



Managed By :

 **SUNWAY REIT MANAGEMENT SDN BHD**

Level 3, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway,  
46150 Petaling Jaya, Selangor Darul Ehsan.

**(03) 5639-8889**

[irsunreit@sunway.com.my](mailto:irsunreit@sunway.com.my)



HOSPITALITY



SHOPPING



LEISURE



BUSINESS

# SUNWAY REAL ESTATE INVESTMENT TRUST

(Established in Malaysia under the Deed dated 20 May 2010 entered into between Sunway REIT Management Sdn Bhd (Company No.: 806330-X) and OSK Trustees Berhad (Company No.: 573019-U), both companies incorporated in Malaysia under the Companies Act, 1965)



THE INITIAL PUBLIC OFFERING OF 1,654,969,300 NEW UNITS REPRESENTING UNDIVIDED INTERESTS IN SUNWAY REAL ESTATE INVESTMENT TRUST ("SUNWAY REIT") ("OFFER UNITS"), SUBJECT TO THE OVER-ALLOTMENT OPTION (AS DEFINED IN THIS PROSPECTUS) AND THE CLAWBACK AND REALLOCATION PROVISIONS, COMPRISING:

- (I) 1,520,963,700 OFFER UNITS MADE AVAILABLE FOR APPLICATION BY MALAYSIAN AND FOREIGN INSTITUTIONAL INVESTORS AND SELECTED INVESTORS AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOK BUILDING (OTHER THAN THE CORNERSTONE INVESTORS), PAYABLE IN FULL UPON ALLOCATION ("INSTITUTIONAL PRICE") ("INSTITUTIONAL OFFERING"); AND
- (II) 134,005,600 OFFER UNITS MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM0.97\* PER UNIT, PAYABLE IN FULL UPON APPLICATION ("RETAIL OFFERING")

IN CONJUNCTION WITH THE LISTING OF SUNWAY REIT ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

\* THE RETAIL PRICE OF RM0.97 PER UNIT IS SUBJECT TO A REFUND, IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE OF RM0.97 PER UNIT. THE FINAL RETAIL PRICE WILL BE THE LOWER OF:

- (I) THE RETAIL PRICE OF RM0.97 PER UNIT; AND
- (II) 97% OF THE INSTITUTIONAL PRICE

SUBJECT TO ROUNDING UP TO THE NEAREST SEN.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

This Prospectus is dated 15 June 2010

The Hongkong and Shanghai  
Banking Corporation Limited  
(Company Registration Number:  
S16FC0010A)

J.P. Morgan Securities Ltd  
(Company Registration Number:  
2711006)

Maybank Investment Bank Berhad  
(Company No: 15938-H)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

*Sole Financial Adviser*

**RHB Investment Bank Berhad**  
(Company No: 19663-P)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

*Joint Underwriters for the Retail Offering*

**RHB Investment Bank Berhad**  
(Company No: 19663-P)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

**CIMB Investment Bank Berhad**  
(Company No: 18417-M)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

**Maybank Investment Bank Berhad**  
(Company No: 15938-H)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

*Joint Global Coordinators for the Institutional Offering*

**RHB Investment Bank Berhad**  
(Company No: 19663-P)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

**Credit Suisse (Singapore) Limited**  
(Company Registration Number:  
197702363D)

*Joint Bookrunners for the Institutional Offering*

**RHB Investment Bank Berhad**  
(Company No: 19663-P)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

**Credit Suisse (Singapore) Limited**  
(Company Registration Number:  
197702363D)

**Credit Suisse Securities (Malaysia) Sdn Bhd**  
(Company No: 499609-H)

**CIMB Investment Bank Berhad**  
(Company No: 18417-M)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)



**01 Menara Sunway**

Net Lettable Area	268,978 sq. ft.
Appraised Value	RM138 million
Land Area	193,395 sq. ft.
Gross Floor Area	654,783 sq. ft. (includes 266,696 sq. ft. car park)
Tenure	99 year lease
Year of Completion	1993
Number of Tenancies	36
Car parking bays	More than 660

**02 Sunway Resort Hotel & Spa**

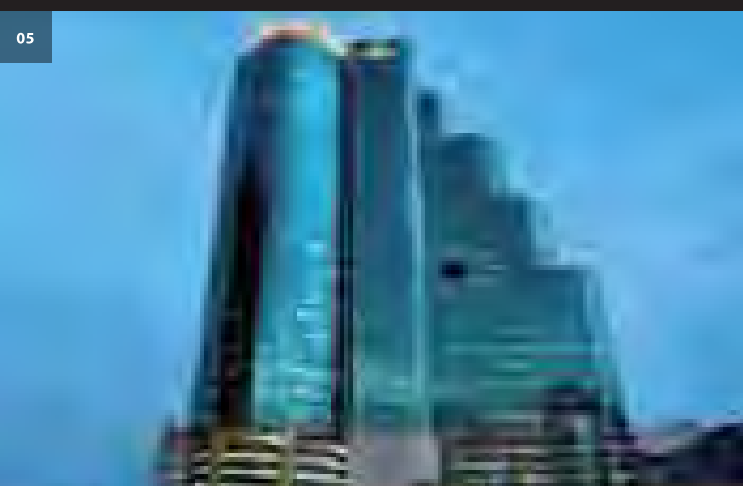
No. of rooms	439 guest rooms and 3 villas
Appraised Value	RM480 million
Land Area	376,274 sq. ft.
Gross Floor Area	1,050,497 sq. ft.
Tenure	99 year lease
Year of Completion	Sunway Resort Hotel & Spa: 1997 Three villas: 2004
Car parking bays	More than 640

**03 Pyramid Tower Hotel**

No. of rooms	549 guest rooms
Appraised Value	RM270 million
Gross Floor Area	356,888 sq. ft. strata floor area (Levels 1 to 9)
Tenure	99 year lease
Year of Completion	2004
Car parking bays	More than 530

**04 Sunway Pyramid Shopping Mall**

Net Lettable Area	1,542,101 sq. ft. (retail); 143,467 sq. ft. (convention centre)
Appraised Value	RM2,300 million
Land Area	820,070 sq. ft.
Gross Floor Area	4,276,945 sq. ft. (includes 1,873,470 sq. ft. car park)
Tenure	99 year lease
Year of Completion	Phase 1 in 1997; Phase 2 in 2007
Number of Tenancies	711
Car parking bays	More than 3,800



**05 Sunway Tower**

Net Lettable Area	268,412 sq. ft.
Appraised Value	RM185 million
Land Area	25,898 sq. ft.
Gross Floor Area	456,604 sq. ft. (includes 107,606 sq. ft. car park)
Tenure	Freehold
Year of Completion	1996
Number of Tenancies	14
Car parking bays	More than 290



**06 Sunway Hotel Seberang Jaya**

No. of rooms	202 guest rooms
Appraised Value	RM56 million
Land Area	46,220 sq. ft.
Gross Floor Area	174,800 sq. ft.
Tenure	99 year lease
Year of Completion	1997
Car parking bays	64



**07 SunCity Ipoh Hypermarket**

Net Lettable Area	181,216 sq. ft.
Appraised Value	RM50 million
Land Area	354,994 sq. ft.
Gross Floor Area	193,408 sq. ft.
Tenure	99 year lease
Year of Completion	2005
Number of Tenancies	1
Car parking bays	400 (non-income generating)

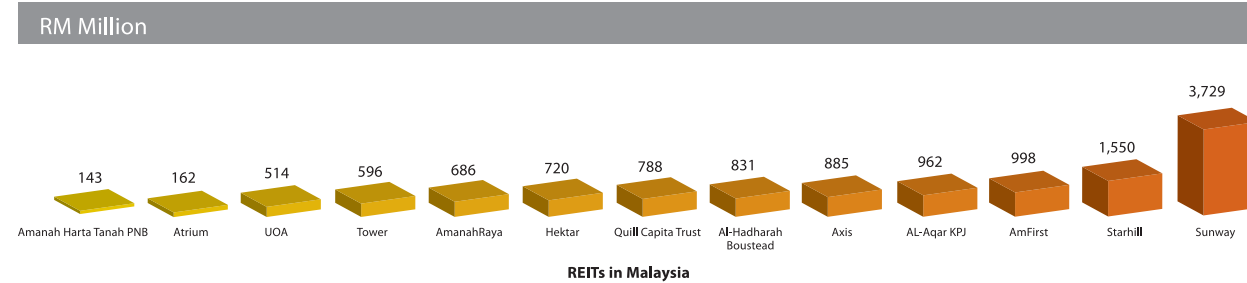


**08 Sunway Carnival Shopping Mall**

Net Lettable Area	452,072 sq. ft. (retail); 32,292 sq. ft. (convention centre)
Appraised Value	RM250 million
Land Area	348,428 sq. ft.
Gross Floor Area	983,100 sq. ft. (includes 213,554 sq. ft. car park)
Tenure	99 year lease
Year of Completion	2007
Number of Tenancies	154
Car parking bays	More than 1,100

**i) LARGEST REIT IN MALAYSIA UPON LISTING**

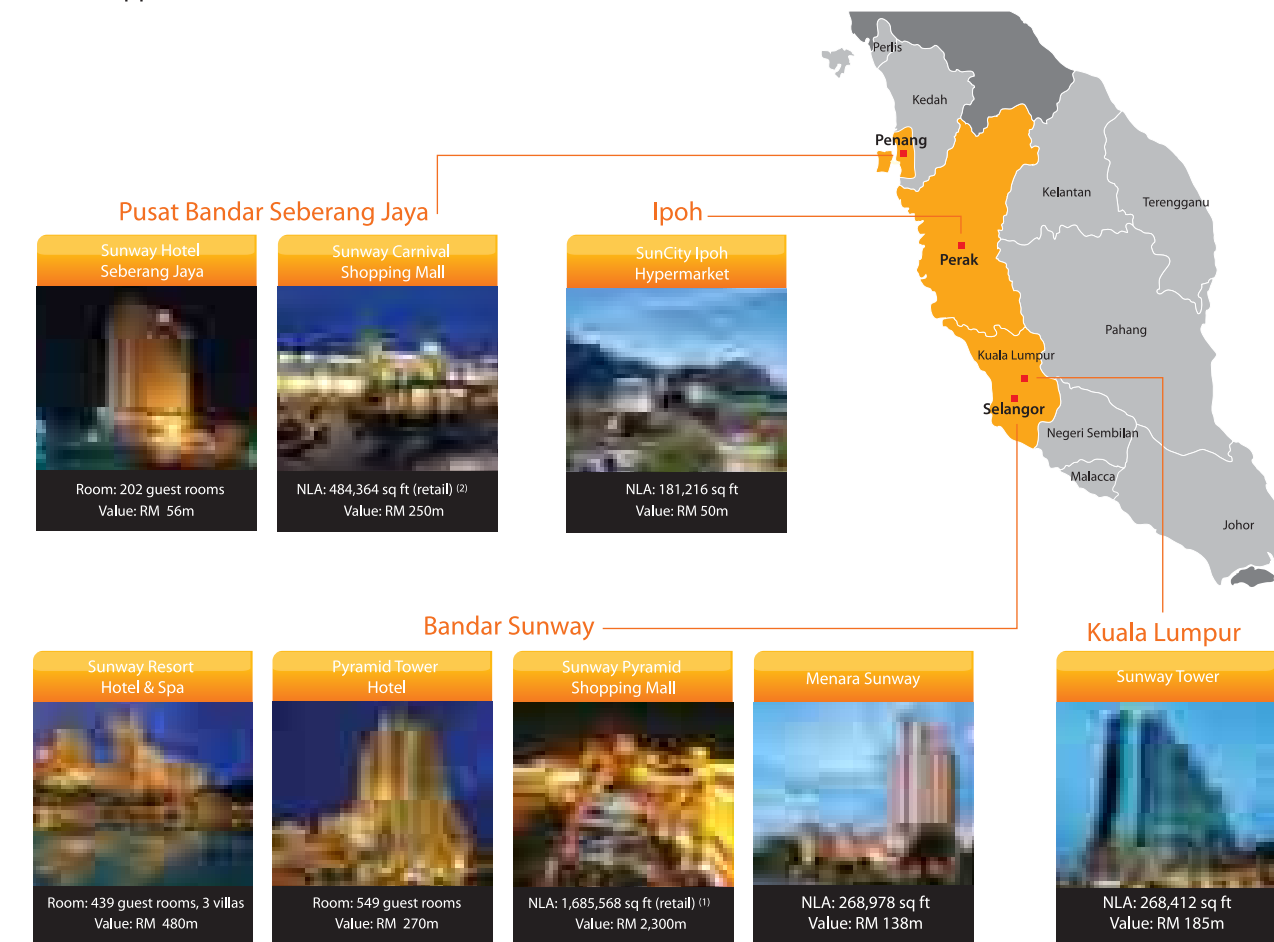
Reported value of the investment properties held by REITs listed in Malaysia as of 31 December 2009 and the Appraised Value of the Properties that will initially make up Sunway REIT upon Listing.



Source: As appraised by the Independent Property Valuer as of 3 February 2010 in respect of Sunway REIT and according to latest publicly available financial statements as at 31 December 2009 in respect of the other REITs shown.

**ii) PROPERTIES LOCATED IN HIGH GROWTH REGIONS**

Total Appraised Value: RM 3,729 mil



Source: Sunway REIT management, Knight Frank (3 Feb 2010). (1) Includes convention centre of 143,467 sq. ft. of NLA. (2) Includes convention centre of 32,292 sq. ft. of NLA.



# COMPETITIVE STRENGTHS OF SUNWAY REIT

## iii) POSITIVE SYNERGIES FROM THE LOCATION OF SEVERAL PROPERTIES IN BANDAR SUNWAY (please see Section 6.2 – “Competitive strengths” for additional information)



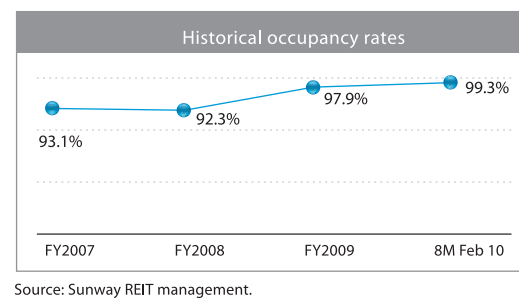
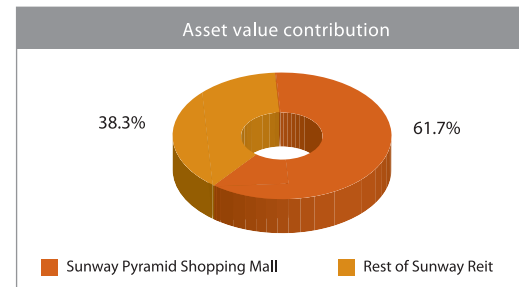
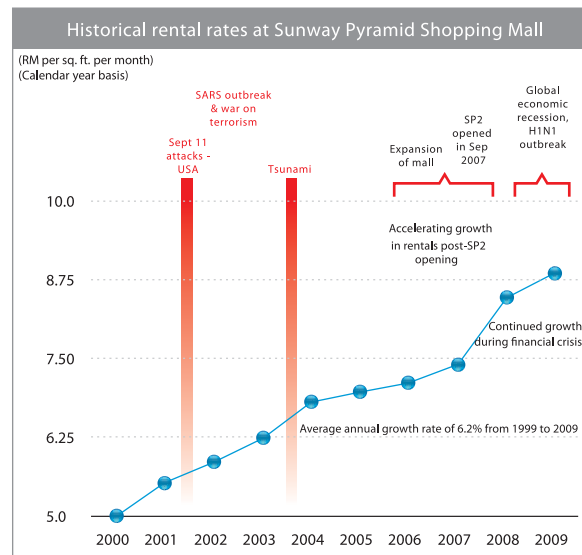
### Positive synergies of various Properties in Bandar Sunway:

Property	Benefits from:
Sunway Pyramid Shopping Mall	<ul style="list-style-type: none"> <li>• Visitors to Sunway Lagoon</li> <li>• Students from the colleges</li> <li>• Visitors to the convention centre</li> <li>• Visitors to the hotels</li> <li>• Residential catchment</li> <li>• Tenants from Menara Sunway</li> </ul>
Sunway Resort Hotel & Spa and Pyramid Tower Hotel	<ul style="list-style-type: none"> <li>• Visitors to Sunway Lagoon</li> <li>• Visitors to local office buildings</li> <li>• Visitors to the convention centre</li> </ul>
Menara Sunway	<ul style="list-style-type: none"> <li>• Visitors to the convention centre</li> <li>• Attractive location due to amenities nearby</li> </ul>

The Manager believes that the unique mix of properties and attractions at Bandar Sunway will benefit Sunway REIT by enhancing the attraction of each Property, improved resiliency in economic downturn and generate potential upside for Sunway REIT through higher rentals and occupancies, than if each Property were on its own.

## iv) STRONG RENTAL RATES AND RESILIENT OCCUPANCY RATES

Case study: Sunway Pyramid Shopping Mall  
(please see Section 6.2 – “Competitive strengths” for additional information)



## v) DIVERSIFIED PORTFOLIO STRATEGY

\* Sunway REIT owns a diverse portfolio of real estate in the retail, hospitality and office sectors.

\* The Manager intends to seek out different types of income producing real estate for acquisition by Sunway REIT in the future:

- 1) to provide Sunway REIT with a variety of sources of rental income and exposure to industries which may not be exposed
- 2) to reduce risks of relying on the performance of one particular real estate sub-sector.

## vi) DIVERSE QUALITY TENANT MIX OF THE RETAIL PROPERTIES

As of 28 February 2010, the Retail Properties have a diverse tenant mix comprising 866 tenancies. The Retail Properties, which made up approximately 59.9% of the total revenue of the Properties for the month ended 28 February 2010, benefit from diverse sources of income and are not dependent on any one retail sub-sector or small group of tenants. The tenants in the Retail Properties include many international and domestic leading retailers with strong brand names including Jusco, Tanjong Golden Village Cinemas, Harvey Norman, Giant, Parkson, Marks & Spencer, Esprit and Mango.

## vii) RIGHT TO ACQUIRE PROPERTIES FROM THE SPONSOR

\* The Sponsor has granted a Right of First Refusal to Sunway REIT to its existing projects and pipeline of new projects.

\* The Sponsor has invested in real estate development in China, India, Australia and Cambodia in recent years, which could provide further potential growth opportunities to Sunway REIT in the future.

## viii) STRONG RECOGNITION OF THE SUNWAY BRAND

\* The Sponsor's "Sunway" brand name enjoys strong recognition in Malaysia and abroad for real estate developments due to its track record in developing integrated resorts, townships and other real estate projects, as well as its marketing efforts.

\* As the Sponsor has expanded its businesses to China, India, Australia and Cambodia in recent years, the reach of the "Sunway" brand recognition may continue to grow, which may further benefit Sunway REIT in future.

Recent major awards won by the Sponsor	Year
Top Property Developers Award - The Edge Malaysia	2003 - 2009
National Annual Corporate Report Award (Industry Excellence Award in the Properties, Hotels and Trusts category and Silver Award in Best Annual Report for Bahasa Malaysia) - Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA)	2007 - 2009
Malaysia's Most Valuable Brands Award - Association of Accredited Advertising Agents Malaysia and sanctioned by Interbrand	2007 - 2009
CNBC's Asia Pacific Property Award (Best High Rise Residential Development in Malaysia) Consumer News and Business Channel (CNBC) Television	2009

**RESPONSIBILITY STATEMENTS**

THIS PROSPECTUS HAS BEEN REVIEWED AND APPROVED BY THE DIRECTORS OF SUNWAY REIT MANAGEMENT SDN BHD ("MANAGER") AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE INQUIRIES, THEY CONFIRM TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS, OR OMISSION OF OTHER FACTS WHICH WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING. THE DIRECTORS OF THE MANAGER ACCEPT FULL RESPONSIBILITY FOR THE PROFIT FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT FORECAST HAS BEEN PREPARED BASED ON ASSUMPTIONS MADE.

RHB INVESTMENT BANK BERHAD BEING THE SOLE FINANCIAL ADVISER, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING AND IS SATISFIED THAT ANY PROFIT FORECAST (FOR WHICH THE DIRECTORS OF THE MANAGER ARE FULLY RESPONSIBLE), PREPARED FOR INCLUSION IN THIS PROSPECTUS HAS BEEN STATED BY THE DIRECTORS OF THE MANAGER AFTER DUE AND CAREFUL INQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS (AS DEFINED IN THIS PROSPECTUS).

**STATEMENTS OF DISCLAIMER**

THE SECURITIES COMMISSION HAS APPROVED THE ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE, OR ISSUE AN INVITATION TO SUBSCRIBE FOR OR PURCHASE UNITS IN RESPECT OF THE INITIAL PUBLIC OFFERING AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SECURITIES COMMISSION.

THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION RECOMMENDS THE FUND OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS.

THE SECURITIES COMMISSION IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE MANAGER RESPONSIBLE FOR THE FUND AND TAKES NO RESPONSIBILITY FOR THE CONTENTS IN THIS PROSPECTUS. THE SECURITIES COMMISSION MAKES NO REPRESENTATION ON THE ACCURACY OR COMPLETENESS OF THIS PROSPECTUS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF ITS CONTENTS.

THE VALUATION APPROVED OR ACCEPTED BY THE SECURITIES COMMISSION SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE PROPOSALS IN RELATION TO THE INITIAL LISTING OF SUNWAY REIT SUBMITTED TO AND APPROVED BY THE SECURITIES COMMISSION, AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SECURITIES COMMISSION ON THE VALUE OF THE SUBJECT ASSETS FOR ANY OTHER PURPOSE.

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT ON THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

ADMISSION TO THE OFFICIAL LIST OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, SUNWAY REIT (AS DEFINED HEREIN) OR OF ITS UNITS.

**ADDITIONAL STATEMENTS**

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE INVITATION FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE MANAGER HAS OBTAINED APPROVAL FROM BURSA SECURITIES FOR THE LISTING OF AND QUOTATION FOR ALL THE ISSUED UNITS OF SUNWAY REIT (INCLUDING THE OFFER UNITS WHICH ARE THE SUBJECT OF THIS IPO). OFFICIAL QUOTATION WILL COMMENCE UPON RECEIPT OF CONFIRMATION FROM BURSA DEPOSITORY THAT ALL CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNTS OF THE SUCCESSFUL APPLICANTS HAVE BEEN DULY CREDITED AND NOTICES OF ALLOTMENT HAVE BEEN DESPATCHED TO ALL SUCCESSFUL APPLICANTS.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTIONS OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTIONS OTHER THAN MALAYSIA.

THE MANAGER WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE INITIAL PUBLIC OFFERING, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER INVESTORS HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH. IT SHALL BE INVESTORS' SOLE RESPONSIBILITY IF THEY ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT THEIR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE INITIAL PUBLIC OFFERING WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE INVESTORS' SOLE RESPONSIBILITY TO ENSURE THAT THEIR APPLICATIONS FOR THE INITIAL PUBLIC OFFERING WOULD BE IN COMPLIANCE WITH THE TERMS OF THE INITIAL PUBLIC OFFERING AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH THEY MAY BE SUBJECTED. THE MANAGER WILL FURTHER ASSUME THAT INVESTORS HAVE ACCEPTED THE INITIAL PUBLIC OFFERING IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, THE MANAGER RESERVES THE RIGHT, IN ITS ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF THE MANAGER BELIEVES THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS OF MALAYSIA.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE INVESTORS' SOLE RESPONSIBILITY TO CONSULT THEIR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE OFFERING THEY ARE OR MIGHT BE SUBJECTED TO. NEITHER THE MANAGER NOR THE ADVISERS IN RELATION TO THE INITIAL PUBLIC OFFERING SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATIONS MADE BY INVESTORS SHALL BECOME ILLEGAL, UNENFORCEABLE, AVOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT [WWW.BURSAMALAYSIA.COM](http://WWW.BURSAMALAYSIA.COM). THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THIS PROSPECTUS.

