



Driving values through sustainable growth

MEDIA RELEASE

14 March 2012

FOR IMMEDIATE RELEASE

## TRANSFORMATION PLAN FOR SUNWAY PUTRA MALL

**Petaling Jaya, 14 March 2012**—Following the Federal Court’s decision in dismissing the application for leave to appeal by Metroplex Holdings Sdn Bhd (“Metroplex”) on 20 February 2012, Sunway REIT Management Sdn Bhd, the Manager for Sunway Real Estate Investment (“SunREIT”) (“Manager”) is pleased to announce the refurbishment plan for Sunway Putra Place as part of the Manager’s transformation initiative to rejuvenate and reposition the mall as the preferred shopping destination for local visitors and tourists. The refurbishment for Sunway Putra Mall will be undertaken to refresh the architecture of the mall to appeal to the current retail trends. The refurbishment exercise is also expected to see total gross floor area (“GFA”) increasing from 860,000 sq. ft. to 952,000 sq. ft.

The ultra modern architecture design manifests the cosmopolitan lifestyle of the urban population as well as accentuating the prominence of the shopping mall. The Manager is positioning the shopping mall as a “**Lifestyle Urban-Chic**” shopping mall targeting at mid income level to mid-upper income level shoppers and both domestic and foreign tourists with an exciting blend of tenancy mix.

Architectural transformation aside, distinctive retail zoning is one of the main features of the mall where interesting concepts will be introduced into the shopping mall. The “**Asian Avenue**” is a uniquely themed retail segment with food and entertainment components as well as addition of 8 screens cinema. The preliminary capital expenditure (capex) for the refurbishment of the mall is estimated at RM200 million. The refurbishment exercise is expected to take about 15-18 months with a projected return on investment (“ROI”) of 12.5% to 15.0%.

Dato’ Jeffrey Ng, CEO of Sunway REIT Management Sdn Bhd commented “Following an extensive study and planning process, we are pleased to see the results arising from the asset enhancement initiative. The substantial creation of the new lettable area (“NLA”) in excess of 100,000 sq. ft. coupled with better retail layout planning will translate into substantial increase in rental income in the future. This represents an increase of 20% in NLA over its original NLA of 505,448sq.ft.”

“We are looking forward to introducing wholesome retail and entertainment experiences for shoppers with the introduction of new and exciting themes in the various retail zones. We will be introducing interesting food and beverage, alfresco and entertainment concepts to create vibrancy to the night scene and enabling patrons to enjoy the magnificent skyline of the Kuala Lumpur City. We are confident that our new tenancy mix will draw new and larger crowds to Sunway Putra Mall upon completion of the refurbishment. Tenants at Sunway Putra Mall will appreciate the modern ambiance with improved retail layout and circulation within the shopping mall. The businesses of Sunway Putra Hotel as well as Sunway Putra Tower will benefit synergistically from the transformation of the new shopping mall. ” He added.

The refurbishment exercise will also include improvement in traffic circulation within the proximity of Sunway Putra Place for the convenience of shoppers. The Manager is currently undertaking studies in vehicular traffic improvement on both ingress and egress points of the mall, direct linkage to LRT, covered pedestrian walkways to main public transportation hubs, namely the KTM Komuter Station and Hentian Putra Bus Terminal.

SunREIT is optimistic about the future prospects of the 3-in-1 mixed used development of Sunway Putra Place and expect substantial capital appreciation post refurbishment. Sunway Putra Place is in a strategic location in the central business district of Kuala Lumpur and in the vicinity of the Putra World Trade Centre and UMNO Headquarters. Kuala Lumpur will see another impressive landmark property in the making. We are confident that Sunway Putra Place will be well-positioned as a new tourism destination for shopping, entertainment and hospitality.

**Sunway Putra Mall: Proposed New Facade**



Illustrations

are artists's impression only, subject to approval from relevant authorities

### **Chronology of Litigations**

- In March 2011, SunREIT successfully bid for Putra Place (now renamed as Sunway Putra Place) at RM 513.9 million at a public auction conducted by High Court officials.
- Full payment was made to Commerce International Merchant Bankers Berhad (“CIMB”) as the facility agent for a group of banks and legal ownership was registered in the name of OSK Trustees Berhad in its capacity as the trustee for SunREIT (“Trustee”) on the landtitle at the Kuala Lumpur land registry on 19 April 2011.
- Former owner refused to deliver possession and control of Putra Place to the Manager.
- In order to protect SunREIT’s ownership rights, the Manager and the Trustee took legal action against the former owner to obtain court orders for possession and control of Putra Place.
- Throughout the entire legal proceedings from High Court to Court of Appeal and to Federal Court, the respective Courts have decided in favour of SunREIT as the rightful owner of Putra Place with right to possession and control as well as the recovery of damages and legal costs.
- Following the dismissal of the former owner’s appeal by the Court of Appeal on 28 September 2011, the former owner handed over possession and control of the remaining portions of Putra Place not in the possession and control of SunREIT to SunREIT on 28 September 2011 in accordance with the order of the High Court obtained on 28 June 2011.
- In February 2012, Federal Court dismissed an application for leave for appeal by the former owner which essentially brings an end to this case with respect to rightful ownership and possession / management control of Sunway Putra Place.
- We are in the midst of enforcing our rights in claiming the damages pursuant to the order of the High Court granted on 28 June 2011 and the costs awarded to the Manager and the Trustee by the respective Courts.
- At all times throughout the Court proceedings, the Manager has acted professionally and fairly in dealing with all the occupiers at Sunway Putra Place.
- The former owner and its holding company as well as another bidder at the public auction and 3 tenants have also instituted legal proceedings, amongst others, challenging on the validity of the public auction and seeking enforcement of the tenancy agreements with the former owner. Thus far, the High Court has decided in favour of the Trustee and the Manager or in some cases, struck out the cases. The respective plaintiffs have appealed to the Court of Appeal which appeals are pending hearing.



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## **About Sunway Real Estate Investment Trust**

Sunway Real Estate Investment Trust (“SunREIT”) whose units were listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010 is Malaysia’s largest retail focused real estate investment trust (“REIT”) in terms of asset size as at 29 February 2012. Assets of SunREIT comprise of shopping malls, hotels and office towers that are located in Bandar Sunway, Kuala Lumpur, Seberang Jaya and Sunway City Ipoh. SunREIT’s market capitalization is RM3.39 billion and total assets valued at RM4.47 billion as at 29 February 2012.

## **Important notice**

This media release may contain certain forward looking statements due to a number of risks, uncertainties and assumptions. Representative 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 Management’s current view of future events. Past performance is not necessarily indicative of its future performance.

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