy rate improved to 84.7% (CY2014) slightly higher than 81.7% (CY2013).

Based on the Property Market Report 1Q CY2015 by National Property Information Centre (“NAPIC”) Klang Valley has 230 shopping complex (malls, arcade & hypermarkets) offering 60.48 million sq.ft. of total retail space and the average occupancy rate for these shopping complex is around 81.5%. This translates to a retail space provision of approximately 7.74 sq.ft. per capita.

As at 1Q CY2015, there is a total of 10.66 million sq.ft. of retail space in Petaling Jaya and its surrounding areas with 40.4% of the total space concentrated in Subang Jaya/Sunway. Overall occupancy rate as at 1Q CY2015 was at 85%.

Table 2.1: Supply and Occupancy – Retail Centres Petaling Jaya and Surroundings

Location	NLA (sq.ft.)	Total Occupied	Occupancy
Petaling Jaya	3,155,709	2,145,882	68%
Subang Jaya/ Sunway	4,304,628	3,917,211	91%
Damansara	3,202,790	3,042,651	95%
Total	10,663,127	9,105,744	85%

Source: NAPIC & AREM (Malaysia) Sdn Bhd, July 2015

Petaling Jaya and its surrounding areas still remain an attractive location for shopping malls and entertainment activities. As the premier regional mall, Sunway Pyramid Shopping Mall continues to maintain its position by maintaining its occupancy rate of about 98% with mid-to-upper mid outlets and various leisure opportunities. Sunway Pyramid Shopping Mall’s performance is expected to remain healthy catering to both domestic and tourist, given its integration with Sunway Resort Hotel & Spa, Pyramid Tower East and Sunway Lagoon. It is further supported by a fairly strong catchment of 1.6 million within a 10km radius which has a mixed population of middle to high income and the growing affluence of population within the state.

DETAILED MARKET REPORT (CONT'D)

In CY2014, four malls were completed contributing 1.25 million sq.ft. of additional retail space in Petaling Jaya, Subang Jaya/Sunway and Damansara area. In CY2015, three new shopping malls with retail space of approximately 1.0 million sq.ft. will enter the market and in CY2016, eight malls with retail space of approximately 5.74 million sq.ft. will be added further. Retail malls scheduled to open in the next 12 to 18 months may face difficulties to achieve good occupancy rates as retailers will be more selective in expanding or setting up stores as they are facing a higher cost of doing business coupled with increasing competition among retailers. The upcoming shopping malls in Petaling Jaya, Subang Jaya/Sunway & Damansara are tabulated in Table 2.2.

Table 2.2: Future Supply of Shopping Malls in Petaling Jaya, Subang Jaya/Sunway & Damansara

Shopping Malls	Location	Net Lettable Area (sq.ft.)	Expected Completion
The Atria Shopping Gallery	Damansara Jaya	450,000	May 2015
The Square @ One City	USJ	176,000	2H 2015
Evolve @ Pacific Place	Ara Damansara	375,000	
Total		1,001,000	
Sunway Pyramid (Phase 3)	Bandar Sunway	62,000	
Da:men	USJ	400,000	
The Starling	Damansara Uptown	380,000	
The Starling Boutique	Damansara Uptown	150,000	
Pacific Star	Section 13, PJ	250,000	2016
Tropicana Gardens Mall	Kota Damansara	1,000,000	
Empire City	Damansara Perdana	2,000,000	
MCT Mall @ One City	USJ 25	1,500,000	
Total		5,742,000	
PJ Sentral Garden	Petaling Jaya	1,000,000	
SJCC, Subang Jaya	SS16, Subang Jaya	400,000	Post 2016
Tropicana Metropark	Subang	n/a	
Remix Mall	USJ 1	1,500,000	
Total		2,900,000	
Total Mall Supply		9,643,000	

Source: AREM (Malaysia) Sdn Bhd, July 2015

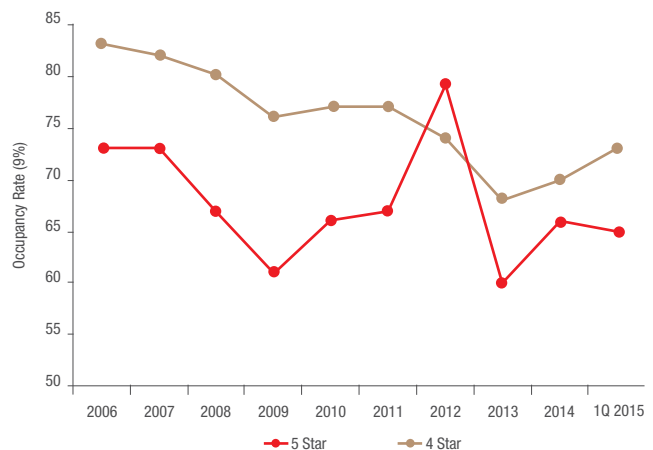
The retail industry outlook is expected to continue to perform moderately in the next 12 months as consumer sentiments are expected to further dampen due to the rising cost of living, domestic economic uncertainties and the weakening ringgit.

2.2 HOTEL

There are a total of about approximately 6,300 hotel rooms in Petaling Jaya and its surrounding area ranging from 4-star to 5-star hotels as at 2Q CY2015. During the 1Q CY2015 Qliq Damansara Hotel a 4-star boutique hotel with 271 rooms was open within the integrated development of Empire Damansara, Damansara Perdana. The room stock is largely provided by 5-star hotel accounting for 3,246 rooms (51.5%) included those at Sunway Resort Hotel & Spa, Holliday Villa, Grand Dorsett Subang, The Club Saujana Resort, The Saujana Hotel, Holiday Inn Glenmarie, Hilton Petaling Jaya, One World Hotel and The Royale Chulan Damansara.

Average occupancy rate of selected 4/5-star hotels within the selected localities in Selangor remained flat ranging between 65% and 70% on average, compared to 66% in CY2014.