IT IS TO BE NOTED THAT THE ROLE OF CREDIT SUISSE (SINGAPORE) LIMITED (“CREDIT SUISSE”) IN THE INITIAL PUBLIC OFFERING OF SUNWAY REIT IS LIMITED TO BEING A JOINT GLOBAL COORDINATOR AND JOINT BOOKRUNNER IN RESPECT OF THE INSTITUTIONAL OFFERING OUTSIDE MALAYSIA ONLY. CREDIT SUISSE DOES NOT HAVE ANY ROLE IN, AND DISCLAIMS ANY RESPONSIBILITY FOR, THE INSTITUTIONAL OFFERING AND RETAIL OFFERING IN MALAYSIA.

IT IS TO BE NOTED THAT THE ROLE OF CREDIT SUISSE SECURITIES (MALAYSIA) SDN BHD (“CREDIT SUISSE MALAYSIA”) IN THE INITIAL PUBLIC OFFERING OF SUNWAY REIT IS LIMITED TO BEING A JOINT BOOKRUNNER IN RESPECT OF THE INSTITUTIONAL OFFERING IN MALAYSIA ONLY. CREDIT SUISSE MALAYSIA DOES NOT HAVE A ROLE IN, AND DISCLAIMS ANY RESPONSIBILITY FOR, THE INSTITUTIONAL OFFERING OUTSIDE MALAYSIA AND THE RETAIL OFFERING IN MALAYSIA.

IT IS TO BE NOTED THAT THE ROLE OF THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH (“HSBC”) AND J.P. MORGAN SECURITIES LTD (“J.P. MORGAN”) IN THE INITIAL PUBLIC OFFERING OF SUNWAY REIT IS LIMITED TO BEING A JOINT BOOKRUNNER IN RESPECT OF THE INSTITUTIONAL OFFERING OUTSIDE MALAYSIA ONLY. HSBC AND J.P. MORGAN DO NOT HAVE ANY ROLE IN, AND DISCLAIM ANY RESPONSIBILITY FOR, THE INSTITUTIONAL OFFERING AND RETAIL OFFERING IN MALAYSIA.

THIS PROSPECTUS HAS BEEN PREPARED IN THE CONTEXT OF AN INITIAL PUBLIC OFFERING UNDER THE LAWS OF MALAYSIA.

#### **ELECTRONIC PROSPECTUS**

A COPY OF THIS PROSPECTUS REGISTERED WITH THE SECURITIES COMMISSION IS AVAILABLE ON THE WEBSITES OF RHB BANK BERHAD AT [WWW.RHB.COM.MY](http://WWW.RHB.COM.MY), MALAYAN BANKING BERHAD AT [WWW.MAYBANK2U.COM.MY](http://WWW.MAYBANK2U.COM.MY), AFFIN BANK BERHAD AT [WWW.AFFINONLINE.COM](http://WWW.AFFINONLINE.COM), FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT [WWW.EIPOCIMB.COM](http://WWW.EIPOCIMB.COM) OR CIMB BANK BERHAD AT [WWW.CIMBCLICKS.COM.MY](http://WWW.CIMBCLICKS.COM.MY).

THE INTERNET IS NOT A FULLY SECURED MEDIUM. THE INTERNET APPLICATION FOR THE OFFER UNITS MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS (AS DEFINED IN THIS PROSPECTUS). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF INVESTORS DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, THEY SHOULD IMMEDIATELY REQUEST FROM THE MANAGER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SECURITIES COMMISSION SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS “THIRD PARTY INTERNET SITES”), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, INVESTORS ACKNOWLEDGE AND AGREE THAT:

- (I) THE MANAGER AND ITS SOLE FINANCIAL ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THIRD PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIALS PROVIDED ON THIRD PARTY INTERNET SITES. INVESTORS SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THIRD PARTY INTERNET SITES;



- (II) THE MANAGER AND ITS SOLE FINANCIAL ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES OF THIRD PARTY INTERNET SITES, FOR FULFILLING ANY OF THE TERMS OF INVESTORS' AGREEMENTS WITH THIRD PARTY INTERNET SITES. THE MANAGER AND ITS SOLE FINANCIAL ADVISER ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COSTS THAT INVESTORS MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THIRD PARTY INTERNET SITES IS DONE AT INVESTORS' OWN DISCRETION AND RISK. THE MANAGER AND ITS SOLE FINANCIAL ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO INVESTORS' COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, INVESTORS ARE ADVISED THAT:

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA INVESTORS' WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND THEREAFTER COMMUNICATED OR DISSEMINATED IN ANY MANNER TO INVESTORS OR OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, INVESTORS OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON INVESTORS' OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION, WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON INVESTORS' PERSONAL COMPUTERS.

The remainder of this page has been intentionally left blank

**INDICATIVE TIMETABLE**

The following events are intended to take place on the following tentative dates:

Events	Date
Opening of the Institutional Offering*	14 June 2010
Opening of the Retail Offering	10:00 a.m., 15 June 2010
Closing of the Retail Offering	5:00 p.m., 22 June 2010
Closing of the Institutional Offering	24 June 2010
Price Determination Date (as defined herein)	24 June 2010
Balloting of applications for the Offer Units pursuant to the Retail Offering	25 June 2010
Despatch of notice of allotment of Offer Units to successful applicants pursuant to the Retail Offering and Institutional Offering	6 July 2010
Listing of Sunway REIT on the Main Market of Bursa Securities	8 July 2010

*Note:*

- \* *Being the date of commencement of bookbuilding other than the offering to the Cornerstone Investors. The Cornerstone Agreements for the acquisition of the Offer Units by the Cornerstone Investors were entered into on 27 May 2010.*

This timetable is tentative and is subject to changes, which may be necessary to facilitate implementation procedures. The application period for the Retail Offering and the Institutional Offering will open and close at the dates stated above or such later date(s) as the Directors of the Manager together with the Joint Underwriters in their absolute discretion may mutually decide.

Where the closing date of application is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated daily Bahasa Malaysia and English newspapers within Malaysia. Should there be an extension of the closing date, the Price Determination Date, balloting, date of despatch of notice of allotment of Offer Units under the Retail Offering and the Institutional Offering, and the Listing will be extended accordingly.

Upon listing and quotation on Bursa Securities, the Offer Units will be traded by book-entry settlement through CDS. Bursa Depository manages the CDS. All transactions of Offer Units must be made through Bursa Securities and will be effected in accordance with the terms and conditions for the operation of CDS accounts, as amended from time to time. Accordingly, the Manager and the Trustee will not deliver unit certificates to subscribers for the Units.

The remainder of this page has been intentionally left blank

**CONTENTS**

<b>PRESENTATION OF FINANCIAL AND OTHER INFORMATION</b> .....	<b>IX</b>
<b>FORWARD-LOOKING STATEMENTS</b> .....	<b>X</b>
<b>DEFINITIONS</b> .....	<b>XII</b>
<b>1. CORPORATE DIRECTORY</b> .....	<b>1</b>
<b>2. SUMMARY / KEY DATA</b> .....	<b>6</b>
2.1 INFORMATION ON SUNWAY REIT.....	6
2.2 SUMMARY DETAILS AND PRINCIPAL STATISTICS OF THE INITIAL PUBLIC OFFERING .....	8
2.3 OVERVIEW OF THE PROPERTIES .....	10
2.4 FEES AND CHARGES.....	14
2.5 FINANCIAL INFORMATION.....	15
2.6 RISK FACTORS .....	19
<b>3. DETAILS OF THE IPO</b> .....	<b>22</b>
3.1 OPENING AND CLOSING OF APPLICATIONS.....	22
3.2 INDICATIVE TIMETABLE.....	22
3.3 TOTAL ISSUED UNITS .....	22
3.4 PARTICULARS OF THE INITIAL PUBLIC OFFERING .....	23
3.5 BASIS OF ARRIVING AT THE RETAIL PRICE, INSTITUTIONAL PRICE AND CORNERSTONE PRICE.....	25
3.6 THE LISTING SCHEME.....	26
3.7 PURPOSE FOR THE INITIAL PUBLIC OFFERING.....	28
3.8 PROPOSED USE OF PROCEEDS .....	29
3.9 BROKERAGE COMMISSION, UNDERWRITING COMMISSIONS AND PLACEMENT FEES .....	29
3.10 UNDERWRITING AGREEMENT, LOCK-UP AGREEMENT AND PLACEMENT AGREEMENTS .....	30
3.11 TRADING AT BURSA SECURITIES AND SETTLEMENT IN SECONDARY MARKET.....	34
<b>4. INFORMATION ON SUNWAY REIT</b> .....	<b>36</b>
4.1 FORMATION AND STRUCTURE.....	36
4.2 THE SPONSOR.....	37
4.3 INVESTMENT OBJECTIVE.....	40
4.4 INVESTMENT STRATEGIES .....	40
4.5 INVESTORS' PROFILE.....	44
4.6 PERFORMANCE BENCHMARK .....	44
4.7 INDEPENDENT PROPERTY MARKET OVERVIEW REPORT .....	45
<b>5. RISK FACTORS</b> .....	<b>46</b>
5.1 RISKS RELATING TO SUNWAY REIT'S OPERATIONS AND PROPERTIES .....	46
5.2 RISKS RELATING TO SUNWAY REIT'S RETAIL PROPERTIES.....	57
5.3 RISKS RELATING TO SUNWAY REIT'S HOSPITALITY PROPERTIES .....	58
5.4 RISKS RELATING TO SUNWAY REIT'S OFFICE PROPERTIES .....	59
5.5 RISKS RELATING TO OWNERSHIP OF THE UNITS .....	60
<b>6. DETAILS OF THE PROPERTIES</b> .....	<b>63</b>
6.1 OVERVIEW.....	63
6.2 COMPETITIVE STRENGTHS .....	67
6.3 RENTAL AND OCCUPANCY RATES .....	70
6.4 TENANT PROFILE .....	72
6.5 VALUATION .....	73
6.6 RETAIL PROPERTIES.....	74
6.7 HOSPITALITY PROPERTIES .....	89
6.8 OFFICE PROPERTIES.....	99
6.9 LITIGATION.....	108
6.10 LEGAL AND REGULATORY COMPLIANCE.....	108
6.11 RESTRICTIONS IN INTEREST AND ENCUMBRANCES .....	108
<b>7. FINANCIAL PERFORMANCE OF SUNWAY REIT</b> .....	<b>111</b>
7.1 HISTORICAL COMBINED FINANCIAL INFORMATION .....	111
7.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	114
7.3 PROFIT FORECAST .....	132
7.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FUTURE OPERATIONS .....	136

**CONTENTS (Cont'd)**

7.5	UNAUDITED PROFORMA BALANCE SHEETS.....	145
<b>8.</b>	<b>FEES AND CHARGES .....</b>	<b>146</b>
8.1	PAYABLE DIRECTLY BY UNITHOLDERS.....	146
8.2	PAYABLE INDIRECTLY BY UNITHOLDERS.....	146
<b>9.</b>	<b>THE MANAGER.....</b>	<b>148</b>
9.1	OVERVIEW.....	148
9.2	ROLES AND RESPONSIBILITIES OF THE MANAGER.....	148
9.3	THE BOARD.....	149
9.4	KEY PERSONNEL.....	155
9.5	MANAGEMENT SUCCESSION PLANNING.....	158
9.6	MANAGER FEE.....	159
9.7	RETIREMENT, REMOVAL AND REPLACEMENT OF THE MANAGER.....	160
9.8	LIMITATION OF LIABILITY OF THE MANAGER.....	160
9.9	RIGHT OF INDEMNITY OF THE MANAGER.....	160
9.10	MATERIAL LITIGATION OF THE MANAGER.....	160
9.11	UNITHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL OF THE MANAGER IN SUNWAY REIT.....	161
9.12	ANNUAL AND QUARTERLY REPORTS.....	162
9.13	OUTSOURCED SERVICES.....	162
<b>10.</b>	<b>THE PROPERTY MANAGER.....</b>	<b>163</b>
10.1	OVERVIEW.....	163
10.2	FUNCTIONS, DUTIES AND RESPONSIBILITIES.....	163
10.3	MANAGEMENT REPORTING STRUCTURE OF THE PROPERTY MANAGER.....	163
10.4	EXECUTIVE OFFICERS OF THE PROPERTY MANAGER.....	164
10.5	FEES OF THE PROPERTY MANAGER.....	165
<b>11.</b>	<b>THE TRUSTEE.....</b>	<b>166</b>
11.1	OVERVIEW.....	166
11.2	FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE.....	168
11.3	RETIREMENT, REMOVAL AND REPLACEMENT OF THE TRUSTEE.....	169
11.4	DELEGATION OF TRUSTEE FUNCTION.....	169
11.5	TRUSTEE'S RESPONSIBILITY STATEMENT.....	170
11.6	MATERIAL LITIGATION AND ARBITRATION.....	170
<b>12.</b>	<b>RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS.....</b>	<b>171</b>
12.1	EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS.....	171
12.2	POTENTIAL RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS.....	178
12.3	MANAGER'S POLICY WITH DEALING WITH CONFLICT-OF-INTEREST SITUATIONS.....	179
12.4	SHAREHOLDINGS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF THE MANAGER IN OTHER CORPORATIONS CARRYING ON SIMILAR BUSINESS.....	180
12.5	DECLARATIONS BY ADVISERS.....	185
<b>13.</b>	<b>APPROVALS AND CONDITIONS.....</b>	<b>188</b>
13.1	APPROVAL AND CONDITIONS PURSUANT TO THE INITIAL PUBLIC OFFERING.....	188
13.2	OTHER APPROVALS GRANTED BY THE SECURITIES COMMISSION.....	189
13.3	WAIVERS GRANTED BY THE SECURITIES COMMISSION.....	189
<b>14.</b>	<b>ADDITIONAL INFORMATION.....</b>	<b>190</b>
14.1	OTHER PERTINENT INFORMATION TO UNITHOLDERS.....	190
14.2	MATERIAL CONTRACTS.....	190
14.3	CONSENTS.....	190
14.4	POLICIES AND PROCEDURES BY THE MANAGER TO AVOID MONEY LAUNDERING ACTIVITIES.....	191
14.5	DOCUMENTS FOR INSPECTION.....	191
<b>15.</b>	<b>SALIENT TERMS OF THE DEED.....</b>	<b>192</b>
15.1	THE DEED.....	192
15.2	THE UNITS AND UNITHOLDERS.....	192
15.3	ISSUE OF UNITS.....	192
15.4	RIGHTS AND LIABILITIES OF UNITHOLDERS.....	193
15.5	AMENDMENTS OF THE DEED.....	193

**CONTENTS (Cont'd)**

15.6	MANAGER'S ROLE AND RESPONSIBILITIES AND MANAGER FEE.....	194
15.7	MEETINGS OF UNITHOLDERS .....	194
15.8	SUSPENSION OF DEALING IN THE UNITS .....	195
15.9	FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE.....	195
15.10	RETIREMENT AND REPLACEMENT OF TRUSTEE .....	196
15.11	TRUSTEE FEE .....	196
15.12	TERMINATION OF SUNWAY REIT .....	197
15.13	WINDING UP .....	197
15.14	INVESTMENT POLICIES .....	197
15.15	PERMITTED CHARGES TO SUNWAY REIT.....	198
<b>16.</b>	<b>MATERIAL AGREEMENTS RELATING TO THE ACQUISITIONS.....</b>	<b>199</b>
16.1	SALE AND PURCHASE AGREEMENTS.....	199
16.2	THE FACILITY .....	200
16.3	PROPERTY MANAGEMENT AGREEMENT .....	201
16.4	HOTEL MASTER LEASE.....	203
16.5	HOTEL MANAGEMENT AGREEMENT .....	206
16.6	RIGHT OF FIRST REFUSAL .....	208
16.7	DEED OF EASEMENT.....	208
16.8	CAR PARK TENANCY AGREEMENTS .....	209
16.9	SERVICE AGREEMENT FOR UNIT REGISTRY SERVICES .....	209
16.10	SERVICE AGREEMENT FOR INTERNAL AUDIT FUNCTION .....	210
16.11	TRADEMARK LICENSING AGREEMENT.....	211
<b>17.</b>	<b>PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE RETAIL OFFERING</b>	<b>213</b>
17.1	OPENING AND CLOSING OF APPLICATION.....	213
17.2	PROCEDURE FOR APPLICATION.....	213
17.3	TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS.....	214
17.4	TERMS AND CONDITIONS FOR APPLICATION USING ELECTRONIC APPLICATIONS.....	217
17.5	TERMS AND CONDITIONS FOR APPLICATIONS USING INTERNET APPLICATIONS .....	221
17.6	APPLICATIONS AND ACCEPTANCES .....	227
17.7	CDS ACCOUNTS .....	228
17.8	REFUND MECHANISM.....	228
17.9	NOTICE OF ALLOTMENT .....	229
17.10	LIST OF ADAS .....	230

**APPENDICES**

<b>I</b>	<b>TAX ADVISER'S LETTER .....</b>	<b>I-1</b>
<b>II</b>	<b>VALUATION CERTIFICATES .....</b>	<b>II-1</b>
<b>III</b>	<b>INDEPENDENT PROPERTY MARKET OVERVIEW REPORT.....</b>	<b>III-1</b>
<b>IV</b>	<b>INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS.....</b>	<b>IV-1</b>
<b>V</b>	<b>REPORTING ACCOUNTANTS' LETTER ON THE PROFIT FORECAST.....</b>	<b>V-1</b>
<b>VI</b>	<b>REPORTING ACCOUNTANTS' LETTER ON UNAUDITED PROFORMA BALANCE SHEETS .....</b>	<b>VI-1</b>



**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

Unless the context otherwise requires, references to “Management” are to the directors and senior management team of the Manager as at the date of this Prospectus, and statements in this Prospectus as to beliefs, expectations, estimates and opinions of Sunway REIT are those of the Management.

In this Prospectus, references to the “Government” are to the Government of Malaysia; references to “Ringgit”, “Ringgit Malaysia”, “Malaysian Ringgit”, “RM” and “sen” are to the lawful currency of Malaysia; references to “dollars,” “U.S. dollars” and “USD” are to the lawful currency of the United States of America.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding. Certain acronyms, technical terms and other abbreviations used herein are defined in “Definitions” appearing later this Prospectus.

This Prospectus includes statistical data provided by the Manager and various third parties and cites third-party projections regarding growth and performance of the industries in which Sunway REIT operates. This data is taken or derived from information published by industry sources and from the Manager’s internal data. In each such case, the source is acknowledged in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from the Manager. The Manager believes that the statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the industries in which Sunway REIT operates. However, neither the Manager, the Joint Global Coordinators, the Joint Bookrunners nor the Joint Underwriters have independently verified these figures. Neither the Manager, the Joint Global Coordinators, the Joint Bookrunners nor the Joint Underwriters makes any representation as to the correctness, accuracy or completeness of such data and accordingly prospective investors should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurances are or can be given that the estimated figures will be achieved, and prospective investors should not place undue reliance on the third-party projections cited in this Prospectus.

All the information set out in this Prospectus is presented as of the LPD (as defined herein), unless otherwise indicated.

The information on any website of the SunCity Group (as defined herein) or any website directly or indirectly linked to such websites is not incorporated by reference into this Prospectus and should not be relied on.

**The remainder of this page has been intentionally left blank**

## FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding the financial position of Sunway REIT, or the Manager's business strategy, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Sunway REIT or the Manager, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Manager's present and future business strategies and the environment in which Sunway REIT or the Manager will operate in the future. Such forward-looking statements reflect the Manager's current views with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- estimated financial information regarding, and the future development and economic performance of, Sunway REIT's business;
- future earnings, cash flow and liquidity;
- potential growth opportunities;
- financing plans;
- the Manager's business strategy;
- competitive position and the effects of competition;
- development of additional revenue sources;
- the amount and nature of future capital expenditures required by Sunway REIT; and
- the general industry environment.

Actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, including, without limitation:

- changes in the domestic, regional or global economy that result in reduced occupancy, rental rates or value of the properties;
- the competitive environment in the real estate markets in which Sunway REIT invests and conducts its business;
- success and economic viability of tenants, including the performance of various industries in which the tenants operate;
- unanticipated future regulatory restrictions in the real estate industry;
- continued availability of capital and financing;
- interest rates and foreign exchange rates;
- relationships with lenders and service providers;
- liability for remedial actions under environmental regulations;
- the cost and availability of adequate insurance coverage;
- other factors not yet known to the Manager or not considered material by the Manager; and
- other factors beyond either the Manager's or Sunway REIT's control.