Figure 2.1: Average occupancy rate of 4-star to 5-star hotels in Petaling Jaya



Source: MIHR & AREM (Malaysia) Sdn Bhd, July 2015

During the financial year, the average occupancy rate for Sunway Resort Hotel & Spa was at 78.0% and Pyramid Tower was at 81.4%, attracting mainly corporate guest and tourist. The performance of both the hotels are expected to remain stable in the short and medium term supported by a resilient tourism industry with high tourist arrivals in conjunction with Malaysia Year of Festivals 2015.

DETAILED MARKET REPORT (CONT'D)

2.3 OFFICE

Over the recent years Petaling Jaya, Subang Jaya and Bandar Sunway have grown to become a significant and major decentralised locations for many companies in the Klang Valley.

The total stock of office space in Petaling Jaya/Subang Jaya/Sunway is 18.78 million sq.ft. (1Q CY2015), reflecting an increase of space by 5.8% from 17.75 million sq.ft. (1Q CY2014) with the completion of The Pinnacle Sunway and The Ascent @ The Paradigm (Jalan SS7/16).

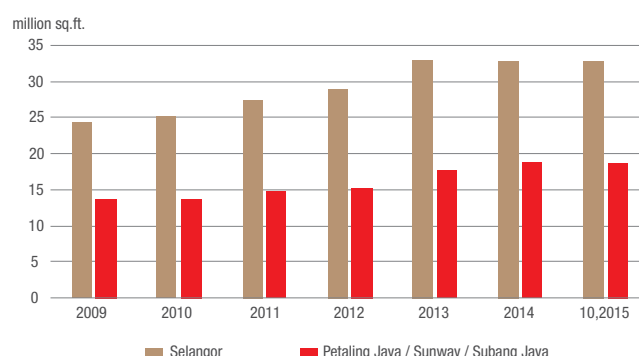
Future supply of office space is expected to grow by approximately 6.5 million sq.ft. and will be schedule for completion by CY2017.

Table 2.3: Future Supply of Office in Petaling Jaya and its Surrounding

Office Buildings	Location	Net Lettable Area (sq.ft.)	Expected Completion
Tropicana Avenue	Tropicana Resort	172,468	2015
Oasis Corporate Park Centrum	Ara Damansara	327,000	
Total		499,468	
Corporate Office Tower @ One City (Phase 3)	USJ	1,500,000	2016
HCK Tower @ Empire City	Damansara Perdana	440,000	
The Star Tower @ Pacific Star	Section 13, PJ	270,000	
The Prime @ The Altium	Damansara Perdana	240,000	
Mercu Mustapa Kamal (Tower 1)	Damansara Perdana	290,000	
Total		2,740,000	
KUB Tower	Petaling Jaya	n/a	2017
PJ Sentral Garden (Tower 1)	Section 52, PJ	598,000	
PJ Sentral Garden (Tower 2)	Section 52, PJ	860,000	
PJ Sentral Garden (Tower 3)	Section 52, PJ	280,000	
PJ Sentral Garden (Celcom)	Section 52, PJ	450,000	
PJ Sentral Garden (Tower 5)	Section 52, PJ	535,000	
PJ Sentral Garden (Tower 6)	Section 52, PJ	295,000	
SJCC, Subang Jaya	SS16 Subang Jaya	250,000	
Total		3,268,000	
Total Office Supply		6,507,468	

Source: AREM (Malaysia) Sdn Bhd, July 2015

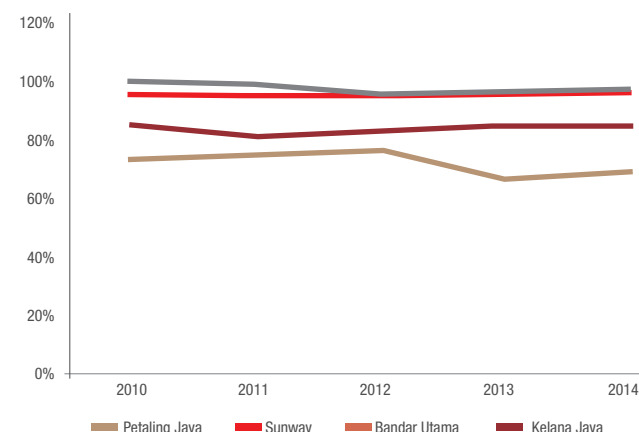
Figure 2.2: Office Stock in Selangor & Petaling Jaya/Subang Jaya/Sunway



Source: NAPIC & AREM (Malaysia) Sdn Bhd, July 2015

Selected established and growing office locations in Selangor which include Bandar Utama, Sunway, Shah Alam and Kelana Jaya have maintained strong occupancy rates, recording more than 80%, higher than the state's overall occupancy level.

Figure 2.3: Office Occupancy Rates in Petaling Jaya and its Surrounding



Source: AREM (Malaysia) Sdn Bhd, July 2015

Average rental rates for purpose-built office space in Selangor have remained fairly stable, averaging between RM3.20 to RM3.40 psf/m, over the past five years. In CY2014 the overall average rental rate was recorded at RM3.40 psf/m.

The average gross rental rates in Petaling Jaya and Subang Jaya remained stable with rental ranging from RM3.50 to RM5.50 psf/m. However, rentals achieved at new and modern office buildings are ranging from RM4.50 to RM5.50 psf/m. The Pinnacle at Bandar Sunway, a 27 storey Grade A MSC-status compliant office tower with GBI and BCA Green Mark certifications, continues to see encouraging take-up rate (circa 80% currently).

DETAILED MARKET REPORT (CONT'D)

We anticipate a slower take-up rate in the office market sector within the next 4 to 5 years due to the incoming supply of 6.5 million sq.ft. which is expected to be completed by CY2017. In the short term, demand for good grade dual compliant (MSC Status and GBI certified) office buildings, particularly those forming part of integrated mixed use development in these established fringe and upcoming office locations, are expected to remain stable due to the limited availability of such space.

3. KUALA LUMPUR

The future outlook for Kuala Lumpur is expected to be promising, backed by various on-going Greater KL development under the Economic Transformation Programme (“ETP”). The Sungai Buloh-Serdang-Putrajaya Line (MRT SSP), which would serve the density populated neighbourhoods such as Damansara, Kepong Sentral, Kampung Baru, KLCC, Pandan Indah, Serdang and Putrajaya with 40 stations would set a positive property market outlook in the vicinity. Mega projects such as the Tun Razak Exchange (“TRX”), 118-storey Warisan Merdeka and Bandar Malaysia, are expected to enhance the vibrancy of Kuala Lumpur property market.

3.1 RETAIL

As at 1Q CY2015, the retail stock in Kuala Lumpur had grown to 27.48 million sq.ft., a marginal increase of 5.41% from the preceding year due to the opening of Sunway Putra Mall (558,000 sq.ft.) and Jakel Mall (330,000 sq.ft.) and the closure of Bukit Bintang Plaza for redevelopment and repositioning.

In the pipeline, there will be a total of 7.27 million sq.ft. of retail space to be completed by 2017 in Kuala Lumpur, excluding projects that are still under planning such as KL Metropolis, Warisan Merdeka and Bukit Bintang City Centre, which will come on stream within the next 3 to 5 years.

The retail sub-sector painted an outstanding performance with overall occupancy rate rose to 87.0% higher than 85.9% recorded in 1Q CY2014 an increase of 1.1% year on year. Amid a challenging year with lacklustre retail sales performance, occupancy rate of prime and established shopping malls in Kuala Lumpur continued to remain stable with average occupancy rate of over 98% such as Pavilion Kuala Lumpur, Suria KLCC, The Mid Valley Megamall and The Gardens Mall.

Overall, rentals of prime retail space continued to record positive growth from new and renewed leases. Average monthly rental rates in prime retail malls are in the range of RM11 – RM35 psf/m and projected to remain stable for the short to medium term.

Sunway Putra Mall re-opened on 28 May 2015 after undergoing major asset enhancement works. Located adjacent to the Putra World Trade Centre, the newly refurbished and repositioned mall is home to popular mini anchor tenants that include SportsDirect.com, Cold Storage, Uniqlo and TGV cinema. The mall has reportedly secured tenancy of over 80% of its net lettable area.

Moving forward, despite the uncertainties of the global economic and local economic performance combined with the rise in living costs, the general retail market is anticipated to remain competitive yet resilient supported by strong domestic demand.

Table 3.1: Future Supply of Shopping Malls in Kuala Lumpur

Shopping Mall	Location	Net Lettable Area (sq.ft.)	Expected Completion
KL Eco City	Hukum Abdullah	313,605	
Bangsar Trade Centre	Bangsar	230,000	
e-Gallery @ Wisma IAV	Jalan Pasar	51,000	2015
Damansara City Lifestyle Mal	Damansara Heights	290,000	
GLO Damansara	Jalan Damansara	360,000	
Total		1,244,605	
Kiara 163	Mont' Kiara	300,000	
Sunway Velocity	Jalan Peel	1,000,000	
Pavilion (extension)	Bukit Bintang	225,000	
Four Season Place	KLCC	300,000	
Datum Jalettek	Kuala Lumpur	180,000	
The Veo @ Melawati	Taman Melawati	635,000	2016
Tun Razak Exchange	Jalan Tun Razak	1,300,000	
KL Gateway Boutique Mall	Kerinchi	150,000	
My Town @ Cochrane	Jalan Cochrane	860,000	
Selayang Star City	Jalan Ipoh	560,000	
Total		5,510,000	
Platinum Park (Phase 3)	KLCC	120,000	2017
KLCC (Lot K)	KLCC	400,000	
Total		520,000	
Total Mall Supply		7,274,605	

Source: AREM (Malaysia) Sdn Bhd, July 2015

Table 3.2: Average Gross Rental of Selected Shopping Malls in Kuala Lumpur

Shopping Malls	Location	Estimated Gross Rental (RM per/m)
Suria KLCC	KLCC	28.00 - 35.00
Pavilion	Bukit Bintang	19.00 - 25.00
Sungei Wang Plaza	Bukit Bintang	10.00 - 12.00
The Gardens	Mid Valley	11.00 - 12.00
Mid Valley Megamall	Mid Valley	13.00 - 14.00

Source: AREM (Malaysia) Sdn Bhd, July 2015

DETAILED MARKET REPORT (CONT'D)

In general consumers are expected to adjust their spending patterns and manage their finances to factor in the GST by the end of CY2015. Once they have adjusted, retail sales may regain a healthier growth rate, supported by steady rise in income and stable employment market conditions would support household spending.

3.2 OFFICE

As at 1Q CY2015 the stock of purposed built office space in Kuala Lumpur stood at 87.10 million sq.ft., a growth of 4.4% from 1Q CY2014. Majority of the space, approximately 30.7% is concentrated in the Golden Triangle, 15.7% in the Central Business District and the remaining 53.6% is distributed amongst Kuala Lumpur decentralised areas.

Four office buildings were completed in CY2014, namely Menara TH (360,000 sq.ft.), Menara Hap Seng 2 (326,000 sq.ft.), The Crest (273,000 sq.ft.) and Menara Kembar Bank Rakyat (924,000 sq.ft.).

Table 3.3: Existing Supply of Purpose Built Office in Kuala Lumpur (1Q CY2015)

Location	No of Buildings	Total Space (sq.ft.)	Total Space Occupied (sq.ft.)	Occupancy (%)
KLCC/ Golden Triangle	91	26,730,287	21,651,532	81%
Central Business District	94	13,686,947	11,907,644	87%
Within City Centre	138	29,523,629	23,914,140	81%
Suburban	99	17,162,667	13,043,627	76%
Total	422	87,103,530	70,516,942	81%

Source: AREM (Malaysia) Sdn Bhd, July 2015

There is a high impending supply currently under construction and in the planning stages catering to demand for investment grade purpose built office building. There is a total of 12.40 million sq.ft. of office space under construction in Kuala Lumpur. The bulk of the incoming supply is within City Center about 48.6% of the total supply.