**FORWARD-LOOKING STATEMENTS (Cont'd)**

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in Section 5 of this Prospectus on "Risk Factors", Section 6 on "Details of the Properties" and Section 7 on "Management's discussion and analysis of financial condition and results of operations" and "Management's discussion and analysis of future operations". Neither Sunway REIT nor the Manager can give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. The Manager expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

**The remainder of this page has been intentionally left blank**

**DEFINITIONS (Cont'd)**

Except where the context otherwise requires, the following definitions shall apply throughout this Prospectus:

Acquisitions	:	The acquisitions of the Properties by Sunway REIT for a total purchase consideration of RM3,729,000,000, to be satisfied through the issuance of 1,025,143,000 Consideration Units and RM2,703,857,000 in cash, subject to the Price Adjustment Mechanism
ADA	:	Authorised Depository Agent
Application	:	The application for the Retail Offering by way of Application Form or by way of Electronic Application or by way of Internet Application
Application Form	:	The printed application form for the Application
Appraised Value	:	In relation to a Property, the value of that Property as appraised by the Independent Property Valuer as of 3 February 2010
Assets of Sunway REIT	:	The total assets of Sunway REIT including all its Authorised Investments and other assets to be in the nature of assets in accordance with the applicable approved accounting standards in Malaysia, for the time being held and/or deemed to be held upon trust under the Deed
ATM	:	Automatic Teller Machine
Auditors	:	Ernst & Young (AF:0039)
Authorised Investments	:	Subject to the provisions of the REIT Guidelines, the following investments in which Sunway REIT may invest in: <ul style="list-style-type: none"> <li>(a) Real Estate;</li> <li>(b) Single-Purpose Companies;</li> <li>(c) Real Estate-Related Assets;</li> <li>(d) Non-Real Estate-Related Assets;</li> <li>(e) Cash, deposit and money market instruments; and</li> </ul> any other investment not covered by paragraphs (a) to (e) above but specified as a permissible investment in the REIT Guidelines or as otherwise permitted by the Securities Commission from time to time
Authority	:	Any government or any agency, authority, bureau, central bank, commission, department or instrumentality of any such government, or any court, arbitrator, regulatory body, administrative agency or other tribunal having or purporting to have jurisdiction over a person at law
Average IPO Price	:	Gross proceeds to be raised from the issuance of the Offer Units divided by the total Offer Units
Average Occupancy Rate	:	In respect of the Retail and Office Properties, the average of the lettable area as a proportion of the Net Lettable Area (of the relevant time) as of the last day of each month comprising the relevant period. In respect of the Hospitality Properties, the total number of Room Nights sold divided by the total number of Room Nights available for sale in a given period
Average Daily Rate	:	The total hotel room revenue divided by the total number of Room Nights sold in a given period
Bandar Sunway	:	An integrated township, which includes the Sunway Integrated Resort, spread across approximately 800 acres of land in the State of Selangor and approximately 18 kilometres southwest of the city centre of Kuala Lumpur
Bandar Sunway Properties	:	Collectively, Sunway Resort Hotel & Spa, Pyramid Tower Hotel, Sunway Pyramid Shopping Mall and Menara Sunway
Board	:	Board of Directors of the Manager
Book Closing Date	:	The specified time and date set by the Manager for the purpose of determining the Distribution Entitlement or entitlement to new Units or other distributions or entitlements

**DEFINITIONS (Cont'd)**

Bursa Depository or Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System
CDS Account(s)	:	Accounts established at Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor as permitted under the Central Depositories Act and Regulations or the Rules of the Depository
Central Depositories Act and Regulations	:	The Securities Industry (Central Depositories) Act, 1991, the Rules of the Depository and the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996, or any statutory modifications, amendments or re-enactment thereof for the time being in force
CIMB	:	CIMB Investment Bank Berhad (18417-M)
CMSA	:	Capital Markets and Services Act 2007 and includes any amendments thereto from time to time
Commencement Date	:	The date of registration of the Deed with the Securities Commission, being 20 May 2010
Companies Act	:	Companies Act, 1965 and includes any amendments thereto from time to time
Completion Date	:	The Listing Date
Consideration Units	:	Units to be issued to the Vendors to be credited as fully paid as part payment of the purchase consideration for the Acquisitions
Cornerstone Agreements	:	The various conditional cornerstone agreements entered/to be entered into between the Manager, the Sponsor, the Joint Global Coordinators and/or one or more of the Joint Bookrunners and the respective Cornerstone Investors as described in Section 3.4.2
Cornerstone Investors	:	GIC, Employees Provident Fund Board, Permodalan Nasional Berhad and Great Eastern Life Assurance (Malaysia) Berhad
Cornerstone Price	:	Price per Offer Unit to be paid by the Cornerstone Investors, which shall be the lower of the Institutional Price and RM0.98
Credit Suisse	:	Credit Suisse (Singapore) Limited (197702363D)
Credit Suisse Malaysia	:	Credit Suisse Securities (Malaysia) Sdn Bhd (499609-H)
Date of Establishment	:	The date of establishment of Sunway REIT pursuant to the Deed, being 20 May 2010
Deed	:	The deed dated 20 May 2010 entered into between the Trustee and the Manager constituting Sunway REIT, the supplemental deed dated 10 June 2010 entered into between the Trustee and the Manager and any other supplemental deed thereto, as further described under Section 15 of this Prospectus
Depositor	:	A holder of a CDS Account
Directors	:	Directors of the Manager
Distributable Income	:	Calculated by deducting or allocating (as the case may require) from the Gross Income of Sunway REIT for the corresponding period: <ul style="list-style-type: none"> <li>(a) all costs, disbursements, commissions, fees, management charges (including the Manager's remuneration (but only the cash portion) and Trustee's remuneration, reimbursement and indemnification, if any) and other proper outgoing or retentions in respect of the Assets of Sunway REIT and the expenses of managing and administering Sunway REIT as set out in Clause 18.1 of the Deed, save and except where the same are:</li> </ul>



**DEFINITIONS (Cont'd)**

	(i)	payable out of capital excluding any liabilities of Sunway REIT relating to any amount of capital in the Gross Income; or
	(ii)	payable by the Manager or the Trustee and the Manager or the Trustee is not entitled to reimbursement or indemnification pursuant to the Deed;
	(b)	depreciation of Assets of Sunway REIT (if any) during the Distribution Period and any amount which the Manager determines should in respect of the Distribution Period be paid to a reserve account of Sunway REIT on account of the costs of realisation of the Assets of Sunway REIT upon the termination of Sunway REIT;
	(c)	any amounts transferred to Sunway REIT's reserves and provisions or otherwise retained in accordance with the provisions of the Deed; and
	(d)	any other entries, provisions, write-offs or adjustments required by the approved accounting standards
Distribution Calculation Date	:	The Books Closing Date at every Quarter Year or such other dates as the Manager may determine pursuant to the Deed
Distribution Entitlement	:	The Unitholders' entitlement to the Distributable Income
Distribution Period	:	Every Quarter Year being the period beginning on the day after the preceding Distribution Calculation Date to the next occurring Distribution Calculation Date or such other intervals as the Manager may determine in accordance the Deed.
Duration of Sunway REIT	:	The duration of Sunway REIT as defined in Section 15.12 of this Prospectus
EBITDA	:	Operating profit plus depreciation and amortisation less fair value gain
Electronic Application(s)	:	Application(s) for Units offered under the Retail Offering through a Participating Financial Institution's ATMs
Facility	:	Being the term loan and revolving credit facilities obtained by Sunway REIT from RHB Bank Berhad, HSBC Bank (Malaysia) Berhad, CIMB Bank Berhad, OCBC Bank (Malaysia) Berhad and Public Bank Berhad as set out in Section 16.2 of this Prospectus
FF&E	:	All furniture, fixtures, furnishings and equipment used or held in storage for use in the operation of the Hospitality Properties
FF&E Reserve	:	2.5% of the revenue for the Financial Year as applied in the Hotel Master Leases
Financial Year(s)	:	The period ending on 30 June in each year or any other period, as may be determined by the Manager and approved by the Trustee, subject to applicable laws and requirements, provided that the first Financial Year shall commence on 20 May 2010 and end on 30 June 2011.
Final Retail Price	:	Final price per Offer Unit pursuant to the Retail Offering equivalent to the Retail Price or 97% of the Institutional Price, whichever is lower, to be determined on the Price Determination Date
FYE	:	The financial year ended or ending, as the case may be
GCH	:	GCH Retail (Malaysia) Sdn Bhd (667035-P)
GDP	:	Gross domestic product
GIC	:	Government of Singapore Investment Corporation Pte Ltd
Government	:	The government of Malaysia

**DEFINITIONS (Cont'd)**

Gross Floor Area	:	In respect of a Property, the area contained within the external walls of the building measured at each floor level, together with the area of each balcony in the building, which shall be calculated from the overall dimensions of the balcony (including the thickness of the sides thereof), and including the thickness of external walls of the building
Gross Income	:	Includes (i) all monies, rights and other property which constitute income of Sunway REIT during the Distribution Period on an accrual basis and as determined by generally accepted accounting principles in Malaysia (including but not limited to gains from the disposal of Real Estate); and (ii) such amount being the whole or part of any amount standing in the accounts of Sunway REIT to the credit of Sunway REIT's reserves and provisions which the Manager determines to treat as income of Sunway REIT during the Distribution Period
Gross Rental Income	:	In respect of the Retail Properties, the total of rental income, promotional and service charges to the tenants. In respect of Office Properties, the total of rental income and service charges to the tenants
Hospitality Properties	:	Collectively, Sunway Resort Hotel & Spa, Pyramid Tower Hotel and Sunway Hotel Seberang Jaya
Hotel Manager	:	Sunway International Hotels & Resorts Sdn Bhd (430654-V), a subsidiary of the Sponsor
Hotel Master Leases	:	Collectively, the SRH Master Lease and the SHSJ Master Lease
HSBC	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (S16FC0010A)
Independent Market Researcher	:	Jones Lang Wootton (Proprietor: Singham Sulaiman Sdn Bhd) (78217-X)
Independent Property Valuer	:	Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd) (585479-A)
Initial Public Offering or IPO	:	Initial public offering of 1,654,969,300 Offer Units pursuant to the Retail Offering and Institutional Offering
Institutional Offering	:	Offering of 1,520,963,700 Offer Units, subject to clawback and reallocation, to the following: <ul style="list-style-type: none"> <li>(a) Malaysian institutional and selected investors;</li> <li>(b) Institutional and selected investors outside Malaysia and outside the US in reliance upon Regulation S; and</li> <li>(c) Cornerstone Investors</li> </ul>
Institutional Price	:	Price per Offer Unit to be paid by investors pursuant to the Institutional Offering (other than the Cornerstone Investors), which shall be determined by way of bookbuilding on the Price Determination Date
International Placement Agreement	:	Placement agreement to be entered into among the Trustee (on behalf of Sunway REIT), the Manager, the Sponsor, the Joint Global Coordinators and the International Placement Managers in respect of the offer and placement of the Offer Units under the Institutional Offering to institutional and selected investors outside Malaysia and outside the US in reliance upon Regulation S
International Placement Managers	:	Together, RHB Investment Bank, Credit Suisse, CIMB, HSBC and J.P. Morgan
Internet Application(s)	:	Application(s) for Offer Units under the Retail Offering through an Internet Participating Financial Institution(s)
Internet Participating Financial Institution(s)	:	The participating financial institution(s) for the Internet Application as specified in Section 17 of this Prospectus
Issuing House or MIDFCCS	:	MIDF Consultancy & Corporate Services Sdn Bhd (11324-H)

**DEFINITIONS (Cont'd)**

ITA	:	Income Tax Act, 1967 and includes any amendments thereto from time to time
Joint Bookrunners	:	RHB Investment Bank, Credit Suisse, Credit Suisse Malaysia, CIMB, HSBC, J.P. Morgan and Maybank IB
Joint Global Coordinators	:	RHB Investment Bank and Credit Suisse
Joint Underwriters	:	RHB Investment Bank, CIMB and Maybank IB
J.P. Morgan	:	J.P. Morgan Securities Ltd (2711006)
Lessee(s)	:	SRH in respect of Sunway Resort Hotel & Spa and Pyramid Tower Hotel; SHSJ in respect of Sunway Hotel Seberang Jaya, pursuant to the Hotel Master Leases
Listing	:	Admission to the Official List and the listing of and quotation for 2,680,112,300 Units on the Main Market of Bursa Securities
Listing Date	:	The date, expected to be 8 July 2010, on which the Units are first listed and from which dealings therein are permitted to take place on Bursa Securities
Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities, and including any amendments thereto from time to time
Listing Scheme	:	Collectively, the Acquisitions, the Initial Public Offering and the Listing
LPD	:	Latest practicable date being 10 May 2010, for the purposes of ascertaining certain information contained in this Prospectus
LRT	:	Light rail transit
Majority Resolution	:	A resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Deed by a majority consisting of not less than two-thirds of the persons voting thereto upon a show of hands and, if a poll is demanded, then by a majority consisting of not less than two-thirds of the votes given on such poll
Malaysian FRS	:	Financial Reporting Standards issued by the Malaysian Accounting Standards Board including any amendments thereto
Malaysian Placement Agreement	:	Placement agreement to be entered into among the Trustee (on behalf of Sunway REIT), the Manager, the Sponsor, SCSB, RHB Investment Bank, Credit Suisse Malaysia and the Malaysian Placement Managers in respect of the offer and placement of Offer Units offered under the Institutional Offering to institutional and selected investors in Malaysia
Malaysian Placement Managers	:	Together, RHB Investment Bank, Credit Suisse Malaysia, CIMB and Maybank IB
Malaysian Public	:	Malaysian citizens, companies, societies, co-operatives and institutions
Manager	:	Sunway REIT Management Sdn Bhd (806330-X), a subsidiary of the Sponsor
Manager Fee	:	Fees payable to the Manager comprising: <ul style="list-style-type: none"> <li>(a) a base fee (exclusive of tax, if any) ("Base Fee") of 0.3% per annum of the Total Asset Value;</li> <li>(b) a performance fee (exclusive of tax, if any) ("Performance Fee") of 3% per annum of Net Property Income but before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement;</li> <li>(c) an acquisition fee of 1% ("Acquisition Fee") 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</li> <li>(d) a divestment fee of 0.5% ("Divestment Fee") of the sale price of any Asset of Sunway REIT or a Single Purpose Company sold or divested by the Trustee (pro rated if applicable to the proportion of</li> </ul>

**DEFINITIONS (Cont'd)**

		the interest of Sunway REIT in the Assets of Sunway REIT sold)
Market Day	:	A day on which Bursa Securities is open for trading in securities and the Units are tradable thereon
Market Price	:	Volume weighted average trade price for a Unit for all trades on Bursa Securities in the ordinary course of trading on Bursa Securities for the last 10 Market Days of the relevant period in which the Manager Fee accrues or, if the Manager believes that the foregoing calculation does not provide a fair reflection of the market price of a Unit, an amount determined by the Manager (after consultation with a stockbroker approved by the Trustee), and as approved by the Trustee, as being the fair market price
Maybank IB	:	Maybank Investment Bank Berhad (15938-H)
Mega Capacity	:	Mega Capacity Sdn Bhd (886286-M), a subsidiary of the SPSB
MSSB	:	Menara Sunway Sdn Bhd (218317-K), a subsidiary of the Sponsor
Net Asset Value or NAV	:	At any time, net asset value of Sunway REIT as determined by deducting the value of all Sunway REIT's liabilities from the Total Asset Value
Net Lettable Area or NLA	:	Area in a building that is available for leasing, excluding common areas, and is usually the area in respect of which rent is payable
Net Property Income or NPI	:	The amount determined by the Manager in accordance with the Deed as representing total revenue (inclusive of rental income, services charges, advertisement and promotion income, car park rental income and other income) less property operating expenses pertaining to the Real Estate
Non-Real Estate-Related Assets	:	(a) listed shares issued by non-property companies; (b) debt securities issued by, or fully guaranteed by the Government; and (c) commercial papers or other debt securities issued by companies or institutions with a credit rating of not less than: (i) A/P1 by Rating Agency Malaysia Sdn Bhd; and (ii) A/MARC-1 by Malaysian Rating Corporation Bhd
NLC	:	National Land Code, 1965 and any amendments thereto from time to time
Offer Unit(s)	:	Units offered pursuant to the Initial Public Offering
Office Properties	:	Collectively, Menara Sunway and Sunway Tower
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
Ordinary Resolution	:	A resolution passed at a meeting of the Unitholders duly convened and held in accordance with the provisions of the Deed by a majority of the persons voting thereto upon a show of hands and if a poll is demanded, then by a majority of the votes given on such poll
Over-Allotment Option	:	Over-allotment option to be granted by the Sponsor to the Stabilising Manager as set out in Section 3.4.4 of this Prospectus
Participating Financial Institution(s)	:	Participating financial institutions for the Electronic Applications
PKSB	:	Peluang Klasik (M) Sdn Bhd (354479-V), a subsidiary of the Sponsor
Placement Agreements	:	Collectively, the Malaysian Placement Agreement and the International Placement Agreement
Predecessor Group	:	Collectively, SPSB, MSSB, SRH, PKSB, ST2SB, SHSJ and SCSB whose results of operations for the years ended 30 June 2007, 2008 and 2009 and eight months ended 28 February 2010 are set out in the combined financial statements in Appendix IV of this Prospectus
Price Adjustment Mechanism	:	The mechanism to determine the final purchase consideration for each of the Properties pursuant to the Acquisitions, as detailed under Section 3.6.1 of this Prospectus

**DEFINITIONS (Cont'd)**

Price Determination Date	:	The date on which the Institutional Price and Final Retail Price will be determined
Properties	:	Collectively, the Hospitality Properties, the Office Properties and the Retail Properties, and "Property" means any one of the aforesaid properties
Property Management Agreement	:	The property management agreement dated 26 May 2010 entered into between the Manager, the Trustee and the Property Manager as detailed under Section 16.3 of this Prospectus
Property Manager	:	DTZ Nawawi Tie Leung Property Consultants Sdn Bhd (579078-V)
Quarter Year	:	A quarterly-annual period in any Financial Year where: <ol style="list-style-type: none"> <li>(a) the first period shall commence the first day of that Financial Year and continue up to but excluding the date falling 3 months thereafter;</li> <li>(b) the second period shall commence the day immediately following the expiry of the first period and continue up to but excluding the date falling 3 months thereafter;</li> <li>(c) the third period shall commence the day immediately following the expiry of the second period and continue up to but excluding the date falling 3 months thereafter; and</li> <li>(d) the fourth period shall commence the day immediately following the expiry of the third period and shall expire on the last day of that Financial Year,</li> </ol> <p style="margin-left: 40px;">provided that the first quarterly-annual period in the first Financial Year shall commence on 20 May 2010 and end on 30 September 2010.</p>
Real Estate	:	The ownership of all rights, interest and benefits related to the ownership of land and all things that are a natural part of the land as well as things attached to the land (both below and above the ground), and including real estate which is being developed to the extent permitted by the REIT Guidelines
Real Estate Assets	:	Real Estate and Single-Purpose Companies
Real Estate-Related Assets	:	Including units of other REITs, listed securities of and issued by property companies, listed or unlisted debt securities of and issued by property companies, and real estate-related asset-backed securities
Record of Depositors	:	A record provided by the Depository to the Manager under Chapter 24 of the Rules of the Depository
Register	:	The Register of Unitholders maintained pursuant to the Deed
Regulation S	:	Regulation S under the Securities Act
REIT	:	Real estate investment trust
REIT Guidelines	:	The Guidelines on Real Estate Investment Trusts, issued by the Securities Commission (effective from 21 August 2008) including any amendments thereto from time to time
Related Corporation	:	Has the meaning given in section 6 of the Companies Act
Related Party Transaction	:	Any transaction between Sunway REIT and its Related Parties referred to in Chapter 9 of the REIT Guidelines



**DEFINITIONS (Cont'd)**

Related Party	:	Means:
		(a) the Manager;
		(b) the Trustee;
		(c) a major Unitholder of Sunway REIT;
		(d) a director, chief executive officer or major shareholder of the Manager; or
		(e) a person connected with any director, chief executive officer, or major shareholder of the Manager, or a person connected with the Manager, the Trustee or a major Unitholder of Sunway REIT.
Reporting Accountants	:	Ernst & Young (AF:0039)
Retail Offering	:	The offering of 134,005,600 Offer Units, subject to clawback and reallocation, to the Malaysian Public
Retail Price	:	Initial price of RM0.97 per Offer Unit to be fully paid by the applicants pursuant to the Retail Offering, subject to refund, if any
Retail Properties	:	Collectively, Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and SunCity Ipoh Hypermarket
RevPAR	:	Revenue per available room, which is calculated by dividing total hotel room revenue by the total number of Room Nights available for sale in a given period
Right of First Refusal	:	Right of first refusal dated 26 May 2010 granted by the Sponsor to the Trustee to, amongst others, acquire properties that the Sponsor or its wholly owned subsidiaries intend to sell, as further described under Section 16.6 of this Prospectus
RHB Investment Bank	:	RHB Investment Bank Berhad (19633-P)
RM or Malaysian Ringgit and sen	:	Ringgit Malaysia and sen, respectively
Room Nights	:	The number of times a hotel room is used or available for use by a guest(s) for an overnight stay of up to 24 hours in a given period
Rules of the Depository	:	Has the meaning given to it in Section 2 of the CMSA and includes the rules of the Depository and all procedure manuals (as defined in the Rules of the Depository) for the time being of the Depository
SCSB	:	Sunway Carnival Sdn Bhd (238144-X), a subsidiary of the Sponsor
Securities Act	:	United States Securities Act of 1933, as amended
Securities Commission	:	Securities Commission of Malaysia
Securities Laws	:	Has the meaning given in Section 2 of the CMSA
SHSJ	:	Sunway Hotel (Seberang Jaya) Sdn Bhd (238606-A), a subsidiary of the Sponsor
SHSJ Base Rent	:	20% of the revenue of Sunway Hotel Seberang Jaya
SHSJ Guaranteed Rent	:	As defined in the SHSJ Master Lease, will consist of RM4,506,726 for the first Financial Year and the second Financial Year and RM3,380,044 for each of the Financial Years for the remaining term
SHSJ Master Lease	:	Lease for the Sunway Hotel Seberang Jaya dated 26 May 2010 entered into between the Trustee (on behalf of Sunway REIT), the Manager and SHSJ
SHSJ Total Rent	:	With respect to a Financial Year, the higher of (a) the SHSJ Guaranteed Rent and (b) the SHSJ Variable Rent, for that Financial Year
SHSJ Variable Rent	:	Computed based on the sum of SHSJ Base Rent and 70% of the gross operating profit of Sunway Hotel Seberang Jaya (calculated as revenue, less: operating expenses, FF&E Reserve, fees to the Hotel Manager and SHSJ Base Rent)

**DEFINITIONS (Cont'd)**

Single-Purpose Companies	:	Unlisted companies whose principal assets comprise Real Estate
SMSB	:	Sunway Management Sdn Bhd (50661-X), a subsidiary of Sunway Holdings Berhad (37465-A)
SP2 Land	:	The three out of five parcels of land where Sunway Pyramid Shopping Mall is erected on and in which the Sponsor is a registered proprietor
Special Resolution	:	A resolution passed at a meeting of the Unitholders duly convened and held in accordance with the provisions of the Deed by a majority consisting of not less than three-quarters of the persons voting thereto upon a show of hands and, if a poll is demanded, then by a majority consisting of not less than three-quarters of the votes given on such a poll, provided always that, for the purpose of terminating or winding up of Sunway REIT, a "Special Resolution" means a resolution passed by a majority in number representing at least three-quarters of the value of the units held by Unitholders voting at the meeting
SPAs	:	Sale and purchase agreements relating to the Acquisitions that were entered into between the Trustee and the Vendors respectively on 26 May 2010
SPSB	:	Sunway Pyramid Sdn Bhd (261164-X), a subsidiary of the Sponsor
Sponsor	:	Sunway City Berhad (87564-X)
sq. ft.	:	Square feet
sq. m.	:	Square metres
SRH	:	Sunway Resort Hotel Sdn Bhd (182198-M), a subsidiary of the Sponsor
SRH Base Rent	:	20% of the revenue of Sunway Resort Hotel & Spa and Pyramid Tower Hotel
SRH Guaranteed Rent	:	As defined in the SRH Master Lease, will consist of RM42,044,934 for the first Financial Year and the second Financial Year and RM31,569,701 for each of the Financial Years for the remaining term
SRH Master Lease	:	Lease for Sunway Resort Hotel & Spa and Pyramid Tower Hotel dated 26 May 2010 entered into between the Trustee (on behalf of Sunway REIT), the Manager and SRH
SRH Total Rent	:	With respect to a Financial Year, the higher of (a) the SRH Guaranteed Rent and (b) the SRH Variable Rent, for that Financial Year
SRH Variable Rent	:	Computed based on the sum of (a) SRH Base Rent and 70% of the gross operating profit of Sunway Resort Hotel & Spa and Pyramid Tower Hotel (calculated as revenue, less: operating expenses, FF&E Reserve, fees to the Hotel Manager and SRH Base Rent) and (b) RM144,000
ST2SB	:	Sunway Tower 2 Sdn Bhd (542070-M), a subsidiary of the Sponsor
Stabilising Manager	:	RHB Investment Bank
SunCity Group	:	Collectively, the Sponsor and its subsidiaries
Sunway Holdings Group	:	Collectively, Sunway Holdings Berhad (37465-A) and its subsidiaries
Sunway Integrated Resort	:	A cluster of residential, commercial, hospitality, leisure, medical, convention and educational properties in the planned township of Bandar Sunway, including the Sunway Resort Hotel & Spa, Pyramid Tower Hotel, Menara Sunway, Sunway Pyramid Shopping Mall, Sunway Lagoon, Sunway University College, Monash University Sunway Campus and the Sunway Medical Centre
Sunway Lagoon	:	An approximately 88 acres family-oriented theme park operated by Sunway Lagoon Sdn Bhd (211311-A), a subsidiary of the Sponsor, located within the Sunway Integrated Resort
Sunway REIT	:	Sunway Real Estate Investment Trust
Tax adviser	:	PricewaterhouseCoopers Taxation Services Sdn Bhd (464731-M)

**DEFINITIONS (Cont'd)**

Tenancy Agreement	:	A tenancy agreement in respect of premises at the Office Properties and Retail Properties granted to a tenant
Total Asset Value or TAV	:	The value of all assets of Sunway REIT including Authorised Investments and those considered assets under generally accepted accounting practices in Malaysia, as determined in accordance with the Deed
Total Hospitality Revenue	:	Total revenue of the Hospitality Properties comprising hotel room income, food and beverage and related income
Total Office Revenue	:	Total revenue of the Office Properties comprising rental income and service charges
Total Retail Revenue	:	Total revenue of the Retail Properties comprising rental income, promotion income and service charges
Trustee	:	OSK Trustees Berhad (573019-U), the trustee of Sunway REIT
Trustee Fee	:	An amount up to 0.03% per annum of the Net Asset Value, accruing monthly and payable to the Trustee monthly in arrear within seven days of the following month, as set out in the Deed
Underwriting Agreement	:	Underwriting agreement dated 27 May 2010 entered into among the Sponsor, the Manager, the Trustee (on behalf of Sunway REIT), RHB Investment Bank as the coordinator and the Joint Underwriters to severally but not jointly underwrite the Offer Units offered under the Retail Offering
Unit(s)	:	Undivided rights or interests in Sunway REIT including any subunit thereof
United States or US	:	The United States of America
Unitholders	:	The persons for the time being registered in the Register as the holders of the Units (except for the Depository) and whose names appear as Depositors on the Record of Depositors
USD	:	United States dollars, the lawful currency of the United States
VAEA Act	:	Valuers, Appraisers and Estate Agents Act, 1981 of Malaysia, including any amendments thereto from time to time
Value of Consideration Units	:	1,025,143,000 Consideration Units multiplied by the Average IPO Price
Vendor(s)	:	The vendors of the Properties, namely: <ul style="list-style-type: none"> <li>(a) SPSB in respect of Sunway Pyramid Shopping Mall;</li> <li>(b) SCSB in respect of Sunway Carnival Shopping Mall</li> <li>(c) PKSB in respect of SunCity Ipoh Hypermarket;</li> <li>(d) SRH in respect of Sunway Resort Hotel &amp; Spa and Pyramid Tower Hotel;</li> <li>(e) SHSJ in respect of Sunway Hotel Seberang Jaya;</li> <li>(f) MSSB in respect of Menara Sunway; and</li> <li>(g) ST2SB in respect of Sunway Tower</li> </ul>

**Rounding**

Throughout this Prospectus, for ease of reading, certain figures have been rounded.