However with the average occupancy rate hovering around the 80% level, some developers are likely to defer their schedule completion dates and there could be a roll-over of completions into the following year.

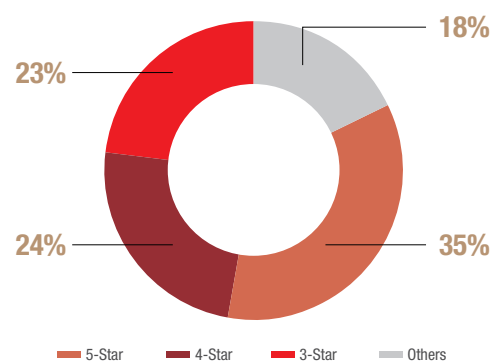
Average prime office rents in Kuala Lumpur remained stable in CY2014 with some downward pressure on older office buildings. Prime A office space in the Golden Triangle (GT) have consistently command higher rental rates compared to those located in Central Business District (CBD). Prime A office buildings in the GT range from RM6.50 psf/m to RM8.50 psf/m whilst rental rates for Prime A+ office are in the region of RM8.00 psf/m and above. In the CBD rental rates range from RM5.00 psf/m to RM7.50 psf/m and KL city fringe rental rates for prime office buildings range from RM4.00 psf/m to RM7.50 psf/m.

Going forward the Kuala Lumpur office market is expected to hold at current levels albeit modest gain in selected locations, the occupancy levels are expected to experience negative growth in the coming quarters due to the high impending supply, amid a challenging market environment with lacklustre absorption rate as companies put their relocations and expansion plans on hold.

3.3 HOTEL

As at 1Q CY2015, there are a total of 196 tourist accommodations providing a total of 35,706 rooms in Kuala Lumpur. Out of the 35,706 hotel rooms in Kuala Lumpur, 34.7% of them are of 5-star category, 24.4% of 4-star category and 22.9% are of 3-star category. The remaining 18% are other category.

Figure 3.1: Hotel Rooms by Star Rating in Kuala Lumpur, 1Q CY2015



Source: AREM (Malaysia) Sdn Bhd, July 2015

During this period saw the opening Fraser Residence Kuala Lumpur (450 rooms), Invito Hotel Suites @ Bukit Ceylon (129 rooms) and Silika Cheras (319 rooms).

In the fast expanding tourism sector, has attracted more international hotel chains to have their presence in Kuala Lumpur amongst local operators. There are a number of proposed hotels being planned/under construction, totalling 4,379 rooms. Selected future supply of hotels under construction and planning stages are tabulated in Table 3.4.

The hospitality sub-sector sustained its moderate performance as the occupancy rate softened. The occupancy rate of three to five star hotels decreased to 63.9% in CY2014 lower than 68.1% recorded in CY2013.

The Average Room Rate ("ARR") of hotels in Kuala Lumpur has been experiencing a slight dip in room rates in CY2014. The Ritz Carlton, Shangri-La and Westin were among the 5-star hotels recording an ARR above RM450. The ARR for other 5-star hotels were in the range of RM350 to RM380.

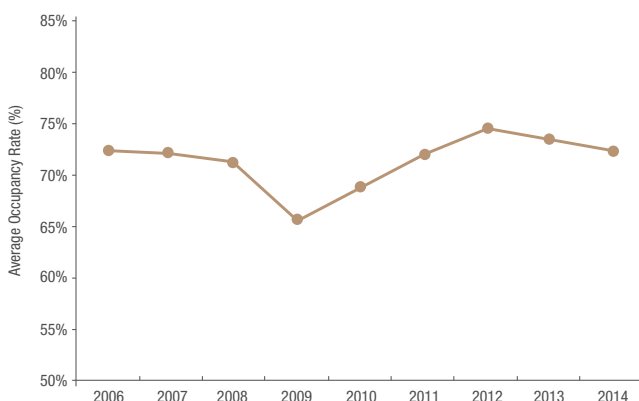
DETAILED MARKET REPORT (CONT'D)

Table 3.4: Selected Future Supply of Hotels in Kuala Lumpur

Hotel & Serviced Apartment	Location	No. of Rooms	Expected Completion
The St Regis Kuala Lumpur	KL Sentral	208	
Banyan Tree Signatures Pavilion	Jln Conlay	101	
Holiday Inn Express	Jln Raja Chulan	296	
Zon E Fraser Business Park	Jln Yew	269	2015
WP Hotel	Jln TAR	153	
Malaya Hotel	Jln Hang Lekir	238	
The Grand Campbell Hotel	Jln Dang Wangi	44	
Clermont KL	Damansara Heights	230	
Alila Bangsar	Jln Ang Seng	126	
Dorsett Seri Hartamas	Sri Hartamas	371	
Best Western	Bangsar Trade Centre	378	2016
Mercure Shaw Parade	Pudu	217	
Ibis Styles Hotel	Jln Yap Kwan Seng	678	
Tune Hotel	Jln Putra	150	
The Regent	Jln Ampang	248	
Platinum Park	Jln Stonor	118	
The Kempinski Hotel	Jln Conlay	260	2017
Holiday Villa	Jln Ipoh	294	
KLCC (Lot K)	KLCC		
Total		4,379	

Source: AREM (Malaysia) Sdn Bhd, July 2015

Figure 3.2: Occupancy Rate of 5-star hotels in Kuala Lumpur



Source: NAPIC & AREM (Malaysia) Sdn Bhd, July 2015

The Kuala Lumpur hospitality landscape is expected to remain challenging with slower economic growth and lower corporate travel demand amidst increase competition with the 4,379 rooms likely to enter the market from CY2015 to CY2017.

4. PENANG (MAINLAND)

Penang property market for the year to come is expected to be promising backed by various proposed and on-going development projects. The opening of the Second Bridge will postulate positive impact on the demand supply of property market in Batu Kawan. Several projects that have been announce include:

- Premium Shopping Outlets Project is targeted to open in 2016.
- KDU University College and integrated development.
- Major investment from Hewlett-Packard (“HP”) Seagate as the company intend to invest RM1 billion to set-up a manufacturing facility in Batu Kawan.

Penang recorded a huge jump in approved domestic investments of RM3.05 billion and foreign investments of RM5.11 billion, totalling RM8.16 billion in CY2014 as compared to RM3.91 billion recorded for CY2013. As at 1Q CY2015, Penang had recorded investments of RM2.9 billion.

The tourism industry is targeted to pick up, in tandem with the state status as a medical hub and the prestigious UNESCO award as a historic enclave worthy of recognition and preservation. These initiatives are expected to provide catalytic impact on the market activity particularly on the capital growth

4.1 RETAIL

The total existing supply of retail space in the state stood at 18.07 million sq.ft. (island and mainland) as at 1Q CY2015 the retail space per capita for the state of Penang is 10.83 sq.ft. per capita, which indicates an oversupply situation compared to 7.25 sq.ft. per capita in the Klang Valley. There are 3 retail malls expected to be completed by the end of CY2015, Moulmein Rise Shoppes (27,000 sq.ft.) on the Island, BM City Mall (123,000 sq.ft.) and the extension of Perda City Mall (137,000 sq.ft.) in Seberang Perai. Other new developments in the pipeline include Trends @ Southbay Plaza (130,000 sq.ft.) and Design Village, Batu Kawan (400,000 sq.ft.).

Prime shopping malls in the state have maintained their occupancy rate of above 90% whilst occupancy rates of secondary malls range from 60% to 80%. Sunway Carnival Shopping Mall located in Seberang Jaya is one of the leading malls in the mainland with an occupancy rate of 97.3% for FYE2015. Sunway Carnival Mall’s performance is expected to remain healthy as there is no significant amount of new supply expected to enter the market in the short term, occupancy and rental in the state are expected to remain generally stable.

In prime shopping malls, rental rate for ground floor retail lots range from RM13 psf to above RM35 psf per month, depending on the mall, location and size of the lots.

Overall, the short term outlook for the local retail industry is expected to embrace more challenges. The rising cost of living and weakening ringgit amid a slowing economy will continue to dampen consumer sentiment.

DETAILED MARKET REPORT (CONT'D)

4.2 HOTEL

There are currently a total of 9,199 hotel rooms in the state provided by hotels ranging from 3-star to 5-star. All nine 5-star hotels are located in the state offers a total of 3,285 rooms. While in the 4-star category offers a total of 4,111 rooms provided by thirteen hotels and in the 3-star category offers a total of 1,803 rooms by twelve hotels.

Table 4.1: Selected Hotels and Number of Rooms, Seberang Jaya & Georgetown

Hotel	Rating	No of Rooms
Seberang Jaya		
Light Hotel	4	300
Sunway Hotel Seberang Jaya	3	202
Summit	3	108
Pearl View	3	308
Ixora	3	326
Aroma	3	155
Georgetown		
St Giles Wembley	4	415
Cititel Express	Budget Class	234
Sunway Hotel Georgetown	4	250
Bayview Hotel Georgetown	4	333
Georgetown City Hotel	4	320
Eastern & Oriental Hotel	5	222
Eastin Hotel	4	328

Source: AREM (Malaysia) Sdn Bhd, July 2015

The average occupancy rates for 3-star to 5-star hotels declined in 1Q CY2015 to 67% compared to 70.3% recorded in 1Q CY2014.

During the 2Q CY2015 saw the opening of two new hotels in the Island, namely St Giles Wembley (415 rooms, 4-star) and Cititel Express (234 rooms, Budget Class).

The hospitality market in the Island is highly dependent on the tourism industry and has long been a favourite destination for domestic and international tourists. The state recorded the second highest number of hotel guest in 2014, after Kuala Lumpur at 6.8 million, with almost half being foreigners.

The state government is proposing to subsidise airlines bringing in passengers from Yangon, Seoul and Bandung in a bid to tap the tourism markets there. The state government is offering to pay US\$10 per passenger to airlines for direct flights originating from the three cities to Penang and the Penang Tourism Development Committee has approached AirAsia, Firefly, Malindo, Malaysia Airlines and Korean Air with this proposal. This initiative is expected to positively spur foreign tourism from the region and consequently the hospitality and hotel sector, in the state.

The medical tourism sub-sector which is being continuously promoted aggressively since the state registers the highest number of medical

tourist in the country. The Health Ministry aims for medical tourism to grow by 10% in 2015.

Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown can expect to benefit from concerted effort in promotion and marketing in the tourism sector and the industrial sector remaining robust in Penang.

5. PERAK

Going forward the state's property market would remain promising. Several proposed infrastructure projects and initiatives that are expected to postulate positive impact on the demand and supply of property development in the state include:

- Kinta Lake District mixed development on a 106.8 hectare is expected to complete within 15 years span.
- The five approved PR1MA projects in Slim River, Pengkalan Aor, Sungai Pari Kampung Paloh and Bandar Meru Raya which are expected to supply 3,220 units. Another 5,000 units are also proposed in Teluk Intan, a joint venture between PR1MA and University Pendidikan Sultan Idris.
- South Perak Development Region is proposed to be developed, emulating that of Iskandar Malaysia in Johor, encompassing Batang Padang and Hilir Perak districts.
- Flight service provided by Firefly, Malindo Air and YOU Wings (Sriwijaya Air) to Ipoh.
- Integrated Master Plan for Royal Belum to be developed as a world attraction.

These developments are expected to boost the state's economic and property sector.

5.1 RETAIL

The Perak property market is generally mixed where certain sectors are active whilst some are subdued. In Ipoh, the retail market is generally healthy. The better shopping complexes and hypermarkets are well patronized.