Any reference in this Prospectus to any enactment or guideline is a reference to the enactment or guideline as for the time being amended or re-enacted.

Any reference to a time of day in this Prospectus shall be referenced to Malaysian time, unless otherwise stated.

**1. CORPORATE DIRECTORY**

- MANAGER** : Sunway REIT Management Sdn Bhd
- MANAGER'S REGISTERED OFFICE** : Level 16, Menara Sunway  
 Jalan Lagoon Timur  
 Bandar Sunway  
 46150 Petaling Jaya  
 Selangor Darul Ehsan  
  
 Tel: +603 5639 8889  
 E-mail: [irsunreit@sunway.com.my](mailto:irsunreit@sunway.com.my)
- MANAGER'S BUSINESS OFFICE** : Level 3, Menara Sunway  
 Jalan Lagoon Timur  
 Bandar Sunway  
 46150 Petaling Jaya  
 Selangor Darul Ehsan  
  
 Tel: +603 5639 8889  
 E-mail: [irsunreit@sunway.com.my](mailto:irsunreit@sunway.com.my)
- BOARD OF DIRECTORS OF THE MANAGER** :
- |   |  |
|---|--|
| Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO | <i>Chairman &amp; Non-Independent Non-Executive Director</i>                           |
| Dato' Ng Tiong Lip                                | <i>Chief Executive Officer &amp; Non-Independent Executive Director</i>                |
| Ngeow Voon Yean                                   | <i>Non-Independent Non-Executive Director</i>  |
| Willy Shee Ping Yah @ Shee Ping Yan               | <i>Independent Non-Executive Director</i>  |
| Elvin A/L Berty Luke Fernandez                    | <i>Independent Non-Executive Director</i>  |
| Sarena Cheah Yean Tih                             | <i>Alternate Director to the Chairman &amp; Non-Independent Non-Executive Director</i> |
- JOINT COMPANY SECRETARIES OF THE MANAGER** : Tan Kim Aun (MAICSA 7002988)  
 Lee Suan Choo (MAICSA 7017562)  
 c/o Sunway Management Sdn Bhd  
 Level 16, Menara Sunway  
 Jalan Lagoon Timur  
 Bandar Sunway  
 46150 Petaling Jaya  
 Selangor Darul Ehsan  
  
 Tel: +603 5639 8889

**1. CORPORATE DIRECTORY (Cont'd)**

- REGISTRAR** : Sunway Management Sdn Bhd  
Level 16, Menara Sunway  
Jalan Lagoon Timur  
Bandar Sunway  
46150 Petaling Jaya  
Selangor Darul Ehsan  
  
Tel: +603 5639 8889  
Website: <http://www.sunway.com.my>
- TRUSTEE** : OSK Trustees Berhad  
  
Registered office:  
20<sup>th</sup> Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
  
Business office:  
6<sup>th</sup> Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
  
Tel.: +603 9207 7777  
Website: <http://www.osktrustees.com>  
Email: [osk\\_trustees@osk.com.my](mailto:osk_trustees@osk.com.my)
- AUDITORS AND REPORTING ACCOUNTANTS** : Ernst & Young (AF:0039)  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
  
Tel.: +603 7495 8000
- TAX ADVISER** : PricewaterhouseCoopers Taxation Services Sdn Bhd  
Level 10, 1 Sentral  
Jalan Travers  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
  
Tel.: +603 2173 1188
- LEGAL ADVISERS** : *To Sunway REIT as to Malaysian law:*  
  
Zaid Ibrahim & Co  
Level 19 Menara Milenium  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
  
*To Sunway REIT as to United States and English law:*  
  
Allen & Overy  
9th Floor, Three Exchange Square  
Central  
Hong Kong  
  
*To the Joint Global Coordinators, Joint Underwriters and Joint Bookrunners as to Malaysian law:*  
  
Kadir, Andri & Partners  
8th Floor, Menara Safuan  
80 Jalan Ampang  
50450 Kuala Lumpur



**1. CORPORATE DIRECTORY (Cont'd)**

*To the Joint Global Coordinators and Joint Bookrunners as to United States and English law:*

Linklaters Allen & Gledhill Pte Ltd  
One Marina Boulevard #28-00  
Singapore 018989

**PRINCIPAL BANKERS**

- : RHB Bank Berhad  
Level 7, Tower Three, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur
- CIMB Bank Berhad  
Lower Level, Bangunan Amanah Raya  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur
- HSBC Bank Malaysia Berhad  
15th Floor, Bangunan HSBC  
2 Leboh Ampang  
50100 Kuala Lumpur
- OCBC Bank (Malaysia) Berhad  
Level 18, Menara OCBC  
18 Jalan Tun Perak  
50050 Kuala Lumpur
- Public Bank Berhad  
27th Floor, Menara Public Bank  
146 Jalan Ampang  
50450 Kuala Lumpur

**ISSUING HOUSE**

- : MIDF Consultancy & Corporate Services Sdn Bhd  
Level 8, Menara MIDF  
82 Jalan Raja Chulan  
50200 Kuala Lumpur

**SOLE FINANCIAL  
ADVISER**

- : RHB Investment Bank Berhad  
Level 10, Tower One, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur
- Tel.: +603 9287 3888

**JOINT UNDERWRITERS**

- : RHB Investment Bank Berhad  
Level 10, Tower One, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur
- CIMB Investment Bank Berhad  
5<sup>th</sup> Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur
- Maybank Investment Bank Berhad  
33<sup>rd</sup> Floor, Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur

**1. CORPORATE DIRECTORY (Cont'd)**

- INDEPENDENT PROPERTY VALUER** : Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)  
Suite 9.01, 9<sup>th</sup> Floor, Menara IGB  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur
- PROPERTY MANAGER** : DTZ Nawawi Tie Leung Property Consultants Sdn Bhd  
Suite 32.03, Level 32, Menara Citibank  
165 Jalan Ampang  
50450 Kuala Lumpur
- INDEPENDENT MARKET RESEARCHER** : Jones Lang Wootton (Proprietor: Singham Sulaiman Sdn Bhd)  
8<sup>th</sup> Floor, Bangunan Getah Asli (Menara)  
148 Jalan Ampang  
50450 Kuala Lumpur
- JOINT GLOBAL COORDINATORS** : RHB Investment Bank Berhad  
Level 10, Tower One, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur
- Credit Suisse (Singapore) Limited  
1 Raffles Link  
#03/#04-01  
South Lobby  
Singapore 039393
- JOINT BOOKRUNNERS** : RHB Investment Bank Berhad  
Level 10, Tower One, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur
- Credit Suisse (Singapore) Limited  
1 Raffles Link  
#03/#04-01  
South Lobby  
Singapore 039393
- Credit Suisse Securities (Malaysia) Sdn Bhd  
Suite 7.6, Level 7, Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur
- CIMB Investment Bank Berhad  
5th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur
- J.P. Morgan Securities Ltd  
125 London Wall  
London EC2Y 5AJ  
United Kingdom
- The Hongkong and Shanghai Banking Corporation  
Singapore Branch  
21 Collyer Quay #03-01  
HSBC Building  
Singapore 049320

**1. CORPORATE DIRECTORY (Cont'd)**

**JOINT BOOKRUNNERS** : Maybank Investment Bank Berhad  
*(Cont'd)* 33rd Floor, Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur

**LISTING SOUGHT** : Main Market of Bursa Securities

The remainder of this page has been intentionally left blank

## 2. SUMMARY / KEY DATA

This section is only a summary of the salient information on Sunway REIT, as extracted from the full text of this Prospectus. Prospective investors should read and understand the entire Prospectus prior to making any investment decisions. Unit prices and distributions payable, if any, may go down as well as up. For information concerning certain risk factors which should be considered by prospective investors, see "risk factors" under Section 5 of this Prospectus.

Investors should bear in mind that no fund can guarantee that it will meet its investment objectives at all times, and no fund should be relied upon as a complete investment programme.

### 2.1 Information on Sunway REIT

The salient features of Sunway REIT are set out below:

<b>Name of fund</b>	: Sunway REIT
<b>Category of fund</b>	: REIT
<b>Type of fund</b>	: Income and growth
<b>The Manager</b>	: Sunway REIT Management Sdn Bhd
<b>The Trustee</b>	: OSK Trustees Berhad
<b>The Sponsor</b>	: Sunway City Berhad
<b>Investment objective</b>	: To provide the 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
<b>Investment strategies</b>	: The Manager plans to achieve Sunway REIT's investment objective through the following strategies: <ul style="list-style-type: none"> <li>(i) <i>Active asset management strategy</i> - leveraging on the Property portfolio's competitive strengths to optimise rental, occupancy and Net Lettable Area to increase rental income;</li> <li>(ii) <i>Acquisition growth strategy</i> - identifying and selectively acquiring income-producing properties that meet the Manager's investment criteria; and</li> <li>(iii) <i>Capital and risk management strategy</i> - optimising the capital structure and cost of capital of Sunway REIT and to adopt an active interest rate management strategy to manage the risks associated with changes in interest rates.</li> </ul>
<b>Investment policies</b>	: The principal investment policy of Sunway REIT is to invest in commercial, office, industrial and other Real Estate Assets. This investment policy will be subject to the REIT Guidelines, which guides its limitations and restrictions in investments. Please refer to Section 15.14 of this Prospectus for more details
<b>Approved size of fund</b>	: 2,780,112,300 Units, which is inclusive of 100,000,000 Units that may be issued to the Manager as part payment of the Manager Fee. Please refer to Section 3.3 of this Prospectus for more details

The remainder of this page has been intentionally left blank

**2. SUMMARY / KEY DATA (Cont'd)**

- Investors' profile** : Sunway REIT is most suitable for investors who:
- (i) have funds but do not have the time or expertise to find, select, negotiate, purchase and manage real estate properties;
  - (ii) have limited funds and wish to, but cannot, finance investment in real estate property for their own account;
  - (iii) have a long-term investment horizon; and
  - (iv) seek long-term capital growth on a portfolio of Real Estate and/or Real Estate-Related Assets.
- Distribution policy** : Distributions will be made at the election of the Manager on a quarterly basis or at such other times as the Manager in its sole discretion may determine. Currently, the Manager intends to distribute at least 100% of Distributable Income for each of the first two Financial Years and at least 90% for each subsequent Financial Year. Please refer to Section 4.4.4 of this Prospectus for more details
- Revaluation policy** : The Properties will be subject to a full revaluation at least once every three years from the last valuation date or more frequently as the REIT Guidelines may stipulate. Such full revaluations will be conducted on the basis and methods which are in accordance with the Securities Commission Guidelines on Asset Valuation issued by the Securities Commission. In addition, in interim years the Manager intends to subject the Properties to an annual condensed valuation as required by prevailing accounting standards, which may affect the fair value of the Properties.
- Gearing policy** : The total borrowings of Sunway REIT shall not exceed 50% of the Total Asset Value (or such other level permitted by the Securities Commission) at the time the borrowings are incurred unless prior approval of the Unitholders has been obtained
- Performance benchmark** : The following performance indicators can be considered in reviewing the performance of Sunway REIT:
- (i) *Management expense ratio*: the ratio of expenses incurred in operating Sunway REIT to the NAV of Sunway REIT;
  - (ii) *Total returns*: the change in value of Sunway REIT over a period of time plus any distributions received during that time;
  - (iii) *Average annual return*: the sum of the return rates of Sunway REIT over a given number of years divided by that number of years;
  - (iv) *Distribution yield*: the annual distribution per Unit paid by Sunway REIT divided by its current market price; and
  - (v) *NAV per Unit*: net asset value of Sunway REIT as determined by deducting the value of all Sunway REIT's liabilities from the Total Asset Value, divided by total issued Units
- Deed** : The deed dated 20 May 2010 entered into between the Trustee and the Manager constituting Sunway REIT, the supplemental deed dated 10 June 2010 entered into between the Trustee and the Manager and any other supplemental deed thereto. Please refer to Section 15 of this Prospectus for further details
- Board Lot** : 100 Units per board lot
- Investors may buy and/or sell the minimum of one board lot (i.e. a minimum of 100 Units). Any additional investment in Sunway REIT will be in board lot incrementals

For further details and information of Sunway REIT, please refer to Section 6 of this Prospectus.

**2. SUMMARY / KEY DATA (Cont'd)****2.2 Summary details and principal statistics of the Initial Public Offering**

The summary details and principal statistics of the Initial Public Offering are as follows:

<b>Initial Public Offering</b>	: 1,654,969,300 Offer Units comprising the Retail Offering and the Institutional Offering
	Completion of the Institutional Offering and the Retail Offering are inter-conditional. Please refer to Section 3 of this Prospectus for further details on the Initial Public Offering
<b>Institutional Offering</b>	: 1,520,963,700 Offer Units (subject to clawback and reallocation and the Over-Allotment Option and stabilisation as set out in Sections 3.4.3 and 3.4.4 of this Prospectus), will be placed out to Malaysian and other investors outside Malaysia and the US in reliance upon Regulation S. Please refer to Section 3.4.2 of this Prospectus for further details
<b>Retail Offering</b>	: 134,005,600 Offer Units (subject to clawback and reallocation as set out in Section 3.4.3 of this Prospectus), will be made available for application by Malaysian Public of which at least 30% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions
<b>Over-Allotment Option</b>	: Over-allotment option granted by the Sponsor and SCSB to the Stabilising Manager as set out in Section 3.4.4 of this Prospectus
<b>Institutional Price</b>	: Price per Offer Unit to be paid by investors pursuant to the Institutional Offering (other than the Cornerstone Investors) which will be determined on the Price Determination Date by way of bookbuilding
<b>Cornerstone Price</b>	: Price per Offer Unit to be paid by the Cornerstone Investors, which shall be the lower of the Institutional Price and RM0.98
<b>Final Retail Price</b>	: The final price per Offer Unit for the Retail Offering will be determined after the Institutional Price is fixed on the Price Determination Date, which is expected to be on or about 24 June 2010, and will be the lower of: <ul style="list-style-type: none"> <li>(i) the Retail Price; and</li> <li>(ii) 97% of the Institutional Price</li> </ul> subject to rounding up to the nearest sen
	In the event that the Final Retail Price is lower than the Retail Price, a refund of the difference will be made without any interest thereon
<b>Clawback and reallocation</b>	: The allocation of Offer Units between the Retail Offering and the Institutional Offering is subject to adjustment. In the event of over-subscription in the Retail Offering, and a corresponding under-subscription in the Institutional Offering, Offer Units may be clawed back from the Institutional Offering and reallocated to the Retail Offering. In the event of an under-subscription in the Retail Offering and there is a corresponding over-subscription in the Institutional Offering, Offer Units may be clawed back from the Retail Offering and reallocated to the Institutional Offering. The clawback and reallocation shall not apply in the event of over-subscription in both the Retail Offering and the Institutional Offering
<b>Expected gross proceeds</b>	: RM1,654,969,300, based on an illustrative Average IPO Price of RM1.00 per Offer Unit



**2. SUMMARY / KEY DATA (Cont'd)**

Proposed use of proceeds : The gross proceeds to be raised by Sunway REIT from the IPO are expected to be used for the purposes set forth below:

<b>Purpose</b>	<b>Estimated application of gross proceeds (RM'000)</b>
Part funding for the Acquisitions	1,585,157
Defray estimated Listing expenses	69,812
<b>Total</b>	<b>1,654,969</b>

Please refer to Section 3.8 of this Prospectus for further details

NAV per Unit upon completion of the Initial Public Offering : RM0.97, based on an illustrative Average IPO Price of RM1.00 per Offer Unit

Lock-up : The Sponsor, the Manager and the Joint Global Coordinators will enter into lock-up agreements, under which it has been agreed, subject to a certain exceptions, that Sponsor and the Manager will not, and the Sponsor will procure SPSB, SCSB and ST2SB not to, without the prior consent of the Joint Bookrunners, dispose the Units held by them for a period of 180 days from the Listing Date. Please refer to Section 3.10.2 for further details

The remainder of this page has been intentionally left blank

**2. SUMMARY / KEY DATA (Cont'd)****2.3 Overview of the Properties**

A brief description of each of the Properties, which form the initial investments of Sunway REIT, is as follows:

**2.3.1 Retail Properties****(i) Sunway Pyramid Shopping Mall**

<b>Name and address</b>	Sunway Pyramid Shopping Mall, No. 3, Jalan PJS 11/15, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia
<b>Title</b>	99 year lease; built across five parcels of land – PN 17414 Lot 62059 (expiring on 21 February 2102), PN 9495 Lot 32, H.S(D) 259957 PT 1312 and PN 9500 Lot 51175 (all expiring on 1 April 2097) and H.S.(D) 233143 PT 891 (expiring on 14 August 2105), all in the Town of Sunway, District of Petaling, State of Selangor
<b>Age of building</b>	13 years (refurbished and expanded three years ago)
<b>Gross Floor Area</b>	4,276,945 sq. ft. (include 1,873,470 sq. ft. car park)
<b>Average Occupancy Rate</b>	99.3% (eight months ended 28 February 2010)
<b>Net Lettable Area</b>	1,542,101 sq. ft. (retail); 143,467 sq. ft. (convention centre)
<b>Date of valuation</b>	3 February 2010
<b>Appraised Value</b>	RM2,300,000,000
<b>Purchase consideration</b>	RM2,300,000,000 subject to the Price Adjustment Mechanism

**(ii) Sunway Carnival Shopping Mall**

<b>Name and address</b>	Sunway Carnival Shopping Mall, 3068, Jalan Todak, Pusat Bandar Seberang Jaya, 13700 Perai, Pulau Pinang, Malaysia
<b>Title</b>	99 year lease; three parcels of land – PN 1816 Lot 5497, PN 1817 Lot 5498 and PN 1818 Lot 5499 all in Mukim 1, District of Seberang Perai Tengah, State of Pulau Pinang (expiring on 21 October 2092)
<b>Age of building</b>	Three years
<b>Gross Floor Area</b>	983,100 sq. ft. (include 213,554 sq. ft. car park)
<b>Average Occupancy Rate</b>	93.6% (eight months ended 28 February 2010)
<b>Net Lettable Area</b>	452,072 sq. ft. (retail); 32,292 sq. ft. (convention centre)
<b>Date of valuation</b>	3 February 2010
<b>Appraised Value</b>	RM250,000,000
<b>Purchase consideration</b>	RM250,000,000 subject to the Price Adjustment Mechanism

The remainder of this page has been intentionally left blank

**2. SUMMARY / KEY DATA (Cont'd)****(iii) SunCity Ipoh Hypermarket**

<b>Name and address</b>	SunCity Ipoh Hypermarket, No. 2, Jalan SCI 2/2, Bandar Sunway Ipoh, 31150 Ipoh, Perak Darul Ridzuan, Malaysia
<b>Title</b>	99 year lease; a parcel of land held under PN 258216 Lot 331232 in Mukim of Hulu Kinta, District of Kinta, State of Perak (expiring on 22 February 2100)
<b>Age of building</b>	Five years
<b>Gross Floor Area</b>	193,408 sq. ft.
<b>Average Occupancy Rate</b>	100.0% (eight months ended 28 February 2010)
<b>Net Lettable Area</b>	181,216 sq. ft.
<b>Date of valuation</b>	3 February 2010
<b>Appraised Value</b>	RM50,000,000
<b>Purchase consideration</b>	RM50,000,000 subject to the Price Adjustment Mechanism

**2.3.2 Hospitality Properties****(i) Sunway Resort Hotel & Spa**

<b>Name and address</b>	Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia
<b>Title</b>	99 year lease, expiring 2097; two parcels of land – PN 9492 Lot 35 and PN 9498 Lot 51173, both in the town of Sunway, District of Petaling, State of Selangor (expiring on 1 April 2097)
<b>Age of building</b>	13 years (Sunway Resort Hotel & Spa) Six years (three villas)
<b>Gross Floor Area (inclusive of car park)</b>	1,050,497 sq. ft.
<b>Average Occupancy Rate</b>	66.1% (eight months ended 28 February 2010)
<b>Date of valuation</b>	3 February 2010
<b>Appraised Value</b>	RM480,000,000
<b>Purchase consideration</b>	RM480,000,000 subject to the Price Adjustment Mechanism

The remainder of this page has been intentionally left blank
--

**2. SUMMARY / KEY DATA (Cont'd)****(ii) Pyramid Tower Hotel**

<b>Name and address</b>	Pyramid Tower Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan
<b>Title</b>	99 year lease; strata title no. PN 17415/MI/1/1, Parcel No. 1, Building No. M1 together with Accessory Parcel Nos. A1 to A547 (inclusive), Lot No. 62060, Town of Sunway, District of Petaling, State of Selangor (expiring on 21 February 2102)
<b>Age of building</b>	Six years
<b>Gross Floor Area</b>	356,888 sq. ft. strata floor area (Levels 1 to 9)
<b>Average Occupancy Rate</b>	79.2% (eight months ended 28 February 2010)
<b>Date of valuation</b>	3 February 2010
<b>Appraised Value</b>	RM270,000,000
<b>Purchase consideration</b>	RM270,000,000 subject to the Price Adjustment Mechanism

**(iii) Sunway Hotel Seberang Jaya**

<b>Name and address</b>	Sunway Hotel Seberang Jaya, 11, Lebuhr Tenggeri 2, Pusat Bandar Seberang Jaya, 13700 Perai, Pulau Pinang, Malaysia
<b>Title</b>	99 year lease; a parcel of land held under PN 2602 Lot 5785, in Mukim 01, District of Seberang Perai Tengah, State of Pulau Pinang (expiring on 21 October 2092)
<b>Age of building</b>	13 years
<b>Gross Floor Area</b>	174,800 sq. ft.
<b>Average Occupancy Rate</b>	76.7% (eight months ended 28 February 2010)
<b>Date of valuation</b>	3 February 2010
<b>Appraised Value</b>	RM56,000,000
<b>Purchase consideration</b>	RM56,000,000 subject to the Price Adjustment Mechanism