The current total stock of retail space in the state as at 1Q CY2015 is 8.81 million sq.ft. (Ipoh accounts for approximately 4.87 million sq.ft.) offered by 66 shopping complexes. Of these, 22 are hypermarkets in which 7 are located in Ipoh. The hypermarkets within Ipoh are Giant Ipoh, Giant Bercham, Tesco Station 18, Tesco Ipoh, Tesco Extra Ipoh, Mydin Meru Raya and Mydin Manjoi.

The average occupancy declined slightly to 92.3% in 1Q CY2015 compared to 92.7% in 1Q CY2014, this was due to the completions of four new retail malls in CY2014. They were Taiping Mall and AEON Shopping Complex in Taiping, Kerian Sentral Mall in Parit Buntar and Eonsave Klebang in Ipoh with combination of 827,300 sq.ft. of retail space.

The current rentals of hypermarket space in Ipoh range from RM2.00 to RM2.70 psf/m depending on the location and conditions agreed between landlord and tenant. The prospect for hypermarket is expected to continue to be good over the short and medium term.

ANALYSIS OF UNITHOLDINGS AS AT 30 JUNE 2015

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units Held	% of Unitholdings
Less than 100	14	0.16	460	#
100 - 1,000	1,457	16.77	1,134,849	0.04
1,001 - 10,000	4,876	56.16	25,518,635	0.87
10,001 - 100,000	1,910	22.00	62,991,187	2.14
100,001 to less than 5% of issued units	420	4.84	1,439,594,270	49.00
5% and above of issued units	6	0.07	1,408,537,499	47.95
	8,683	100.00	2,937,776,900	100.00

Negligible

THIRTY LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS

Name of Unitholders	No. of Units	%
Cartaban Nominees (Tempatan) Sdn Bhd - Standard Chartered Saadiq Berhad - Sunway Reit Holdings Sdn Bhd	315,827,979	10.75
Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	271,661,600	9.25
CIMB Group Nominees (Tempatan) Sdn Bhd - The Bank Of Tokyo - Mitsubishi UFJ, Ltd For Sunway Reit Holdings Sdn Bhd	258,000,000	8.78
Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	223,140,600	7.60
HSBC Nominees (Tempatan) Sdn Bhd - Sunway Reit Holdings Sdn Bhd	175,000,000	5.96
Tan Sri Dato' Seri Dr Cheah Fook Ling, AO	164,907,320	5.61
Bank Of Tokyo - Mitsubishi UFJ (Malaysia) Berhad - Sunway Reit Holdings Sdn Bhd	139,000,000	4.73
HSBC Nominees (Asing) Sdn Bhd - Exempt AN For JPMorgan Chase Bank, National Association (U.S.A.)	127,285,538	4.33
RHB Nominees (Tempatan) Sdn Bhd - Sumitomo Mitsui Banking Corporation Malaysia Berhad For Sunway Reit Holdings Sdn Bhd	112,200,000	3.82
DB (Malaysia) Nominee (Asing) Sdn Bhd - BNYM SA/NV For Newton Asian Income Fund	102,601,100	3.49
Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	87,153,800	2.97
Amanahraya Trustees Berhad - Amanah Saham Malaysia	62,000,000	2.11
Cartaban Nominees (Tempatan) Sdn Bhd - Exempt An For Eastspring Investments Berhad	56,264,400	1.92
Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	47,203,200	1.61
Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An For AIA Bhd	34,692,100	1.18
Kumpulan Wang Persaraan (Diperbadankan)	33,376,400	1.14
Permodalan Nasional Berhad	32,904,700	1.12
Sunway Berhad	32,843,500	1.12
HSBC Nominees (Asing) Sdn Bhd - BBH And Co Boston For SMAM Asia Reit Sub Trust	25,850,200	0.88
RHB Nominees (Tempatan) Sdn Bhd - Industrial And Commercial Bank Of China (Malaysia) Berhad For Sunway Reit Holdings Sdn Bhd	23,900,000	0.81
Amanahraya Trustees Berhad As 1Malaysia	15,838,500	0.54
Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	15,554,700	0.53
Sunway Education Group Sdn Bhd	14,850,000	0.51

ANALYSIS OF UNITHOLDINGS (CONT'D)

AS AT 30 JUNE 2015

Name of Unitholders	No. of Units	%
Citigroup Nominees (Tempatan) Sdn Bhd - Allianz Life Insurance Malaysia Berhad (P)	14,773,100	0.50
DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt An For Deutsche Bank AG London (Prime Brokerage)	14,741,100	0.50
Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	14,217,200	0.48
DB (Malaysia) Nominee (Asing) Sdn Bhd - BNYM SA/NV For Newton Emerging Income Fund	13,779,000	0.47
Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)	13,644,200	0.46
Amanahraya Trustees Berhad - Amanah Saham Nasional 3 Imbang	12,913,900	0.44
Citigroup Nominees (Asing) Sdn Bhd - CBNY For DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	12,863,600	0.44
	2,468,987,737	84.05

OWNERSHIP OF ISSUED UNIT CAPITAL AS AT 30 JUNE 2015

Category of Unitholders By Nationality and Incorporation Type	No. of Holders			No. of Units			%		
	Local		Foreign	Local		Foreign	Local		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
Individual	96	6,344	61	933,000	264,119,030	3,672,500	0.0318	8.9904	0.1250
Body Corporate									
A. Bank/Finance Companies	16	1	1	452,153,700	161,200	139,000,000	15.3910	0.0055	4.7315
B. Trust/Foundation/Charity	1	1	0	6,000	64,000	0	0.0002	0.0022	0.0000
C. Private/Limited Company	19	88	3	4,717,400	61,667,306	291,800	0.1606	2.0991	0.0099
Government Agencies/ Institution	0	0	0	0	0	0	0.0000	0.0000	0.0000
Nominees	1,138	758	156	451,014,949	1,125,895,329	434,080,686	15.3523	38.3247	14.7758
Total	1,270	7,192	221	908,825,049	1,451,906,865	577,044,986	30.9359	49.4219	19.6422