The remainder of this page has been intentionally left blank
--

**2. SUMMARY / KEY DATA (Cont'd)****2.3.3 Office Properties****(i) Menara Sunway**

<b>Name and address</b>	Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan
<b>Title</b>	99 year lease; a parcel of land held under PN 17105 Lot 61760, Town of Sunway, District of Petaling, State of Selangor (expiring on 1 April 2097) Leaschold interest for a term of 99 years, expiring on 1 April 2097
<b>Age of building</b>	17 years
<b>Gross Floor Area</b>	654,783 sq. ft. (include 266,696 sq. ft. car park)
<b>Average Occupancy Rate</b>	97.7% (eight months ended 28 February 2010)
<b>Net Lettable Area</b>	268,978 sq. ft.
<b>Date of valuation</b>	3 February 2010
<b>Appraised Value</b>	RM138,000,000
<b>Purchase consideration</b>	RM138,000,000 subject to the Price Adjustment Mechanism

**(ii) Sunway Tower**

<b>Name and address</b>	Sunway Tower, No. 86, Jalan Ampang, 50450 Kuala Lumpur
<b>Title</b>	Freehold; a parcel of land held under Geran 45110, Lot 55, Seksyen 0045, Town and District of Kuala Lumpur, State of Wilayah Persekutuan, Kuala Lumpur
<b>Age of building</b>	14 years
<b>Gross Floor Area</b>	456,604 sq. ft. (include 107,606 sq. ft. carpark)
<b>Average Occupancy Rate</b>	95.9% (eight months ended 28 February 2010)
<b>Net Lettable Area</b>	268,412 sq. ft.
<b>Date of valuation</b>	3 February 2010
<b>Appraised Value</b>	RM185,000,000
<b>Purchase consideration</b>	RM185,000,000 subject to the Price Adjustment Mechanism

The remainder of this page has been intentionally left blank
--

## 2. SUMMARY / KEY DATA (Cont'd)

### 2.4 Fees and Charges

There are fees involved and investors are advised to consider them before investing in Sunway REIT. A summary of the fees and charges for Sunway REIT as extracted from Section 8 of this Prospectus is as follows:

- |   |     |  |
|---|-----|--|
| <b>Fees payable by the Unitholders</b>            | (a) | Bursa clearing fee - 0.03% of the transaction value, subject to a maximum of RM1,000 per transaction   |
|   | (b) | Brokerage - A percentage of the transaction value as prescribed by the ADAs and as further described in Section 3.11 of this Prospectus  |
|   | (c) | Stamp duty - RM1.00 for RM1,000 or fractional part of the transaction value (payable by both buyer and seller), subject to a maximum of RM200 per transaction.   |
| <b>Fees payable indirectly by Unitholders</b>     | (a) | Annual Manager Fee, comprising: <ul style="list-style-type: none"> <li>(i) Base fee of 0.3% per annum of the Total Asset Value (exclusive of tax, if any), accruing monthly and payable to the Manager every Quarter Year in arrear;</li> <li>(ii) Performance fee of 3% per annum of Net Property Income (exclusive of tax, if any), but before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement payable every Quarter Year;</li> <li>(iii) 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</li> <li>(iv) Divestment fee of 0.5% of the sale price of any Asset 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)</li> </ul> |
|   | (b) | Trustee Fee of up to 0.03% per annum of the Net Asset Value of Sunway REIT, net of all applicable tax, duties and levies imposed by the relevant authorities in Malaysia   |
|   | (c) | Property management fee of RM35,000 per month and reimbursable expenses as further described in Sections 7.4.3 and 16.3 of this Prospectus   |
| <b>Other substantial fees charged to the fund</b> | (a) | Rebates and soft commissions: Any rebates or commissions arising from directing dealings in the investments of Sunway REIT must be directed to the account of Sunway REIT. However, goods and services ("soft commissions") from any broker or dealer in relation to investments of Sunway REIT may be retained by the Manager or any delegate thereof where soft commissions are of demonstrable benefit to the Unitholders and: <ul style="list-style-type: none"> <li>(i) the dealings are executed on terms which are best available for Sunway REIT on a "best execution" basis; and</li> <li>(ii) soft commission practices of the Manager or its delegates are adequately disclosed in this Prospectus and fund reports of Sunway REIT (including a description of goods and services received by the Manager or its delegate)</li> </ul>   |
|   | (b) | Other trust expenses to be incurred in the operation of Sunway REIT include annual listing fees, registrar fees, valuation fees, accounting fees, audit and tax adviser's fees, costs associated with the preparation and distribution of reports to Unitholders and other miscellaneous expenses. These expenses are currently estimated to be RM1.2 million for the Financial Year ending 30 June 2011   |

**2. SUMMARY/KEY DATA (Cont'd)****2.5 Financial information****2.5.1 Historical combined financial information**

The following selected historical audited combined financial information as at or for the years ended 30 June 2007, 2008 and 2009, and as at or for the eight months ended 28 February 2009 (unaudited) and 28 February 2010 (audited), has been derived from the audited combined financial statements of the Predecessor Group. As Sunway REIT is a newly established fund, save for the Properties to be acquired, it does not have any portfolio of Real Estates and Real Estate-Related Assets and no historical financial information has been prepared since its establishment. The selected historical audited combined financial information should be read in conjunction with the "Independent Auditors' Report on the Combined Financial Statements" as set out in Appendix IV of this Prospectus and the notes thereon. Investors should note that the Predecessor Group's past operating results are not indicative of Sunway REIT's future operating performance.

**(i) Combined income statements data**

	Year ended 30 June			Eight months ended 28 February	
	2007	2008	2009	2009	2010
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
	←-----Audited----->			Unaudited	Audited
Revenue .....	231,482	331,294	392,495	268,068	281,790
Cost of sales .....	(51,046)	(54,812)	(59,273)	(42,672)	(40,367)
Gross profit .....	180,436	276,482	333,222	225,396	241,423
Other income .....	14,813	332,637	642,432	514,504	92,745
Administrative expenses .....	(57,688)	(64,138)	(91,888)	(63,696)	(52,663)
Selling and marketing expenses .....	(12,559)	(15,904)	(20,338)	(13,326)	(13,491)
Other expenses .....	(42,530)	(55,880)	(59,142)	(39,357)	(41,183)
Operating profit .....	82,472	473,197	804,286	623,521	226,831
Finance costs .....	(13,353)	(27,136)	(29,720)	(20,914)	(17,660)
Profit before tax .....	69,119	446,061	774,566	602,607	209,171
Income tax .....	(2,582)	(97,704)	(193,641)	(152,314)	280,535
Profit for the year/period .....	66,537	348,357	580,925	450,293	489,706

The remainder of this page has been intentionally left blank

## 2. SUMMARY / KEY DATA (Cont'd)

## (ii) Combined balance sheets data

	As of 30 June			As of 28 February
	2007 (RM'000)	2008 (RM'000)	2009 (RM'000)	2010 (RM'000)
	←----- Audited ----->			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment .....	884,425	26,887	482,536	4,228
Prepaid land lease payments .....	22,026	1,014	45,608	-
Investment properties .....	917,000	144,000	2,645,286	-
Investment in subsidiaries .....	10	10	10	13
Investment in associate .....	2,000	2,000	2,000	2,000
Other non-current investments .....	6	6	6	24
Deferred tax assets .....	1,138	5,645	-	-
	<u>1,826,605</u>	<u>179,562</u>	<u>3,175,446</u>	<u>6,265</u>
<b>Current assets</b>				
Inventories .....	2,814	3,543	3,591	3,805
Trade receivables .....	14,103	23,792	22,387	25,900
Other receivables .....	44,268	6,451	6,444	5,944
Tax recoverable .....	629	5	159	286
Amounts due from subsidiaries .....	13,905	13,183	7,877	4,848
Amounts due from immediate holding companies .....	177	177	177	177
Amounts due from ultimate holding company .....	15,641	17,001	60,826	137,824
Amounts due from related companies .....	2,814	2,048	2,217	758
Cash and bank balances .....	93,990	54,089	80,593	83,117
	<u>188,341</u>	<u>120,289</u>	<u>184,271</u>	<u>262,659</u>
Non-current assets classified as held for sale .....	-	2,419,206	-	3,256,588
	<u>188,341</u>	<u>2,539,495</u>	<u>184,271</u>	<u>3,519,247</u>
	<u>2,014,946</u>	<u>2,719,057</u>	<u>3,359,717</u>	<u>3,525,512</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the entities comprising the Predecessor Group</b>				
Share capital .....	157,010	157,260	157,260	157,260
Share premium .....	262,480	262,480	262,480	262,480
Reserves .....	429,738	778,095	1,359,020	1,848,726
Shareholders' equity .....	<u>849,228</u>	<u>1,197,835</u>	<u>1,778,760</u>	<u>2,268,466</u>
<b>Non-current liabilities</b>				
Borrowings .....	257,691	317,316	484,429	546,383
Redeemable preference shares .....	47,216	13,736	-	-
Other long term liabilities .....	16,683	12,645	40,977	21,558
Hire purchase and finance lease liabilities .....	697	206	-	-
Deferred tax liabilities .....	132,340	212,879	372,507	69,660
	<u>454,627</u>	<u>556,782</u>	<u>897,913</u>	<u>637,601</u>
<b>Current liabilities</b>				
Trade payables .....	6,348	7,190	4,985	7,894
Other payables .....	152,778	196,741	96,069	108,359
Redeemable preference shares .....	33,308	33,480	15,819	-
Borrowings .....	1,707	105,382	14,507	22,121
Hire purchase and finance lease liabilities .....	552	491	249	-
Advances by a shareholder .....	120,895	131,555	127,554	124,554
Amount due to immediate holding company .....	34,967	34,702	221	3
Amount due to ultimate holding company .....	241,959	444,144	404,756	342,048
Amount due to a subsidiary .....	996	1,091	1,152	-
Amounts due to related companies .....	114,784	1,334	1,919	1,169
Tax payable .....	2,797	8,330	15,813	13,297
	<u>711,091</u>	<u>964,440</u>	<u>683,044</u>	<u>619,445</u>
	<u>2,014,946</u>	<u>2,719,057</u>	<u>3,359,717</u>	<u>3,525,512</u>



**2. SUMMARY / KEY DATA (Cont'd)****(iii) Combined cash flow data**

	Year ended 30 June			Eight months ended 28 February	
	2007 (RM'000)	2008 (RM'000)	2009 (RM'000)	2009 (RM'000)	2010 (RM'000)
	-----Audited----->			Unaudited	Audited
Net cash generated from operating activities .....	115,557	155,820	178,845	102,268	123,333
Net cash used in investing activities.....	(299,714)	(398,444)	(52,130)	(21,715)	(18,848)
Net cash generated from/(used) in financing activities.....	236,030	202,723	(100,211)	(36,146)	(101,961)
Net increase/(decrease) in cash and cash equivalents .....	51,873	(39,901)	26,504	44,407	2,524
Cash and cash equivalents at beginning of year/period .....	42,117	93,990	54,089	54,089	80,593
Cash and cash equivalents at end of year/period .....	<u>93,990</u>	<u>54,089</u>	<u>80,593</u>	<u>98,496</u>	<u>83,117</u>

The remainder of this page has been intentionally left blank
--

**2. SUMMARY / KEY DATA (Cont'd)****2.5.2 Highlights of the profit forecast**

The following is a summary of the profit forecast of Sunway REIT for the Financial Year ending 30 June 2011:

	<b>Forecast Financial Year ending 30 June 2011</b>
	<b>(RM'000)</b>
Revenue	329,481
Property operating expenses	(83,087)
Net property income	246,394
Trust expenses	(21,792)
Finance costs	(54,287)
Profit before taxation	170,315
Taxation	-
Profit after taxation	170,315
<b>Reconciliation from profit after taxation to distribution to the Unitholders</b>	
Profit after taxation	170,315
Add: Manager Fee paid in Units <sup>(1)</sup>	9,878
<b>Distributable Income</b>	<b>180,193</b>
Distribution to the Unitholders	180,193
Distribution rate (%)	100
Units in issue (million)	2,680
<b>Distribution per unit<sup>(2)</sup> (sen)</b>	<b>6.7</b>
<b>Distribution yield<sup>(3)</sup> (%)</b>	<b>6.9</b>
<b>Distribution cover<sup>(4)</sup> (%)</b>	<b>100.0</b>

**Notes:**

- (1) *In the event that the approval from Bursa Securities for the listing of and quotation for the Manager Fee paid in Units is not obtained, the Manager Fee would be paid in cash. Accordingly the available Distributable Income may be affected. Please refer to Section 5.5.3 of this Prospectus for further details.*
- (2) *Distribution per Unit is computed based on distribution to Unitholders divided by number of Units.*
- (3) *Distribution yield is computed based on distribution per Unit divided by the Retail Price. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price that differs from the Retail Price.*
- (4) *Distribution cover is computed based on Distributable Income divided by the actual distribution to Unitholders, expressed as a percentage.*

For further details on the profit forecast, please refer to Section 7.3 and Appendix V of this Prospectus.

**The remainder of this page has been intentionally left blank**

**2. SUMMARY / KEY DATA (Cont'd)****2.5.3 Unaudited proforma balance sheets**

The following is a summary of the unaudited proforma balance sheets of Sunway REIT, which have been prepared by the Manager and of which the Directors are responsible, are solely for illustrative purposes only to show the effects of the Listing Scheme and the application of the amount raised from the Facility on the balance sheet of Sunway REIT as at the Date of Establishment had the Listing Scheme been completed on that date.

	Proforma I As at the Date of Establishment	Proforma II After Proforma I and Acquisition	Proforma III After Proforma II, IPO and Facility
	(RM'000)	(RM'000)	(RM'000)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	-	3,729,000	3,729,000
<b>Current assets</b>			
Other receivables	-	-	2,139
Cash and bank balances	-	-	49,592
	-	3,729,000	51,731
	-	3,729,000	3,780,731
<b>FINANCED BY:</b>			
<b>Units</b>			
Units	-	-	2,610,300
<b>Unitholders' fund</b>			
Unitholders' fund	-	-	2,610,300
<b>Non-current liabilities</b>			
<b>Borrowings</b>			
Borrowings	-	-	988,962
<b>Long term liabilities</b>			
Long term liabilities	-	-	21,557
	-	-	1,010,519
<b>Current liabilities</b>			
<b>Borrowings</b>			
Borrowings	-	-	118,013
<b>Other payables</b>			
Other payables	-	3,729,000	41,899
	-	3,729,000	159,912
	-	3,729,000	3,780,731
<b>NAV</b>			
NAV			2,610,300
Number of Units in issue ('000)			2,680,112
NAV per Unit (RM)			0.97

The unaudited proforma balance sheets together with the notes and assumptions are set out in Appendix VI of this Prospectus.

**2.6 Risk factors**

An investment in the Units involves a high degree of risk. Investors should carefully consider all the information in this Prospectus, including the risks described below before making an investment decision. If any of the risks described below actually occur, Sunway REIT's business, prospects, financial condition, results of operations and ability to make distributions could be seriously harmed, the trading price of the Units could decline, and investors may lose all or part of their investment.

Unless specified or quantified in the relevant risk factors below, the Manager is not in a position to quantify the financial or other implication of any of the risks described in Section 5 of this Prospectus. The risks set out in this Prospectus may not be exhaustive and additional risks and uncertainties not presently known to Sunway REIT, or which are currently deemed to be immaterial, may arise or may become material in the future.

**(i) Risks relating to Sunway REIT's operations and Properties**

- A significant portion of Sunway REIT's revenue will depend on the success and economic viability of its tenants
- Sunway REIT and the Manager will be dependent on the Sponsor in various ways
- Sunway REIT is dependent on major tenants

**2. SUMMARY / KEY DATA (Cont'd)**

- Difficult conditions in the global capital markets and the economy generally have affected the Predecessor Group and may have a material adverse effect on Sunway REIT's business and results of operations or cause Sunway REIT to experience limited availability of funds
- Because of its dependence on external financing, Sunway REIT's ability to make distributions may be adversely affected by its current or future loan agreements
- The Manager and Sunway REIT are each newly established entities with no established operating histories for investors to rely on in making an investment decision
- The Manager may not be able to successfully implement its strategy
- The strategy of the Manager is subject to change
- Sunway REIT is significantly dependent on key personnel of the Manager
- Sunway REIT's portfolio is not geographically diversified
- The illiquidity of real estate investments and the lack of alternative uses for the Properties could significantly limit the ability of Sunway REIT to sell the Properties in a timely manner
- The Properties are subject to the risk of non-renewal of expiring tenancies
- Sunway REIT will be subject to increases in operating and other expenses
- Sunway REIT's operations may require significant capital expenditure for which it may not be able to secure funding
- The historical combined financial information and proforma consolidated balance sheets included herein may not reflect actual financial position, results and cash flows
- Sunway REIT's actual results may vary significantly from the profit forecast set forth herein
- Damage to, or other potential losses involving the Properties may not be covered by insurance
- Renovation, asset enhancement works or physical damage to the Properties may disrupt the businesses and operations of those Properties and collection of rental income or otherwise adversely impact Sunway REIT's financial condition
- Registration of transfer of Properties may be delayed or may not take place at all
- Non-registration of discharge of charge for the Properties
- The warranties of the Vendors may not adequately protect Sunway REIT in the event of claims in respect of the Properties
- The Appraised Values or any future valuations may be inaccurate; the purchase consideration to be paid by Sunway REIT may not be indicative of current or future value of the Properties
- There may be conflicts related to the acquisition of properties from the Sponsor
- Sunway REIT may face competition from the Sponsor relating to property acquisitions and leasing
- Risks relating to natural disasters and other acts of God, terrorist activity and war could adversely affect Sunway REIT's revenues
- While the Properties are located in Malaysia, Sunway REIT's future acquisitions may be located outside Malaysia, which would expose Sunway REIT to risks in other countries
- Sunway REIT is subject to various environmental regulations that could adversely affect Sunway REIT's operations and financial condition
- Political, economic and social developments in Malaysia may adversely affect Sunway REIT
- The Properties may be acquired compulsorily
- There may be changes to the tax treatment of Sunway REIT

**(ii) Risks relating to Sunway REIT's Retail Properties**

- The Retail Properties and their tenants face competition from other retail properties located within their catchment areas as well as other retail channels
- Sunway REIT will be more reliant on certain Retail Properties for a substantial portion of total revenue and a decline in the revenue of such Properties will adversely affect Sunway REIT

**2. SUMMARY / KEY DATA (Cont'd)**

**(iii) Risks relating to Sunway REIT's Hospitality Properties**

- The hospitality industry is susceptible to external factors outside the control of Sunway REIT and the Manager
- The loss of the Lessees, or a downturn in the business of the Lessees could have a material adverse effect on the financial condition and results of operations of Sunway REIT
- The Manager's ability to effectively monitor the obligations of the Hotel Manager under the Hotel Master Leases and to actively manage the Hospitality Properties is limited
- The profitability of the Hospitality Properties will affect Sunway REIT's performance
- Funds budgeted for fixtures, furnishings and equipment may be insufficient to maintain the Hospitality Properties
- The hotel industry is highly competitive

**(iv) Risks relating to Sunway REIT's Office Properties**

- The Office Properties operate in a highly competitive environment
- Sunway REIT relies on the Sponsor for a substantial portion of its Gross Rental Income from the Office Properties

**(v) Risks relating to ownership of the Units**

- There has been no prior market for the Units
- The price of the Units may decline after the Initial Public Offering
- There can be no assurance that Sunway REIT will be able to make distributions or maintain any given level of distributions
- Unitholders have no right to require the repurchase of their Units
- The Manager may issue new Units that would result in a dilution of the existing Units
- Certain regulations that apply to other securities and investments in Malaysia do not apply to the Units and Sunway REIT
- There may be a delay or failure in Listing of the Units

For further information concerning these risk factors, which should be considered by investors, please see Section 5 of this Prospectus.

The remainder of this page has been intentionally left blank

### 3. DETAILS OF THE IPO

#### 3.1 Opening and closing of Applications

Applications for the Offer Units under the Retail Offering will open at 10.00 a.m. on 15 June 2010 and will remain open until 5.00 p.m. on 22 June 2010, or such later date(s) as the Directors and the Joint Underwriters in their absolute discretion may mutually decide.

#### 3.2 Indicative timetable

The following events are intended to take place on the following tentative dates:

Events	Date
Opening of the Institutional Offering*	14 June 2010
Opening of the Retail Offering	10.00 a.m., 15 June 2010
Closing of the Retail Offering	5.00 p.m., 22 June 2010
Closing of the Institutional Offering	24 June 2010
Price Determination Date	24 June 2010
Balloting of application for the Offer Units pursuant to the Retail Offering	25 June 2010
Despatch of notice of allotment of Offer Units to successful applicants pursuant to the Retail Offering and Institutional Offering	6 July 2010
Listing of Sunway REIT on the Main Market of Bursa Securities	8 July 2010

Note:

\* Being the date of commencement of bookbuilding other than the offering to the Cornerstone Investors. The Cornerstone Agreements for the acquisition of the Offer Units by the Cornerstone Investors were entered into on 27 May 2010.

This timetable is tentative and is subject to changes, which may be necessary to facilitate implementation procedures. The application period for the Retail Offering and the Institutional Offering will open and close at the dates stated above or such later date(s) as the Directors and the Joint Underwriters in their absolute discretion may mutually decide.

Where the closing date of application is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated daily Bahasa Malaysia and English newspapers within Malaysia. Should there be an extension of the closing date, the Price Determination Date, balloting, date of despatch of notice of allotment of Offer Units under the Retail Offering and the Institutional Offering, and the Listing will be extended accordingly.

#### 3.3 Total issued Units

	No. of Units
<b>Approved fund size</b>	<b>2,780,112,300</b>
To be issued to the Vendors	1,025,143,000 <sup>(1)</sup>
To be issued pursuant to the Retail Offering	134,005,600
To be issued pursuant to the Institutional Offering	1,520,963,700 <sup>(1)</sup>
<b>Total issued Units upon listing of Sunway REIT on the Main Market of Bursa Securities</b>	<b>2,680,112,300</b>
Units to be issued to the Manager as part payment for the Manager Fee	100,000,000 <sup>(2)</sup>
	<b>2,780,112,300</b>

Notes:

(1) Assuming no over-allotment of Units and the Over-Allotment Option is not exercised. In the event of exercise of the Over-Allotment Option, the portion of Units issued to the Vendors would reduce by up to

**3. DETAILS OF THE IPO (Cont'd)**

*87,104,000 Units and correspondingly the portion of Offer Units for the Institutional Offering would increase by up to 87,104,000 Units, depending on the amount of Units to be purchased by the Stabilising Manager upon the exercise of the Over-Allotment Option.*

- (2) *Being the 100,000,000 Units reserved for issuance to the Manager as part payment for the Manager Fee. Please refer to Section 9.6 of this Prospectus for further information on the Manager Fee.*

There is only one class of Units in Sunway REIT. Each Unitholder shall be entitled to vote in person or by proxy at any meeting of Unitholders. Upon any question decided by a show of hands, each Unitholder present in person or by proxy shall have one vote. Upon any question decided by a poll, each Unitholder present in person or by proxy shall have one vote for each Unit held. For further details on the rights attached to the Units, please refer to Section 15.4 of this Prospectus.

**3.4 Particulars of the Initial Public Offering**

The Initial Public Offering comprises the Retail Offering and the Institutional Offering totalling 1,654,969,300 Offer Units (subject to the Over-Allotment Option).

The Initial Public Offering is subject to the terms and conditions of this Prospectus and upon acceptance, the Offer Units are expected to be allocated in the manner described below, subject to clawback and reallocation provisions as set forth in Section 3.4.3 of this Prospectus.

The Sponsor will grant an Over-Allotment Option to the Stabilising Manager as set out in Section 3.4.4 of this Prospectus.