ANALYSIS OF UNITHOLDINGS (CONT'D)

AS AT 30 JUNE 2015

SUBSTANTIAL UNITHOLDERS (5% and above)

Name of Unitholders	Direct interest		Deemed interest	
	No. of Units	%	No. of Units	%
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	164,907,320	5.61	1,061,048,385 (i)	36.12
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	1,225,955,705 (ii)	41.73
Sarena Cheah Yean Tih	-	-	1,225,958,705 (iii)	41.73
Evan Cheah Yean Shin	-	-	1,225,955,705 (iv)	41.73
Active Equity Sdn Bhd	-	-	1,061,048,385 (v)	36.12
Sungei Way Corporation Sdn Bhd	-	-	1,061,048,385 (vi)	36.12
Sunway Berhad	32,843,500	1.12	1,028,204,885 (vii)	35.00
Sunway Reit Holdings Sdn Bhd	1,028,204,885	35.00	-	-
Employees Provident Fund Board	296,476,700	10.09	-	-
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	226,140,600	7.70	-	-

Notes:

- (i) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway Reit Holdings Sdn Bhd
- (ii) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through spouse
- (iii) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Reit Holdings Sdn Bhd, spouse and parent
- (iv) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Reit Holdings Sdn Bhd and parent
- (v) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway Reit Holdings Sdn Bhd
- (vi) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway Berhad and Sunway Reit Holdings Sdn Bhd
- (vii) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sunway Reit Holdings Sdn Bhd

DIRECTORS' INTERESTS

Name of Directors	Direct interest		Deemed interest	
	No. of Units	%	No. of Units	%
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	164,907,320	5.61	1,061,048,385 (a)	36.12
Dato' Ngeow Voon Yean	-	-	200,000 (b)	0.01
Sarena Cheah Yean Tih	-	-	1,225,958,705 (c)	41.73
Elvin A/L Berty Luke Fernandez	90,000	#	-	-
Ng Sing Hwa	-	-	3,270,000 (d)	0.11

Notes:

- (a) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway Reit Holdings Sdn Bhd
- (b) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through spouse and child
- (c) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Reit Holdings Sdn Bhd, spouse and parent
- (d) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Millennium Pavilion Sdn Bhd
- # Negligible

NOTICE OF 3RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting (“3rd AGM”) of Sunway Real Estate Investment Trust (“Sunway REIT”) will be held at Grand Bahamas, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 30 September 2015 at 3.30 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2015 of Sunway REIT together with the Trustee’s and Auditors’ Reports thereon.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolution:-

2. ORDINARY RESOLUTION:

PROPOSED UNITHOLDERS’ MANDATE TO ALLOT AND ISSUE NEW UNITS OF UP TO 10% OF THE APPROVED FUND SIZE OF SUNWAY REIT PURSUANT TO CLAUSE 14.03 OF THE GUIDELINES ON REAL ESTATE INVESTMENT TRUSTS ISSUED BY SECURITIES COMMISSION MALAYSIA (“REIT GUIDELINES”)

“THAT pursuant to the REIT Guidelines, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant regulatory authorities, where such approval is required, approval be and is hereby given to the Directors of Sunway REIT Management Sdn Bhd, the Manager for Sunway REIT (“the Manager”), to issue and allot new units in Sunway REIT (“New Units”) from time to time to such persons and for such purposes as the Directors of the Manager may in their absolute discretion deem fit and in the best interest of Sunway REIT, provided that the aggregate number of New Units issued pursuant to this resolution, when aggregated with the number of units in Sunway REIT issued during the preceding 12 months, must not exceed 10% of the approved fund size of Sunway REIT for the time being comprising 3,650,888,858 units (“Proposed Mandate”).

THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the unitholders at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting of the unitholders is required by law to be held; or
- (iii) revoked or varied by resolution passed by the unitholders in a unitholders’ meeting, whichever is the earlier.

THAT the New Units to be issued pursuant to the Proposed Mandate shall, upon allotment and issue, rank pari passu in all respects with the existing units of Sunway REIT, except that the New Units will not be entitled to any income distribution, right, benefit, entitlement and/or any other distributions that may be declared prior to the date of allotment and issue of such New Units.

THAT authority be and is hereby given to the Directors of the Manager and RHB Trustees Berhad (“the Trustee”), acting for and on behalf of Sunway REIT, to give effect to the Proposed Mandate with full powers to assent to any condition, modification, variation and/or amendment as they may deem fit in the best interest of Sunway REIT and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Manager and the Trustee, acting for and on behalf of Sunway REIT, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds, things in relation to the Proposed Mandate.”

**By Order of the Board of Directors of
SUNWAY REIT MANAGEMENT SDN BHD**
(Manager for Sunway REIT)

TAN KIM AUN (MAICSA 7002988)
CHIN SOO CHING (MAICSA 7042265)
Company Secretaries

Bandar Sunway
28 August 2015

NOTICE OF 3RD ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. A Unitholder who is entitled to attend and vote at the Meeting, may appoint not more than 2 proxies to attend and vote instead of the Unitholder at the Meeting. A proxy may but need not be a Unitholder.
2. If a Unitholder has appointed a proxy to attend this Meeting and subsequently he attends the Meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend this Meeting.
3. Where a Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account.
4. Where a Unitholder is an exempt authorised nominee which holds units for multiple beneficial owners in 1 securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. Where a Unitholder or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointment shall be invalid unless the proportion of unitholdings to be represented by each proxy is specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Management Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507. In the case where the Unitholder is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
8. In respect of deposited securities, only Unitholders whose names appear in the Record of Depositors on 22 September 2015, shall be entitled to attend, speak and vote at the 3rd AGM.