**3.4.1 Retail Offering**

*Retail Offering at the Retail Price, payable in full upon application and subject to refund of the difference in the event the Final Retail Price is less than the Retail Price.*

A total of 134,005,600 Offer Units (subject to clawback and reallocation as set out in Section 3.4.3 of this Prospectus), representing approximately 5% of the total size of Sunway REIT, will be made available for application by Malaysian Public of which at least 30% is to be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

**3.4.2 Institutional Offering**

*Institutional Offering at the Institutional Price payable in full upon allocation.*

A total of 1,520,963,700 Offer Units (subject to clawback and reallocation and the Over-Allotment Option as set out in Sections 3.4.3 and 3.4.4 of this Prospectus), representing approximately 56.8% of the total size of Sunway REIT at the point of Listing, will be placed out to Malaysian and other investors outside Malaysia and the US in reliance upon Regulation S.

The Manager, the Sponsor and Credit Suisse have entered into a Cornerstone Agreement with GIC whereby GIC has agreed to acquire an aggregate number of 134,005,615 Offer Units, representing approximately 5.0% of the total number of Units to be listed, at the Cornerstone Price. The Manager, the Sponsor, Joint Global Coordinators and/or one or more of the Joint Bookrunners have also entered into individual Cornerstone Agreements with the Employees Provident Fund Board, Permodalan Nasional Berhad and Great Eastern Life Assurance (Malaysia) Berhad pursuant to which the Employees Provident Fund Board, Permodalan Nasional Berhad and Great Eastern Life Assurance (Malaysia) Berhad have agreed to acquire an aggregate number of 242,000,000 Offer Units, representing approximately 9.0% of the total number of Units to be listed at the Cornerstone Price.

Based on the above, the Cornerstone Investors have collectively agreed to acquire an aggregate number of 376,005,615 Offer Units, representing approximately 14.0% of the total number of Units to be listed at the Cornerstone Price. Further, none of the Cornerstone Investors other than GIC have agreed to acquire or will individually be expected to acquire Offer Units which represent or will represent 5.0% or more of the total number of Units to be listed pursuant to the Cornerstone Agreements entered into by them. However, the Cornerstone Investors are entitled to apply for or place orders through the bookbuilding process for the Offer Units in addition to those to be acquired through their respective Cornerstone Agreements.

**3. DETAILS OF THE IPO (Cont'd)**

The Cornerstone Agreements are conditional upon the Underwriting Agreement, Malaysian Placement Agreement and International Placement Agreement having become unconditional and not having been terminated pursuant to their respective terms.

In summary, the Offer Units offered under the IPO (subject to clawback and reallocation provisions, and the Over-Allotment Option) will be allocated in the following manner:

Categories	Initial Public Offering	
	No. of Offer Units	% of total Units
Retail Offering	134,005,600	5.0
Institutional Offering	1,520,963,700	56.8
<b>Total</b>	<b>1,654,969,300</b>	<b>61.8</b>

The completion of the Retail Offering and the Institutional Offering are inter-conditional. The Institutional Offering is in turn conditional on the Institutional Price being fixed by the Manager, in consultation with the Joint Bookrunners.

**3.4.3 Clawback and reallocation**

The allocation of Offer Units between the Retail Offering and the Institutional Offering is subject to adjustment. In the event of over-subscription in the Retail Offering, and a corresponding under-subscription in the Institutional Offering, Offer Units may be clawed back from the Institutional Offering and reallocated to the Retail Offering. In the event of an under-subscription in the Retail Offering and there is a corresponding over-subscription in the Institutional Offering, Offer Units in the Retail Offering may be clawed back from the Retail Offering and reallocated to the Institutional Offering. The clawback and reallocation as set out in this section shall not apply in the event of over-subscription in both the Retail Offering and the Institutional Offering.

**3.4.4 Over-Allotment Option and stabilisation**

The Stabilising Manager will enter into a securities lending agreement ("Securities Lending Agreement") with the Sponsor and SCSB to borrow up to 87,104,000 Consideration Units from SCSB to cover any over-allotments, if any. Any Consideration Units that may be borrowed by the Stabilising Manager under the Securities Lending Agreement will be returned by the Stabilising Manager to SCSB either through the purchase of Units in the open market by the Stabilising Manager in the conduct of stabilisation activities or through the exercise of the Over-Allotment Option by the Stabilising Manager or a combination of both.

The Sponsor and SCSB will grant an Over-Allotment Option to the Stabilising Manager. The Over-Allotment Option shall be exercisable in whole or in part by the Stabilising Manager on one or more occasions within 30 days from the Listing Date, to purchase from SCSB up to an aggregate of 87,104,000 Units, representing up to 5.3% of the total Offer Units to be offered pursuant to the Initial Public Offering, solely for the purposes of covering over-allotments of the Units (if any).

In connection with the IPO, the Manager has appointed the Stabilising Manager to undertake any price stabilisation actions subject to the terms of the Malaysian Placement Agreement. The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may at their absolute discretion, over-allot Units under the Institutional Offering or effect transactions which may stabilise or maintain the market price of the Units at levels that might not otherwise prevail in the open market. Such transactions consist of bids or purchase to peg, fix or maintain the price of the Units. If the Stabilising Manager creates a short position in the Units in connection with the Initial Public Offering, that is, if the Stabilising Manager over-allots Units in excess of the Initial Public Offering, the Stabilising Manager may reduce that short position by purchasing Units in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-Allotment Option described above. Purchases of a security to stabilise the price or to reduce the position may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected in the Main Market of Bursa Securities, in compliance with all applicable laws and regulations, including the CMSA and any regulations there under. The number of Units that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may buy to undertake



**3. DETAILS OF THE IPO (Cont'd)**

stabilising action, shall not exceed an aggregate of 87,104,000 Units, representing up to 5.3% of the Offer Units. However, there is no obligation on the Stabilising Manager to undertake any such stabilising action. Such stabilising actions may commence on or after the commencement of trading of the Units on the Main Market of Bursa Securities, and if commenced, may be discontinued at any time and cannot be effected after the earliest of (i) the date falling 30 days from the commencement of trading of the Units on the Main Market of Bursa Securities or (ii) the date when the Stabilising Manager has bought, on the Main Market of Bursa Securities, an aggregate of 87,104,000 Units representing 5.3% of the Offer Units to undertake the stabilising action.

None of the Manager, the Sponsor, SCSB or the Stabilising Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Units. In addition, none of the Manager, the Sponsor, SCSB or the Stabilising Manager makes any representation that the Stabilising Manager will engage in such transaction or that such transactions once commenced, will not be discontinued without notice.

**3.4.5 Minimum subscription**

There is no minimum subscription level in terms of the proceeds to be raised from the Initial Public Offering. However, if for any reason the Institutional Price is not fixed by the Manager, on the Price Determination Date, in consultation with the Joint Bookrunners, the Initial Public Offering will not proceed.

**3.5 Basis of arriving at the Retail Price, Institutional Price and Cornerstone Price****3.5.1 Retail Price**

The Retail Price was determined and agreed upon by the Directors, the Sole Financial Adviser, the Joint Global Coordinators and the Joint Underwriters after taking into consideration the following factors:

- (i) the financial history and conditions of the Properties;
- (ii) the future prospect of Sunway REIT;
- (iii) the forecast and projected distribution yields of Sunway REIT;
- (iv) the prevailing capital and property market conditions and sentiments;
- (v) the proforma NAV per Unit upon listing of RM0.97; and
- (vi) the Price Adjustment Mechanism, as detailed under Section 3.6.1 below.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date, and will be the lower of:

- (i) the Retail Price; and
- (ii) 97.0% of the Institutional Price

subject to rounding up to the nearest sen.

In the event that the Final Retail Price is lower than the Retail Price, a refund of the difference will be made without any interest thereon.

Prospective retail investors should be aware that the Final Retail Price would not, in any event, be higher than the Institutional Price.

### 3. DETAILS OF THE IPO (Cont'd)

The Final Retail Price and the Institutional Price are expected to be announced within two Market Days from the Price Determination Date in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment.

Applicants should also note that the market price of the Units upon Listing is subject to the vagaries of the market forces and other uncertainties that may affect the price of the Units.

#### 3.5.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective investors will be invited to bid for portions of the Institutional Offering by specifying the number of Offer Units that they would be prepared to acquire and the price that they would be prepared to pay for the acquisition. This bookbuilding process starts on 14 June 2010 and will end at 24 June 2010, or such other dates as the Directors, the Sponsor and the Joint Global Coordinators may mutually decide in their absolute discretion. Upon the completion of the bookbuilding process, the Institutional Price will be fixed by the Manager in consultation with the Joint Bookrunners on the Price Determination Date.

If for any reason the Institutional Price is not fixed by the Manager, in consultation with the Joint Bookrunners, on the Price Determination Date, the Initial Public Offering will not proceed.

#### 3.5.3 Cornerstone Price

The price payable by the Cornerstone Investors per Offer Unit shall be the lower of the Institutional Price and RM0.98.

#### 3.5.4 Refund mechanism

In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded without any interest thereon. The refund in the form of cheques will be despatched by ordinary mail to the address stated in the address last maintained by the applicants with Bursa Depository or to the address as stated in Bursa Depository's records for applications made via Electronic Application and Internet Applications, of the successful applicants, within 10 Market Days from the final ballot of the application, at the successful applicants' own risk.

#### 3.5.5 Expected market capitalisation

Based on the Retail Price, the total market capitalisation of Sunway REIT upon Listing is estimated at RM2.60 billion.

### 3.6 The Listing Scheme

In conjunction with, and as integral part of the listing and quotation for the entire Sunway REIT Units on the Main Market of Bursa Securities, the Manager will undertake the Listing Scheme, as follows:

#### 3.6.1 Acquisitions

The Trustee had, on behalf of Sunway REIT, entered into eight conditional SPAs to acquire the Properties from the Vendors for a total purchase consideration of RM3,729,000,000, which is based on the Appraised Values and subject to the Price Adjustment Mechanism (as detailed below).

Details of the purchase consideration and mode of satisfaction of the purchase consideration for the Acquisitions are as follows:

The remainder of this page has been intentionally left blank

**3. DETAILS OF THE IPO (Cont'd)**

Properties	Purchase Consideration (RM'000)	Consideration in Units <sup>(1)</sup> (RM'000)	To be satisfied via	
			Consideration in Cash <sup>(2)</sup>	
			Financed through the IPO proceeds (RM'000)	Financed via Facility (RM'000)
Sunway Pyramid Shopping Mall	2,300,000	844,643	765,357	690,000
Sunway Carnival Shopping Mall	250,000	124,500	50,500	75,000
SunCity Ipoh Hypermarket	50,000	-	35,000	15,000
Sunway Resort Hotel & Spa	480,000	-	336,000	144,000
Pyramid Tower Hotel	270,000	-	189,000	81,000
Sunway Hotel Seberang Jaya	56,000	-	39,200	16,800
Menara Sunway	138,000	-	96,600	41,400
Sunway Tower	185,000	56,000	73,500	55,500
<b>Total purchase consideration</b>	<b>3,729,000</b>	<b>1,025,143</b>	<b>1,585,157</b>	<b>1,118,700</b>

*Notes:*

- (1) *The issue price for the Consideration Units shall be subject to the Price Adjustment Mechanism as detailed below.*
- (2) *The cash portion of the consideration comprises cash from the IPO and the Facility. The cash portion of the purchase consideration shall be subject to the Price Adjustment Mechanism as detailed below.*

The purchase consideration of RM3,729,000,000, which is subject to the Price Adjustment Mechanism, is proposed to be satisfied in the following manner:

- (i) the issuance of 1,025,143,000 Consideration Units; and
- (ii) the balance of the purchase consideration, being the purchase consideration after the application of the Price Adjustment Mechanism less the value of the Consideration Units, in cash.

The indicative purchase consideration of RM3,729,000,000 was arrived at based on the full market values of the Properties which collectively amount to RM3,729,000,000 as appraised by the Independent Property Valuer.

The final discount or premium of the purchase consideration over the market value of the Properties would be determined based on the final purchase consideration as determined after the application of the Price Adjustment Mechanism.

The rationale for the Price Adjustment Mechanism is to ensure that the Sunway REIT acquires the Properties at a price based ultimately on market principles, which includes, inter-alia, market demand for the Units, instead of relying solely on the valuation by the Independent Property Valuer.

In addition, the Price Adjustment Mechanism also serves to protect the interests of the Unitholders as Sunway REIT may be able to acquire the Properties at a lower purchase consideration should the price as determined by market principles be less than the Appraised Value. Similarly, the purchase consideration for each Property is capped at 110% of the respective Appraised Value should the price as determined by market principles be greater than such Appraised Value.

The remainder of this page has been intentionally left blank

**3. DETAILS OF THE IPO (Cont'd)****Details of the Price Adjustment Mechanism**

The purchase consideration for each of the individual Properties shall be subject to the following adjustments:

$$\text{Adjusted purchase consideration for each Property} = \text{Appraised Value} \times \text{Adjustment factor}$$

where

$$\text{Adjustment factor} = \frac{(\text{Total IPO proceeds} + \text{Amount of borrowings by Sunway REIT} + \text{Value of Consideration Units} - \text{Estimated cash requirement})}{\text{Aggregate Appraised Values of the Properties}}$$

$$\text{Total IPO proceeds} = \text{Gross proceeds received from the issuance of Offer Units under the Retail Offering and Institutional Offering}$$

$$\text{Value of Consideration Units} = 1,025,143,000 \text{ Consideration Units multiplied by the Average IPO Price}$$

$$\text{Estimated cash requirement} = \text{RM69.8 million, derived based on the estimated expenses relating to the IPO}$$

$$\text{Average IPO Price} = \frac{\text{Total IPO proceeds}}{\text{Total Offer Units}}$$

The maximum purchase consideration for each Property is capped at 110% of the respective Appraised Value.

As of the date of this Prospectus, the Acquisitions are still pending completion. The Acquisitions are expected to be completed on Completion Date/Listing Date. The SPAs were executed by the relevant parties and dated 26 May 2010. For further details of the SPAs, please refer to Section 16.1 of this Prospectus.

**3.6.2 Initial Public Offering**

Please refer to Section 3.4 of this Prospectus for further details.

**3.6.3 Listing**

The Manager has obtained the approval from Bursa Securities on 31 May 2010 for the admission to the Official List, and the listing of and quotation for the entire 2,680,112,300 issued Units of Sunway REIT on the Main Market of Bursa Securities. The board lot sizes for the total issued Units of Sunway REIT upon its listing will be at 100 Units per board lot.

**3.6.4 Borrowings to part finance the Acquisitions**

Sunway REIT intends to drawdown a total of RM1,118.7 million of the Facility to partially finance the Acquisition. The amount to be drawdown represents 30.0% of the Appraised Value of the Properties. Please refer to Section 16.2 of this Prospectus for further details of the Facility.

**3.7 Purpose for the Initial Public Offering**

The IPO will enable Sunway REIT to fulfil its objectives as follows:

- (i) to provide an alternative investment instrument for real estate;
- (ii) to enable investing in a real estate portfolio that provides stable income and potential appreciation of its value in the future;

**3. DETAILS OF THE IPO (Cont'd)**

- (iii) to enable Sunway REIT to gain access to the capital market to raise funds for future real estate acquisitions thus allowing continual growth prospects of Sunway REIT;
- (iv) to enhance the development of the real estate market in Malaysia through the listed REIT, which is relatively more liquid as compared to the underlying physical properties of the REIT; and
- (v) to obtain listing status on the Main Market of Bursa Securities in order for the Units to be readily tradable, which enhances liquidity compared to the illiquid underlying subject Properties.

**3.8 Proposed use of proceeds**

The following discussion represents a best estimate of the Manager's allocation of the gross proceeds of the Initial Public Offering based upon the Manager's current plans and estimates regarding its anticipated expenditures. The Initial Public Offering is expected to raise gross proceeds of approximately RM1,654,969,300 arising from the issuance of 1,654,969,300 Offer Units based on an illustrative Average IPO Price of RM1.00 per Offer Unit. Sunway REIT expects to utilise the gross proceeds for the purposes as set forth below:

	RM (RM'000)	Timeframe for proposed use of proceeds
Part funding for the Acquisitions <sup>(1)</sup>	1,585,157	Within 1 month
Defray estimated Listing expenses <sup>(2)</sup>	69,812	Within 1 month
	1,654,969	

*Notes:*

1. The balance of the purchase consideration for the Acquisitions will be settled via the issuance of Consideration Units and the proceeds raised from the borrowings (as set out in Section 3.6.4 above).
2. The breakdown of the defray estimated expenses relating to the IPO is set out as follows:

	<i>Expenses</i> (RM million)	<i>As a percentage of the estimated gross proceeds from the IPO</i> (%)
<i>Underwriting fees and commissions, placement commission and brokerage</i>	57.6	3.5
<i>Professional and advisory fees</i>	9.5	0.6
<i>Regulatory fees</i>	0.2	0.0
<i>Other IPO-related expenses</i>	2.5	0.2
<i>Total</i>	69.8	4.3

*The aggregate expenses payable by Sunway REIT in connection with the IPO is approximately RM0.04 per Offer Unit.*

**3.9 Brokerage commission, underwriting commissions and placement fees****3.9.1 Brokerage commission**

Sunway REIT will bear the brokerage in respect of the IPO at the rate of 1.0% of the Final Retail Price in respect of successful applications, which bear the stamp of RHB Investment Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House. The Joint Bookrunners are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, brokerage commission under the Institutional Offering will not be payable by Sunway REIT.

### 3. DETAILS OF THE IPO (Cont'd)

#### 3.9.2 Underwriting commission

Pursuant to the Underwriting Agreement, the Joint Underwriters have agreed to underwrite the Offer Units under the Retail Offering at an underwriting commission of 2.5%, based on the Retail Price for each Offer Unit being underwritten. The underwriting commission will be borne by Sunway REIT.

#### 3.9.3 Placement fees

Sunway REIT will pay the Malaysian Placement Managers and International Placement Managers a placement fee of 2.5% of the total proceeds from the Institutional Offering to institutional and selected investors.

In addition, Sunway REIT may pay the International Placement Managers and Malaysian Placement Managers a discretionary fee of up to 0.75% of the total proceeds from the Institutional Offering to institutional and selected investors.

### 3.10 Underwriting Agreement, Lock-up Agreement and Placement Agreements

#### 3.10.1 Underwriting Agreement

Pursuant to the Underwriting Agreement, the Joint Underwriters for the Retail Offering have agreed to underwrite 134,005,600 Offer Units ("Underwritten Units") under the Retail Offering subject to clawback and reallocation provisions and underwriting commission as set out in Sections 3.4.3 and 3.9.2 of this Prospectus respectively.

The following is an extract of the salient terms contained in the Underwriting Agreement which would allow the Joint Underwriters to withdraw from its obligations thereunder:

#### I. Conditions Precedent

- (i) The obligation of the Joint Underwriters to underwrite the Underwritten Units under the Underwriting Agreement is conditional on various conditions ("Conditions") as set out in Clause 3.1 of the Underwriting Agreement, of which the following are, *inter alia*, some of the Conditions:
  - (a) The approval-in-principle of Bursa Securities for the Listing being obtained on terms acceptable to the Joint Underwriters and the approvals of the Securities Commission and Bursa Securities remaining in full force and effect and that all conditions (except for any which can only be complied with after the Initial Public Offering has been completed) have been complied with;
  - (b) The execution of the Placement Agreements and neither of the Placement Agreements having been terminated or rescinded pursuant to the provisions thereof;
  - (c) The Initial Public Offering has not been prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any jurisdiction within which such Offer Units are offered and all consents, approvals, authorisations or other orders required by the Sponsor and/or the Manager under such laws for or in connection with the Initial Public Offering and/or listing of and quotation for the entire issued Units of Sunway REIT on the Main Market of Bursa Securities have been obtained and are in force up to the date of closing of the Retail Offering ("Closing Date");
  - (d) There not being, in the opinion of the Joint Underwriters, on or prior to the Closing Date, any adverse and material change or development reasonably and likely to involve a prospective adverse and material change in the condition (financial, business, operations or otherwise) of the Predecessor Group, Sunway REIT, the Manager or the Sponsor from that set out in this Prospectus which is material in the context of the Initial Public Offering or any occurrence of any event or discovery of any fact or circumstances rendering untrue or incorrect or not complied with to an

**3. DETAILS OF THE IPO (Cont'd)**

extent which is material, any of the warranties and representations set out in the Underwriting Agreement as though given or made on such date.

- (ii) In the event any of the Conditions to the extent not waived are not satisfied by the Closing Date, any of the Joint Underwriters shall be entitled to terminate the Underwriting Agreement and in such event the provisions of Clause 12 of the Underwriting Agreement as summarised in paragraph II below shall apply. Thereafter, the parties to the Underwriting Agreement shall be released and discharged from their respective obligations thereunder and the Underwriting Agreement shall become null and void and of no further force and effect and none of the parties to the Underwriting Agreement shall have a claim against the other save for any antecedent breaches.

**II. Termination**

- (i) Notwithstanding anything contained in the Underwriting Agreement, any of the Joint Underwriters may in such manner as it shall reasonably determine by notice in writing to the Manager by RHB Investment Bank (the "Coordinator") given at any time before the Joint Underwriters are discharged or required to carry out its underwriting obligation, terminate, cancel and withdraw their respective underwriting commitment upon the occurrence of any of the following events:
- (a) there is any breach by the Sponsor or the Manager of any of the representations, warranties or undertakings contained in Clauses 10 and 11 of the Underwriting Agreement having material adverse effect (as defined in the Underwriting Agreement) or which is contained in any certificate under or in connection with this Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within 7 days from receipt of the notice of such breach being given to the Manager and the Sponsor by RHB Investment Bank or by the Closing Date, whichever is the earlier;
- (b) there is failure on the part of the Sponsor or the Manager to perform any of its obligations contained in the Underwriting Agreement;
- (c) there is withholding of information of a material nature from the Joint Underwriters which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Joint Underwriters, would have a material adverse effect, or affect the success of the Initial Public Offering, or the distribution or the sale of the Offer Units issued or to be issued under the Initial Public Offering; or
- (d) in the event that the Listing is withdrawn or not procured or procured but subject to conditions not acceptable to RHB Investment Bank and provided the withdrawal or the imposition of the unacceptable conditions is not due to any breach or default on the part of any of the Joint Underwriters under this Agreement;
- (e) the Closing Date does not occur within 60 calendar days from the date of issue of this Prospectus, subject to the extension of Closing Date which is approved by the Majority Joint Underwriters;
- (f) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Majority Joint Underwriters is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market) on the value or price of the Offer Units or a material adverse effect on the Listing or the Initial Public Offering. For the avoidance of doubt, and without prejudice to the foregoing, if the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:
- (I) on or after the date of the Underwriting Agreement; and
- (II) prior to the subscription of the unsubscribed Underwritten Units pursuant to the Underwriting Agreement,

**3. DETAILS OF THE IPO (Cont'd)**

lower than 90% of the level of the Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event, it shall be deemed a material adverse change in the stock market condition;

- (g) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has or likely to have a material adverse effect;
- (h) any *force majeure* event which is any event or series of events beyond the reasonable control of the parties to the Underwriting Agreement including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes and/or volcanic eruptions), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Initial Public Offering or pursuant to the underwriting of the Underwritten Units;
- (i) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise;
- (j) any government acquisition or occurrence of any other nature whatsoever which is likely to have a material adverse effect on the Manager or Sunway REIT, or the success of the Initial Public Offering;
- (k) any of the approvals, *inter alia*, from the Securities Commission or Bursa Securities for the Listing being revoked or otherwise not remaining in full force and effect;
- (l) any event that has a material adverse effect;
- (m) if the Securities Commission or any other relevant regulatory authority issues an order pursuant to Malaysian laws such as to make it, in the opinion of the Joint Underwriter, impracticable to market the Initial Public Offering or to enforce contracts to issue, allot and/or transfer the Offer Units; or
- (n) either of the Placement Agreements having been terminated or rescinded in accordance with the terms thereof.

Upon the notice (the "Termination Notice") as described in paragraph (i) immediately above being received by the Manager, RHB Investment Bank and the Joint Underwriters shall be released and discharged of its obligations without prejudice to its rights under the Underwriting Agreement, the Underwriting Agreement shall be of no further force and effect and no party shall be liable under any liability to any other parties in respect of the Agreement, except that the Manager shall still be liable to pay the underwriting commission (or in certain circumstances interests) and the costs and expenses as described in the Underwriting Agreement and the Sponsor, the Manager and the Trustee shall continue to be liable to indemnify the Joint Underwriters pursuant to the terms of the Underwriting Agreement.

**3.10.2 Lock-up Agreement**

- (i) The Manager will enter into a lock-up agreement, under which it has agreed, subject to certain exceptions, that it will not, without the prior written consent of the Joint Bookrunners, for a period commencing from the date of Listing until 180 days from the date of Listing:
  - (a) issue, allot, sell, offer to sell, contract or agree to sell, subject to trust, hypothecate, pledge, mortgage, charge, assign, hedge, grant any option to purchase or security



**3 DETAILS OF THE IPO (Cont'd)**

over, or otherwise dispose of or agree to dispose of, directly or indirectly, any Units or any other securities of Sunway REIT that are substantially similar to Units (or any interest therein or in respect thereof) or any securities convertible into or exercisable or exchangeable for, or any warrants or other rights to purchase, the foregoing except for up to 100,000,000 Units to be issued to the Manager as part payment of the Manager Fee by Sunway REIT;

- (b) Enter into any swap, hedge, transaction or other arrangement that transfers to another, or subject to trust, in whole or in part, any of the economic consequences of ownership of the Units or any other securities of Sunway REIT that are substantially similar to Units or any securities convertible into or exercisable or exchangeable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Units or such other securities, in cash or otherwise;
- (c) Publicly announce an intention to effect any transaction specified in (a) or (b),

except, in all cases, pursuant to the IPO.

- (ii) The Sponsor will enter into a lock-up agreement, under which it has agreed, subject to certain exceptions, that it will not and it will procure SPSB, SCSB and ST2SB ("Sponsor Subsidiaries") not to, without the prior written consent of the Joint Bookrunners, for a period commencing from the date of Listing until 180 days from the date of Listing:

- (a) sell, offer to sell, contract or agree to sell, subject to trust, hypothecate, pledge, mortgage, charge, assign, hedge, grant any option to purchase or security over, or otherwise dispose of or agree to dispose of, directly or indirectly, any Units or any other securities of Sunway REIT that are substantially similar to Units (or any interest therein or in respect thereof) or any securities convertible into or exercisable or exchangeable for, or any warrants or other rights to purchase, the foregoing provided that the above restrictions shall not apply to the transfer of the Units by the Sponsor Subsidiaries to the Sponsor and the lending of up to 87,104,000 Units to RHB Investment Bank to undertake the price stabilisation actions pursuant to the Securities Lending Agreement;
- (b) enter into any swap, hedge, transaction or other arrangement that transfers to another, or subject to trust, in whole or in part, any of the economic consequences of ownership of the Units or any other securities of Sunway REIT that are substantially similar to Units or any securities convertible into or exercisable or exchangeable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Units or such other securities, in cash or otherwise;
- (c) publicly announce an intention to effect any transaction specified in (a) or (b),

except, in all cases, pursuant to the IPO.

- (iii) GIC is subjected to a lock-up arrangement pursuant to which GIC has agreed not to dispose its Offer Units acquired under its Cornerstone Agreement (as well as any interest in any company or entity holding any such Offer Units) for a period of 180 days following the date of Listing except with the prior written consent of the Manager, the Sponsor and Credit Suisse.

**3.10.3 Placement**

The Manager expects to enter into Placement Agreements in relation to the Institutional Offering. The Manager will give various representations, warranties and undertakings and provide an indemnity, subject to applicable law, against all claims, actions, enquiries, investigations, liabilities, demands, proceedings or judgment threatened, brought or established against certain parties including the Placement Managers under the Placement Agreements arising out of, among other things, untrue statement of material fact in this Prospectus and other offering documents in relation to the Institutional Offering or any breach of warranties set out thereunder.

### 3. DETAILS OF THE IPO (Cont'd)

#### 3.11 Trading at Bursa Securities and settlement in Secondary Market

Upon Listing, the Offer Units will be traded through Bursa Securities and settled by book-entry settlement through CDS, which will be effected in accordance with the Rules of the Depository and the provisions of the Securities Industries (Central Depositories) Act, as amended from time to time 1991 of Malaysia.

Unitholders are required under the Rules of the Depository to maintain the Offer Units in CDS Accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as Unitholders in respect of the number of Units credited to their respective CDS Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Units sold and the buyer's CDS Account being credited with the number of Units acquired. No transfer stamp duty is currently payable for the Units that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

All Units held in CDS Accounts may not be withdrawn from CDS except in the following instances:

- (i) to facilitate a unit buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate a company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the Securities Commission.

For all trades (excluding direct business transactions) in stocks, ordinary shares, preference shares and other securities listed on Bursa Securities executed in board lots but excluding certain instruments specified in the Business Rules of Bursa Securities (where the brokerage payable is on a fully negotiated basis between the participating organization and the client), the brokerage payable shall be the minimum brokerage as prescribed below or such brokerage on a fully negotiated basis between the participating organizations and its clients subject to a maximum of 0.7% of the contract value, whichever is higher.

A minimum fixed brokerage fee on the basis of RM2 on transactions relating to loan instruments and RM40 for any other transactions traded on Bursa Securities (the "Minimum Fixed Brokerage Fee") is payable by both the buyer and seller. Notwithstanding the above, for retail trades executed with a contract value of RM100,000 or less, the minimum brokerage payable is 0.6% of the contract value or the Minimum Fixed Brokerage Fee, whichever is the higher. For retail trades where the contract value exceeds RM100,000, the minimum brokerage payable is 0.3% of the contract value or the Minimum Fixed Brokerage Fee, whichever is the higher. For trades of particular securities where the outstanding purchase positions are settled against sale positions of the same securities on the same contract date, the minimum brokerage payable is 0.15% of the contract value or the Minimum Fixed Brokerage Fee, whichever is the higher.

Notwithstanding the above, for all trades in securities listed on Bursa Securities (including direct business transactions) conducted through online routed trades or trades paid by cash up front and for all trades in securities listed on Bursa Securities (including direct business transactions) executed in less than a board lot, the Minimum Fixed Brokerage Fee is not applicable and the brokerage payable shall be on a fully negotiated basis between the participating organisation and its clients.

Brokerage commissions for institutional trades are fully negotiable subject to a maximum of 0.7% of the contract value. In addition to the above brokerage fees and clearing fees payable to Bursa Malaysia Securities Clearing Sdn Bhd (which is currently at a rate of 0.03% of the transacted value, subject to a

**3. DETAILS OF THE IPO (Cont'd)**

cap of RM1,000 per contract for both on-market transactions and direct business transactions and a minimum of RM10 which is applicable to direct business transactions only), contract stamp duty of RM1 per RM1,000 of transacted value or part thereof, subject to a maximum of RM200, is payable in respect of transactions executed by participating organizations of Bursa Securities.

The board lot sizes for the total issued Units of Sunway REIT upon its listing will be at 100 Units per board lot.

Investors who desire to trade less than 100 Units shall trade under the odd lot board. Settlement of trades done on a normal "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

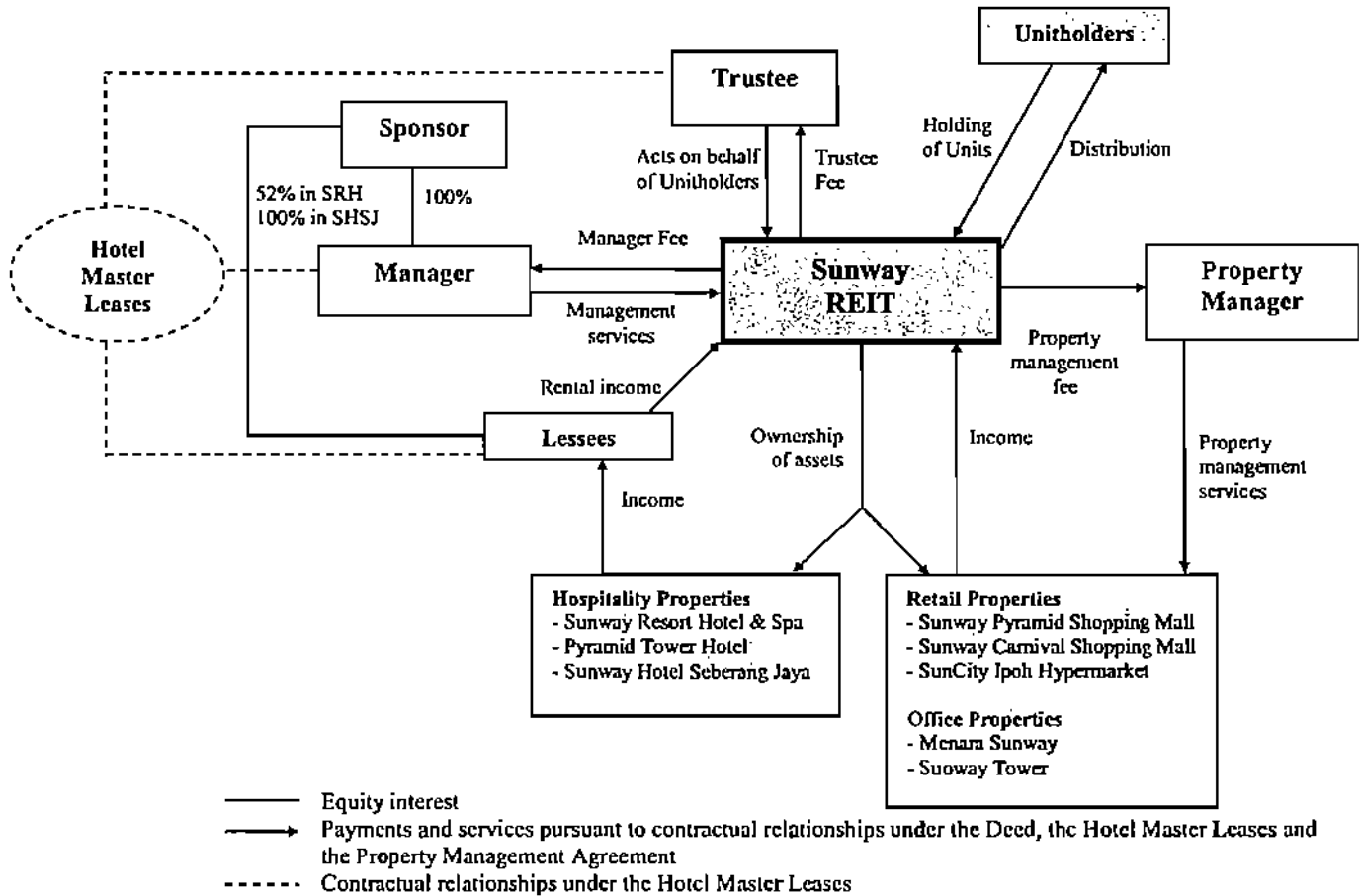
It is expected that the Offer Units offered in the Initial Public Offering will not commence trading until about 10 Market Days after the closing of the Retail Offering. Subscribers of the Offer Units will not be able to sell or otherwise deal in the Offer Units (except by way of book-entry transfers to other CDS Accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities. Please refer to Section 5.5 on the Risks Relating to the Units.

The remainder of this page has been intentionally left blank

**4. INFORMATION ON SUNWAY REIT**

**4.1 Formation and structure**

Sunway REIT will complete the Acquisitions on Completion Date. For details of the SPA, please refer to Section 16.1 of this Prospectus. The following diagram illustrates the structure of Sunway REIT as well as key relationships among Sunway REIT, the Manager, the Trustee, the Property Manager, the Lessees and Unitholders, upon completion of the Initial Public Offering.



The remainder of this page has been intentionally left blank

## 4. INFORMATION ON SUNWAY REIT (Cont'd)

### 4.2 The Sponsor

The Sponsor was incorporated as a private limited company in Malaysia on 13 July 1982 as Sri Jasa Sdn Bhd and subsequently changed its name to Sri Jasa Development Corporation Sdn Bhd on 1 December 1986 and Bandar Sunway Sdn Bhd on 25 July 1987. It was converted to a public limited company on 24 July 1995 and assumed its present name, Sunway City Berhad, on 2 April 1996. The Sponsor was listed on the Main Market of Bursa Securities (then known as the Main Board of the Kuala Lumpur Stock Exchange) on 8 July 1996. As of the LPD, the Sponsor's market capitalisation was approximately RM1.59 billion.

The Sponsor commenced operations in 1986, primarily to develop Bandar Sunway, an 800 acres integrated resort and township situated in the Klang Valley, Selangor in Malaysia. It has expanded its principal activities from property development to property investment and ownership and operation of hospitality, theme park, recreational and health care businesses.

The Sponsor has sold and delivered more than 17,000 units of properties with high-end bungalows for as high as RM6 million per unit. The Sponsor had a total landbank of approximately 1,466 acres as well as developments with an estimated Gross Development Value ("GDV") of approximately RM12.8 billion across residential and commercial units.

Four of the eight properties in Sunway REIT are currently located at Bandar Sunway, namely, Sunway Pyramid Shopping Mall, Sunway Resort Hotel & Spa, Pyramid Tower Hotel and Menara Sunway. The Sponsor has also developed additional properties in various asset classes at Bandar Sunway, including:

- (i) *Sunway Medical Centre*, a private medical centre with a total of 335 beds, 100 consultation suites and 12 operating theatres. Sunway Medical Centre provides a range of medical services, including facilities and medical technologies for outpatient and inpatient specialty care, health and wellness programmes and 24-hour emergency services;
- (ii) *Monash University, Sunway Campus*, the Malaysia campus of Monash University, which is based in Melbourne, Australia. The first foreign university campus in Malaysia, the university was purpose-built in 2007 at a cost of approximately RM200 million and currently serves approximately 4,000 students; and
- (iii) *Sunway University College*, a university college constructed at the cost of RM120 million currently serving approximately 9,000 students.

Additionally, the Sponsor owns various properties located outside of Bandar Sunway, including:

- (i) *Sunway Giza Shopping Mall*, a shopping mall with approximately 85,000 sq. ft. of NLA located in Petaling Jaya;
- (ii) *Sunway Hotel Georgetown, Penang, Malaysia*, a hotel with 240 guest rooms located in Georgetown on Penang Island; and
- (iii) *Sunway Hotel Phnom Penh, Phnom Penh, Cambodia*, a hotel with 138 guest rooms located in Phnom Penh, Cambodia.

In addition to Bandar Sunway, the Sponsor is undertaking the following real estate projects:

- (i) *Sunway Damansara, Kota Damansara*, an integrated township comprised of residential, commercial and industrial development spread across approximately 400 acres of land in the State of Selangor, Malaysia. This project is a joint venture development between the Sponsor and Selangor State Economic Development Corporation. The total GDV of the project is expected to be RM2.7 billion;
- (ii) *Sunway Kiara Hills, Mont Kiara*, a high-end residential real estate development project situated on a 33 acres elevated site in Mont Kiara, Kuala Lumpur, Malaysia with an estimated GDV of RM1.1 billion;

#### 4 INFORMATION ON SUNWAY REIT (Cont'd)

- (iii) *Sunway SPK Damansara*, a residential real estate development project across approximately 113 acres of land and located along the Damansara corridor in Kuala Lumpur, Malaysia. The GDV for the project is expected to be RM926 million;
- (iv) *Sunway Palazzo, Sri Hartamas*, a luxury condominium project situated on four acres of land located in Sri Hartamas, Kuala Lumpur, Malaysia with views of the Kuala Lumpur cityscape. The GDV of the project is expected to be RM455 million;
- (v) *Sunway Bukit Gambier, Penang*, a residential project with terrace houses, semi-detached homes and bungalows across 17.7 acres of freehold land located adjacent to the University Sains Malaysia campus in Bukit Gambier, Penang. This GDV of the project is expected to be RM214 million; and
- (vi) *Sunway South Quay*, a lakeside mixed-use residential development project spread across 123 acres of land adjacent to the Sunway Integrated Resort and comprising luxury lakeside bungalows, high-end condominiums, serviced apartments, boutique shops, retail outlets, shop offices and suites. The GDV for the project is expected to be RM5.2 billion.

In addition to the above, the Sponsor is planning to launch a new project called *Sunway VeloCity*, located less than 5 kilometres to the South of the Kuala Lumpur City Centre. It is a 22.6 acre integrated mixed-use development comprising a shopping mall, shop offices, serviced apartments, business suite and an office tower. The GDV for the project is estimated to be RM1.5 billion.

Within Bandar Sunway, the Sponsor has announced its intention to undertake the following projects:

- (i) A 28-storey mixed-use commercial building with office and retail elements and with 1,027 car parks planned. The proposed development will have pedestrian and vehicle access direct to Sunway Pyramid Shopping Mall;
- (ii) A 25-storey office building located between the two main arterial roads in Bandar Sunway, built on a land area of 1.8 acres and accessible by nearby major highways. It will have six levels of basement car park providing approximately 950 parking lots; and
- (iii) The development of student residential accommodation adjacent to Monash University, Sunway Campus, with approximately 2,000 beds.

There can be no assurance that any of the projects being undertaken by the Sponsor or its subsidiaries will be completed in the manner discussed above or at all or that Sunway REIT will acquire any of the completed properties owned by the Sponsor or its subsidiaries.

The Sponsor has also expanded its operations overseas, primarily in the areas of property development, retail mall management and hotel management. The Sponsor intends to pursue a regional strategy for both its property development and investment activities, as well as to provide consultancy and management services to hotels and shopping malls abroad. The property development division of the Sponsor has four international joint ventures spread across China, India and Australia.

The Sponsor has granted the Right of First Refusal to Sunway REIT. The Right of First Refusal shall remain effective and binding on the Sponsor for so long as:

- (a) The Sponsor holds an interest of 20% or more of the Units; and
- (b) the Manager of Sunway REIT is a subsidiary of the Sponsor; and
- (c) Sunway REIT remains listed on the Official List.

The SunCity Group and the Sponsor have built strong brand recognition, with the "Sunway" name being associated with high-profile and high quality real estate developments, as recognised by the following awards:

**4. INFORMATION ON SUNWAY REIT (Cont'd)**

Award	Year	Organiser
Putra Brand Award – Property Development	2010	Association of Accredited Advertising Agencies Malaysia
Asia's Best Attraction Award – Medium Attraction Category	Each year from 2007 to 2009	AXN Channel and International Association of Amusement Parks & Attractions
Malaysia's Most Valuable Brands Award	Each year from 2007 to 2009	Association of Accredited Advertising Agents Malaysia and sanctioned by Interbrand
National Annual Corporate Report Award Industry Excellence Award in the Properties, Hotels and Trusts category Silver Award in Best Annual Report for Bahasa Malaysia	Each year from 2007 to 2009	Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA), Malaysian Institute of Management (MIM) and The Malaysian Institute of Certified Public Accountants (MICPA)
Top Property Developers Award	Each year from 2003 to 2009	The Edge Malaysia
BCA Green Mark Certified Award – Landed Residential Development	2009	Building and Construction Authority (BCA) of Singapore
BCA Green Mark Gold Award – High Rise Residential Development	2009	Building and Construction Authority (BCA) of Singapore
CNBC's Asia Pacific Property Award – Best High Rise Residential Development in Malaysia	2009	Consumer News and Business Channel (CNBC) Television
Malaysia's 100 Leading Graduate Employers	2009	GTI Media
The Brand Laureate Award – Conglomerate	2008	Asia Pacific Brands Foundation
Asia Shopping Centre Award – Development and Design Category	2008	International Council of Shopping Centres
Best Recreational Destination Award	2007	Libur/Travcrama Tourism
Best Shopping Destination Award	2007	Libur/Travcrama Tourism
Excellence Award under the Property Development for Integrated Development Category	2007	The Technology Business Review
National Excellence OSH Award – Hotel & Restaurant Category and Business Services Category	2004 and 2007	National Council for Occupational Safety & Health (NCOSH)
Top 10 Companies for Leaders 2007- Asia Pacific	2007	Hewitt Associates with Fortune and RBL Group
Hospitality Asia Platinum Award – Best 5-Star MICE Hotel	2005 and 2007	World Asia Publishing
Malaysia Tourism Award – Best Tourist Attraction, Man-made attraction, Best 5-Star Resort, Most Supportive Shopping Outlet	2000, 2004, 2005 and 2007	Tourism Malaysia
Euromoney Real Estate Award	2006	Euromoney
Malaysia's Innovative Human Capital Development Award – Product Development & Promotion Category	2005	JT Frank Academy
Minister's Award for Human Resources Development – large enterprise category (service sector)	2005	Ministry of Human Resources of Malaysia and Pembangunan Sumber Manusia Berhad (PSMB)
The Superbrands Malaysia Award	2005	Superbrands Malaysian Council
Creativity and Innovation Award	2004	Malaysian Design Technology Centre (MDTC)

## 4. INFORMATION ON SUNWAY REIT (Cont'd)

Award	Year	Organiser
ASEANTA Award for Excellence 2003 - Best ASEAN Marketing & Promotional Campaign	2003	Asean Tourism Association – ASEANTA
ISO 9001:2000 – Standards in Quality Management Systems in Hospitality Services	2003	Bureau Veritas Quality International (BVQI)
FIABCI International Prix d' Excellence	2001 and 2002	Federation Internationale des Administrateurs de Bien-Conselis Immobiliers ("The International Real Estate Federation") – FIABCI
Best Employers in Malaysia Award 2001	2001	Hewitt Associates, The Asian Wall Street Journal & Far Eastern Economic Review
The Best Hotel Development Award	2001	Federation Internationale des Administrateurs de Bien-Conselis Immobiliers ("The International Real Estate Federation") – FIABCI Malaysia
The Best Shopping Centre Award	2000	Federation Internationale des Administrateurs de Bien-Conselis Immobiliers ("The International Real Estate Federation") – FIABCI Malaysia

### 4.3 Investment objective

The Manager's key investment objective for Sunway REIT is to provide the Unitholders with exposure to a diverse portfolio of Authorised Investments that will provide stable cash distributions with the potential for sustainable growth in NAV per Unit. A meeting of Unitholders will be convened to pass a Majority Resolution in relation to decisions with respect to material changes to the investment objectives of Sunway REIT. Further, the Manager will be required to make immediate announcements should there be any material change to the investment objectives.

### 4.4 Investment strategies

The Manager's principal investment strategy is to invest in a diverse portfolio of income-generating real estate in Malaysia and other Asia-Pacific countries. The Manager intends to produce regular and stable cash distributions to Unitholders while seeking to achieve sustainable growth in NAV per Unit. In pursuing this strategy, the Manager intends to take a long-term approach in investing in real estate assets and while its current portfolio is located in Malaysia, it may also consider acquiring properties outside of Malaysia that meet its investment criteria as opportunities arise.

As several of the Properties form a significant part of the integrated real estate development of the Sunway Integrated Resort, the Manager will seek to maximise the operating synergies between the Bandar Sunway Properties themselves, as well as between the Bandar Sunway Properties and other properties currently owned by the Sponsor or its related companies. The Manager will also leverage on the Sponsor's extensive experience in real estate development and its network of industry contacts and partners to identify additional investment opportunities meeting its investment criteria. Sunway REIT will also benefit from the Right of First Refusal granted by the Sponsor to purchase investment properties that the Sponsor proposes to sell in the future.