Explanatory Notes on Special Business

1. Proposed Mandate

The proposed ordinary resolution, if passed, will give a mandate to the Manager of Sunway REIT to issue units of Sunway REIT from time to time provided that the aggregate number of the New Units to be issued, when aggregated with the number of Units issued during the preceding 12 months must not exceed 10% of the approved fund size of Sunway REIT for the time being. The Proposed Mandate, unless revoked or varied at a Unitholders' Meeting, will expire at the conclusion of the next Annual General Meeting of Sunway REIT.

The Proposed Mandate will allow the Manager the flexibility to allot and issue new Units to raise funds to finance future investments, acquisitions and capital expenditure to enhance the value of Sunway REIT and/or to refinance existing debt as well as for working capital purposes, subject to the relevant laws and regulations. With the Proposed Mandate, delays and further costs involved in convening separate general meetings to approve such issue of units to raise funds can be avoided.

Personal Data Notice

The Personal Data Protection Act 2010 ("Act") which regulates the processing of personal data in commercial transactions, applies to us, Sunway REIT Management Sdn Bhd, being the Manager of Sunway REIT.

The personal data processed by us may include your name, contact details, mailing address and any other personal data derived from any documentation.

We may use or disclose your personal data to any person engaged for the purposes of issuing the above notice of meeting and convening the meeting.

Subject to the requirement under the Act, if you would like to make any enquiries of your personal data, please contact us:

Address: Sunway REIT Management Sdn Bhd
Level 16, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan
Tel No: (603) 5639 8889
Fax No: (603) 5639 9507

SUNWAY®

SUNWAY REAL ESTATE INVESTMENT TRUST

(Established in Malaysia under a deed dated 20 May 2010 and a supplementary deed dated 10 June 2010 entered into between Sunway REIT Management Sdn Bhd and RHB Trustees Berhad, both companies incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

3RD ANNUAL GENERAL MEETING

SUNWAY REIT MANAGEMENT SDN BHD

(Company No. 806330-X)
Manager for Sunway Real Estate Investment Trust

Registered Office:
Level 16, Menara Sunway, Jalan Lagoon Timur
Bandar Sunway, 47500 Subang Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) 5639 8855 / 5639 8832
Fax: (603) 5639 9507

Number of units held	
CDS Account No.	

*I/We *NRIC No./Passport No./Company No.....
(Full Name)

Tel./Mobile No of
being a Unitholder of SUNWAY REAL ESTATE INVESTMENT TRUST ("Sunway REIT") and entitled to vote hereby appoint:-

1ST PROXY 'A'

Full Name	Tel./Mobile No.	Proportion of unitholdings represented	
		No. of Units	%
Address	NRIC No./Passport No.		

and/or failing *him/her,

2ND PROXY 'B'

Full Name	Tel./Mobile No.	Proportion of unitholdings represented	
		No. of Units	%
Address	NRIC No./Passport No.		

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the 3rd Annual General Meeting of Sunway REIT to be held at Grand Bahamas, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 30 September 2015 at 3.30 p.m. and at any adjournment thereof.

* Strike out whichever not applicable

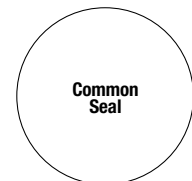
My/our proxy/proxies shall vote as follows:-

Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO.	ORDINARY RESOLUTION	1 ST PROXY 'A'		2 ND PROXY 'B'	
		FOR	AGAINST	FOR	AGAINST
1	Proposed Mandate				

Dated this day of 2015

Signature of Unitholder



Notes:

1. A Unitholder who is entitled to attend and vote at the Meeting, may appoint not more than 2 proxies to attend and vote instead of the Unitholder at the Meeting. A proxy may but need not be a Unitholder.
2. If a Unitholder has appointed a proxy to attend this Meeting and subsequently he attends the Meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend this Meeting.
3. Where a Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account.
4. Where a Unitholder is an exempt authorised nominee which holds units for multiple beneficial owners in 1 securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. Where a Unitholder or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointment shall be invalid unless the proportion of unitholdings to be represented by each proxy is specified in the instrument appointing the proxies.
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8. In respect of deposited securities, only Unitholders whose names appear in the Record of Depositors on 22 September 2015, shall be entitled to attend, speak and vote at the 3rd AGM.

PLEASE FOLD HERE

STAMP

Sunway Real Estate Investment Trust

LEVEL 16, MENARA SUNWAY
JALAN LAGOON TIMUR
BANDAR SUNWAY
47500 SUBANG JAYA
SELANGOR DARUL EHSAN
MALAYSIA

PLEASE FOLD HERE

GLOSSARY

AEI	Asset enhancement initiatives
AGM	Annual general meeting
ARR	Average rental rate
bps	Basis point
CAGR	Compounded annual growth rate
CP	Commercial paper
CY	Calendar year
Capex	Capital expenditure
Deed	The deed dated 20 May 2010 and the supplemental deed dated 10 June 2010 entered into between the Trustee and the Manager constituting Sunway REIT
DPU	Distribution per unit
EPU	Earnings per unit
FP	Financial period
FY	Financial year ended or ending
GFA	Gross floor area
GDP	Gross domestic product
IPO	Initial public offering
MER	Management expense ratio – ratio of expenses incurred in operating Sunway REIT to its NAV
M-REITs	Malaysian REITs
MTN	Medium term note
NAV	Net asset value
NBV	Net book value
NPI	Net property income
NLA	Net lettable area
REIT	Real estate investment trust
ROFR	Right of first refusal dated 26 May 2010 granted by Sunway City Bhd (SCB) to the Trustee to, amongst others, acquire properties that SCB or its wholly owned subsidiaries intend to sell
ROI	Return on investment
Sq.ft.	Square feet
TAV	Total asset value
US	United States
USD	United States Dollar
WALE	Weighted average lease expiry

SUNWAY REIT MANAGEMENT SDN BHD (Company No. 806330-X)

Manager for Sunway REIT

Level 15, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway,
47500 Selangor Darul Ehsan.

Tel : (603) 5639 8888
Fax : (603) 5639 8001
Website : www.sunwayreit.com
E-mail : irsunreit@sunway.com.my

SUNWAY®