The Manager's strategy can be broadly categorised as follows:

- (i) *Active asset management strategy* — The Manager intends to leverage on the Property portfolio's competitive strengths to optimise rental, occupancy and Net Lettable Area to increase rental income. In addition, the Manager intends to actively identify and capitalise on potential asset enhancement initiatives within the current portfolio of Properties to generate additional value for the Unitholders.
- (ii) *Acquisition growth strategy* — The Manager intends to identify and selectively acquire income-producing properties that meet the Manager's investment criteria. The Manager will seek properties that are yield-accrative and have the potential to contribute to long-term growth in distributions per Unit and/or NAV per Unit.



**4. INFORMATION ON SUNWAY REIT (Cont'd)**

- (iii) *Capital and risk management strategy* — The Manager intends to optimise the capital structure and cost of capital of Sunway REIT and to adopt an active interest rate management strategy to manage the risks associated with changes in interest rates.

**4.4.1 Active asset management strategy**

The Manager's strategy for organic growth is to actively manage the Properties and to continue to develop strong relationships with tenants by providing value-added property-related services. Through such active property management, the Manager seeks to maintain high tenant retention levels, reduce vacancy levels and minimise the impact to rental income from tenant turnover, as well as the costs associated with marketing and leasing space to new tenants. The Manager also intends to take advantage of its close ties with the Sponsor to enhance its asset management initiatives, where possible. The Manager intends to employ the following specific active asset management strategies:

**(i) Capitalise on the integrated nature of Bandar Sunway**

85.5% of the Properties by Appraised Value are located in the Sunway Integrated Resort, one of Malaysia's leading tourist attractions, located in Bandar Sunway. Bandar Sunway is one of the largest integrated, master-planned townships in the Klang Valley and has been developed by the Sponsor since the Sponsor commenced operations in 1986. Bandar Sunway, located 18 kilometers southwest of Kuala Lumpur, benefits from well-developed infrastructure, easy access provided by five nearby expressways and a mix of integrated retail, theme park, hospitality, office, education and medical. In addition, Bandar Sunway is set to see further development, such as the Sunway South Quay, a middle upper market development of lakeside homes adjacent to the Sunway Integrated Resort. Sunway South Quay is currently under construction and is expected to consist of approximately 4,000 residents units upon completion. In addition, as part of the Government's scheme to expand Kuala Lumpur's transportation network, further track will be added to the city's LRT system to extend to Subang Jaya and UEP Subang Jaya suburbs which are located near Bandar Sunway. The Manager believes this upcoming LRT link, in combination with a proposed feeder bus link, will greatly improve transport between Kuala Lumpur and the Bandar Sunway Properties. Both of these projects are expected to increase the broader catchment area for, as well as the general flow of visitors to, Bandar Sunway. Sunway Lagoon, a key component of the Sunway Integrated Resort, which has won several international awards, including "Asia's Best Attraction" from the International Association of Amusement Parks and Attractions for the three consecutive years 2007, 2008 and 2009.

For further information, please refer to Section 6.2(iii) of this Prospectus on the positive synergies from the location of several Properties in Bandar Sunway.

The Manager intends to capitalise on the attraction and integrated nature of Bandar Sunway to drive the performance of the Bandar Sunway Properties. These strategies include:

- (a) Optimising the tenant mix at Sunway Pyramid Shopping Mall to reflect the interests of residents in Bandar Sunway and surrounding areas, and of domestic and international tourists to the area;
- (b) Cross promoting the Bandar Sunway properties and other properties owned or operated by the Sponsor in Bandar Sunway, for example by promoting the Sunway Pyramid Shopping Mall, the Sunway Resort Hotel & Spa, Pyramid Tower Hotel and Menara Sunway to visitors of the Sunway Integrated Resort and by leveraging on the "Sunway" brand name;
- (c) Working with the Sponsor to promote Bandar Sunway and to increase the amenities of the area, for example, by increasing customer loyalty through a proposed Sunway reward card program, maximising the utilisation of car parks, optimising traffic flow, utilising a shared security force and beautifying the area through landscaping and other means;
- (d) Leveraging on the diverse medical, educational and commercial communities in the area to increase the number of visitors to the Bandar Sunway properties;

**4. INFORMATION ON SUNWAY REIT (Cont'd)**

- (e) Working with the Sponsor to attract and increase customer arrivals by organising international events such as concerts, conventions, sporting events, award ceremonies and other functions in Bandar Sunway; and
- (f) Continuing to enhance the inter-connectivity of the Bandar Sunway properties and the Bandar Sunway township, by means of a free shuttle bus service, planned bridges and walkways and other potential infrastructure improvements.

**(ii) Active management of the Properties to generate organic growth**

The Manager intends to maximise the rental income from the Retail Properties and Office Properties by increasing rental rates over time and maintaining maximum occupancy. The Manager intends to do this in relation to the Retail Properties and the Office Properties by:

- (a) Further developing its relationship with tenants to enhance the level of service and experience of tenants in the Retail Properties and the Office Properties;
- (b) Maintaining a high level of tenant satisfaction by proactively responding to tenants' requests, tailoring leasing solutions to meet tenant requirements, undertaking preventive maintenance of the Properties and where appropriate, servicing the expansion needs of existing tenants;
- (c) Actively targeting new tenants for the Retail Properties and the Office Properties to improve the tenant mix to reduce the impact to economic cycles on overall rental income, to manage specific business sector risks and to capture a larger group of patrons as appropriate for the Property in question;
- (d) Actively pursuing new leasing opportunities, manage lease renewals through advance negotiations with tenants whose tenancies are about to expire, minimising vacancy periods, managing rental arrears and taking a disciplined approach to increasing rent for renewing leases with below-market rents and in the provision of incentives to tenants; and
- (e) Increasing the number of tenants paying turnover rent to the Retail Properties.

By enhancing relationships with tenants, the Manager intends to increase the attractiveness of the Properties to improve the retention rate of existing tenants and to attract desirable new tenants to improve tenant mix while steadily increasing rental rates due to increasing market demand for the Retail Properties and the Office Properties.

For the Hospitality Properties, the Manager intends to work closely with the Lessees to improve operational performance by providing strategic direction to the Lessees in areas such as room yield management, optimisation of guest mix, development of marketing programs and access to global hospitality market intelligence.

**(iii) Continued asset enhancement initiatives**

The Manager intends to continue to improve the revenue and value of the portfolio by undertaking asset enhancement activities such as increasing Net Lettable Area and rental potential through innovative space rationalisation and the reconfiguration and upgrading of building facilities. For the Retail Properties, asset enhancement activities include tenant relocation to facilitate improvements in customer traffic distribution throughout the property and the creation of additional or new rental space from common areas. For the Hospitality Properties, asset enhancement activities include refurbishments over time, for example, the floor-by-floor refurbishment of 299 guest rooms at the Sunway Resort Hotel & Spa during 2007 and 2008. For the Office Properties, the Sponsor completed an approximately RM16 million refurbishment of the Sunway Tower in 2009 and Menara Sunway is in the process of being upgraded. The Manager intends to continue upgrading the Office Properties, when necessary, to increase the demand for office space as well as to enhance property income and increase property value.

**4. INFORMATION ON SUNWAY REIT (Cont'd)****(iv) Improve cost efficiency**

The Manager intends to minimise property-related and other operating expenses, without compromising the delivery of quality and value-added property related services to tenants. Strategies being implemented by the Manager to improve cost discipline of Sunway REIT include implementing cost control management systems, conducting periodic evaluations of the cost competitiveness of contracts with third parties and adopting energy-efficient practices to achieve utility cost savings for common areas. The Manager will also seek to increase the operating productivity of its staff and third party contractors in order to drive greater efficiency. The Manager also intends to continue other cost-saving methods such as the centralised purchasing of maintenance items and insurance, in order to benefit from economies of scale.

**4.4.2 Acquisition growth strategy**

The Manager will seek to make additional property acquisitions meeting its investment criteria that will provide attractive cash flows and yields, as well as opportunities for further revenue growth through asset enhancement. This acquisition strategy will benefit from Sunway REIT's relationship with the Sponsor and the Right of First Refusal granted by the Sponsor over other properties owned by the Sponsor. To the extent that the Sponsor continues to develop its current real estate projects and any new projects, the Manager believes that this may provide a potential pipeline of acquisitions for Sunway REIT. For example, the Manager believes that potential acquisitions include mixed-use and office projects currently being developed by the Sponsor. The Manager will leverage on the Sponsor's experience, market reach and network of contacts in the real estate industry in order to identify potential yield-accretive acquisitions for Sunway REIT. Please refer to Section 4.2 of this Prospectus for further details on some of the projects currently being developed by the Sponsor.

In evaluating future acquisitions, the Manager intends to focus primarily on the following investment criteria with respect to a property under consideration, subject to the limitations and restrictions set forth in the Deed on investment policies. Please refer to Section 15 of this Prospectus for further details on the salient terms of the Deed.

**(i) Value accretion**

The Manager intends to seek to acquire stable income-producing real estate assets which will be yield-accretive and that have the potential to contribute to long-term growth in distributions per Unit and/or NAV per Unit.

For example, the Manager will seek to acquire properties that will be enhanced by other mature assets located in Bandar Sunway due to the opportunities for synergies between such properties and the greater attraction to patrons and tenants. Please refer to Section 6.2(iii) of this Prospectus for further details of the positive synergies of several properties in Bandar Sunway.

**(ii) Repositioning opportunities**

The Manager intends to acquire properties to which it can add value through various techniques including asset enhancement initiatives, renovations, improved maintenance, more effective tenant management and property management. Through these repositioning techniques, the Manager intends to increase occupancy rates, rental rates and potentially capital values as well as the competitive positioning of such acquired properties.

**(iii) Improving tenant mix and occupancy**

The Manager intends to acquire properties with high occupancy, strong existing tenants or with the potential to increase rental and tenant retention rates relative to competitive properties. The Manager's objective is to maintain healthy occupancy rates with a diverse mix of established tenants of good credit standing to minimise rental delinquency and tenant turnover.

## 4. INFORMATION ON SUNWAY REIT (Cont'd)

### 4.4.3 Capital and risk management strategy

The Manager aims to optimise Sunway REIT's capital structure and cost of capital within the borrowing limits set out in the REIT Guidelines. In addition, the Manager intends to use a combination of debt and equity financing to fund future acquisitions and capital expenditure, determined with regards to the strategies described below.

The Manager's ongoing capital management strategy involves adopting and maintaining an appropriate gearing level and adopting an active interest rate management strategy to manage the risks associated with changes in interest rates. By doing so, the Manager intends to maximise Sunway REIT's Distributable Income while maintaining an appropriate level of risk associated with debt financing.

The Manager intends to implement this strategy by (i) diversifying sources of debt funding, (ii) maintaining a reasonable level of loan service capability, (iii) securing the most favourable terms of funding, (iv) managing its financial obligations, (v) where appropriate, managing the exposures arising from adverse market interest rates and foreign exchange exposure through appropriate hedging strategies and (vi) actively manage the range of maturities to reduce refinancing risk and optimize the cost of capital.

The Manager expects that Sunway REIT's loan to value ratio upon Listing will be 30% based on the Appraised Value of the Properties. Sunway REIT may consider pursuing further acquisitions as a means of growing its asset size. Further, based on the Appraised Value of the Properties, the Manager could raise approximately RM373 million of additional debt to fund acquisitions by increasing Sunway REIT's loan to value ratio from 30% to 40%.

### 4.4.4 Distribution policy

Distributions will be made by the Manager on a quarterly basis or at such other times as the Manager in its sole discretion may determine. Currently, the Manager intends to distribute at least 100% of its Distributable Income for each of the first two Financial Years. Thereafter, the Manager intends to distribute at least 90% of its Distributable Income in each subsequent Financial Year with the actual level of distribution to be determined by the Manager in its sole discretion. Distributions, when made, will be in Malaysian Ringgit.

### 4.5 Investors' profile

Sunway REIT is most suitable for investors who:

- (i) have funds but do not have the time or expertise to find, select, negotiate, purchase and manage real estate properties;
- (ii) have limited funds and wish to, but cannot, finance investment in real estate property for their own account;
- (iii) have a long-term investment horizon; and
- (iv) seek long-term capital growth on a portfolio of Real Estate and/or Real-Estate Related Assets.

### 4.6 Performance benchmark

The following performance indicators can be considered in reviewing the performance of Sunway REIT:

- (i) *Management expense ratio* – the ratio of expenses incurred in operating Sunway REIT to the NAV of Sunway REIT;
- (ii) *Total returns* – the change in value of Sunway REIT over a period of time plus any distributions received during that time;

**4. INFORMATION ON SUNWAY REIT (Cont'd)**

- (iii) *Average annual return* – the sum of the return rates of Sunway REIT over a given number of years divided by that number of years;
- (iv) *Distribution yield* – the annual distribution per Unit paid by Sunway REIT divided by its current market price; and
- (v) *NAV per Unit* – net asset value of Sunway REIT as determined by deducting the value of all Sunway REIT's liabilities from the Total Asset Value, divided by total issued Units.

**4.7 Independent property market overview report**

The Manager has engaged the Independent Market Researcher to prepare an independent property market overview report which describes the real estate markets in which Sunway REIT operates and the outlook for those markets. This report is set out in Appendix III of this Prospectus.

**The remainder of this page has been intentionally left blank**

## 5. RISK FACTORS

An investment in the Units involves a high degree of risk. Investors should carefully consider all the information in this Prospectus, including the risks described below before making an investment decision. If any of the risks described below actually occur, Sunway REIT's business, prospects, financial condition, results of operations and ability to make distributions could be seriously harmed, the trading price of the Units could decline, and investors may lose all or part of their investment.

Unless specified or quantified in the relevant risk factors below, the Manager is not in a position to quantify the financial or other implication of any of the risks described in this section. The risks set out in this Prospectus may not be exhaustive and additional risks and uncertainties not presently known to Sunway REIT, or which are currently deemed to be immaterial, may arise or may become material in the future.

### 5.1 Risks relating to Sunway REIT's operations and Properties

#### 5.1.1 A significant portion of Sunway REIT's revenue will depend on the success and economic viability of its tenants

Sunway REIT's financial condition will depend significantly on continuously leasing the Properties to tenants on economically favourable terms. Sunway REIT's initial portfolio will consist of properties in the retail, hospitality and office sectors. Because Sunway REIT's income will consist primarily of rental income from the Properties generated from businesses in the foregoing sectors, it will be subject to the general risks associated with investments in each of these sectors, including the risk of a downturn in rental rates and occupancy in the retail, hospitality or office sectors. The weakening of the financial condition of a significant tenant or a number of small tenants at any one time could have a material adverse affect on Sunway REIT's financial condition and ability to make distributions. For example, if the sales revenue of stores operating at the Retail Properties were to decline significantly, these tenants may be unable to pay their base rents or expense charges.

Sunway REIT's income from certain of its Retail Properties and the Hospitality Properties comprises a base rent as well as additional amounts based on revenue generated by the tenants and lessees of the respective Properties. Accordingly, a decrease in the revenue generated by the tenants and lessees will cause a corresponding decrease in Sunway REIT's income from such tenants and lessees.

Furthermore, the weakening of the financial condition of one or more of Sunway REIT's tenants and lessees may cause:

- payment delay;
- defaults by the tenant under the tenancy agreement;
- insolvency of the tenant and a corresponding premature termination of the tenancy agreement;
- non-renewal of the tenancy upon its expiration; or
- renewal of the tenancy on terms that are less favourable to Sunway REIT than the terms of the current tenancy agreement.

Therefore, Sunway REIT will be significantly dependent upon the success and commercial viability of its tenants and any of the foregoing events could have a material adverse effect on Sunway REIT's financial condition, results of operations and ability to make distributions.

#### 5.1.2 Sunway REIT and the Manager will be dependent on the Sponsor in various ways

The Manager intends to leverage on and benefit from the Sponsor's established track record in property development and use the "Sunway" brand name in attracting reputable tenants, maintaining tenant relationships, attracting visitors as well as maintaining and operating the Properties and exploring investment opportunities. Sunway REIT may also choose to acquire additional properties directly from the Sponsor in the future pursuant to the Right of First Refusal. Thus, the Manager is dependent on the "Sunway" brand name, its relationship with the Sponsor and on the ability of the Sponsor to devote time and effort to initiatives relating to Sunway REIT. If the Sponsor is unable to provide the support

**5. RISK FACTORS (Cont'd)**

required by Sunway REIT when needed in the future, it may have a material adverse effect on Sunway REIT's business operations and future growth. In addition, Sunway REIT and the Manager will also be dependent on the Sponsor to provide IT infrastructure and support services. Please refer to Section 12 of this Prospectus on Related Party Transaction for further details of such services. The provision of such infrastructure and support services will not be entirely within the control of Sunway REIT or the Manager and the operational capabilities of the Manager may be adversely affected if there is any interruption or defect in the provision of IT infrastructure, services or equipment by the Sponsor.

**5.1.3 Sunway REIT is dependent on major tenants**

The Retail Properties and the Office Properties all have major tenants who contribute to the popularity and economic success of the Properties, and one of the Properties, SunCity Ipoh Hypermarket, carries a single tenant. Please refer to Section 6 of this Prospectus for further details of the key tenants for each Property. Any tenant occupying a large portion of the Net Lettable Area of a Property, an anchor tenant, or a tenant that is Sunway REIT's anchor tenant at more than one Property may suffer a downturn in business, may no longer open for business, may become insolvent or may decide not to renew its tenancy. Any of these events would result in a reduction or cessation in rental payments to Sunway REIT and would materially affect its business, results of operations, financial condition and ability to make distributions.

Additionally, a termination or non-renewal of a tenancy by an anchor tenant could negatively impact the attractiveness of the related Property to other tenants, who could also decide not to renew their tenancies. In such event, Sunway REIT may be unable to find substitute tenants or re-rent the vacated space. Even if Sunway REIT re-lets a vacated unit to a new anchor tenant, the transfer to a new anchor tenant could still lead to a decrease in customer traffic at the Property (especially, for example, in connection with the Retail Properties), which could reduce occupancy and rental rates at that Property.

In the event that Sunway REIT is unable to re-rent the vacated space to a new anchor tenant, Sunway REIT may incur additional expenses in order to remodel the space so that it may be rented to more than one tenant. This could have a material adverse effect on Sunway REIT's business, results of operations, financial condition and ability to make distributions. For a discussion on the ways the Manager believes it will nevertheless be able to continually attract new anchor tenants through its investment strategies and competitive strengths, please refer to Sections 4.4 and 6.2 of this Prospectus respectively.

**5.1.4 Difficult conditions in the global capital markets and the economy generally have affected the Predecessor Group and may have a material adverse effect on Sunway REIT's business and results of operations or cause Sunway REIT to experience limited availability of funds**

Economic developments in the last few years have adversely affected the global economy including the Malaysian economy and the Predecessor Group. Since the second half of 2007, the global credit markets have experienced significant dislocations and liquidity disruptions which have originated from the liquidity disruptions in the United States and the European Union credit and sub-prime residential mortgage markets. These and other related events, such as the recent collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in Malaysia. The deterioration in the financial markets has caused a recession in many countries, which has led to significant declines in employment, household wealth, consumer demand and lending and, as a result, has adversely affected economic growth in Malaysia and elsewhere.

In addition, changes in the global and Malaysian credit and financial markets have significantly diminished the availability of credit and have also resulted in an increase of the financing costs of the Predecessor Group. These factors could have a series of effects on Sunway REIT's business, which may have a material adverse effect on the results of operations and Sunway REIT's future growth or otherwise decrease Sunway REIT's revenues. Sunway REIT may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. There can be no assurance that Sunway REIT will be able to raise funds at a reasonable cost which could have a material adverse effect on Sunway REIT's business, prospects, financial condition and results of operations.

**5. RISK FACTORS (Cont'd)****5.1.5 Because of its dependence on external financing, Sunway REIT's ability to make distributions may be adversely affected by its current or future loan agreements**

The acquisition of the Properties will be partly funded by approximately RM1,118.7 million of debt or approximately 30% of the Total Asset Value as of the Listing Date. Please refer to Section 7.4 of this Prospectus for the Management's discussion and analysis of future operations on Sunway REIT's indebtedness.

Sunway REIT's borrowings, including borrowings through the issuance of debt securities, are limited by the REIT Guidelines and the Deed and should not exceed 50% of its Total Asset Value at the time the borrowing is incurred. Notwithstanding the limitation, the borrowing limit may be increased with the Unitholders' approval by way of Ordinary Resolution in accordance with the REIT Guidelines and the Deed. From time to time, Sunway REIT may need to incur additional debt or equity financing to fund future expansion, operational needs and debt service payments or other purposes but may be unable to do so due to the effective borrowing limits.

Sunway REIT may also face difficulties in securing financing in a timely manner and on favourable commercial terms or at all. Even if Sunway REIT is able to raise its leverage limit with Unitholders' approval, an increase in cost of funding may increase the risk of investing in Sunway REIT and may impact Sunway REIT's distributions to Unitholders.

Sunway REIT's initial indebtedness will comprise a mixture of floating- and fixed-rate borrowings, and in the future, the cost of Sunway REIT's indebtedness will continue to be subject to floating interest rates. Increases in interest rates could significantly affect Sunway REIT's financial condition and results of operations. The interest rates of certain of Sunway REIT's borrowings could be subject to changes based on the prime lending rate of the respective lenders, which could be subject to renegotiation on a periodic basis. If the interest rates for Sunway REIT's existing or future borrowings increase significantly, its cost of funds will increase, which may adversely impact its results of operations, planned capital expenditures and cash flows. Although Sunway REIT may in the future enter into hedging arrangements to protect against interest rate risks, there can be no assurance that these arrangements will successfully protect Sunway REIT from losses due to fluctuations in interest rates or the failure of counterparties to perform their obligations.

Subject to the foregoing limitation on Sunway REIT's ability to borrow funds, Sunway REIT's level of debt and the limitations imposed on it by its current or future loan agreements could have significant adverse consequences associated with debt financing, including, but not limited to, the following:

- its cash flows may be insufficient to meet its required principal and interest payments;
- payments of principal on borrowings may leave Sunway REIT with insufficient cash resources to operate its properties or make or maintain levels of distributions to Unitholders;
- it may be unable to refinance its indebtedness at maturity or the refinancing terms may be less favourable than the terms of the original indebtedness;
- it may be subject to certain restrictive covenants, which may limit or otherwise adversely affect its operations, such as its ability to incur additional indebtedness, acquire properties, make certain other investments, make capital expenditures, or make distributions to Unitholders;
- it may also be subject to certain affirmative covenants, which may require it to set aside funds for maintenance or repayment of security deposits; and
- it may be more vulnerable to economic downturns or patterns of significant withdrawals of bank funding from real estate companies (such as the financial crisis of 2008-2009), may be limited in its ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Any failure by Sunway REIT to service its indebtedness, maintain the required security interests or otherwise perform its obligations under financing agreements could lead to a termination of one or more of its credit facilities, trigger cross default provisions, penalties or acceleration of amounts due



**5. RISK FACTORS (Cont'd)**

under such facilities, any or all of which may have a material adverse effect Sunway REIT's business, financial condition and results of operations.

**5.1.6 The Manager and Sunway REIT are each newly established entities with no established operating histories for investors to rely on in making an investment decision**

The Manager was incorporated on 14 February 2008 and Sunway REIT was established on 20 May 2010. Accordingly, neither the Manager nor Sunway REIT has an operating history by which its past performance may be judged and investors may find it difficult to evaluate their respective future prospects. There can be no assurance that the Manager will be able to successfully operate Sunway REIT as a real estate investment trust or as a publicly-listed entity, and there can be no assurance that Sunway REIT will be able to generate sufficient revenue from operations to make distributions, or that such distributions will be made in line with those set forth in the Section 7.4 of this Prospectus or at all. In addition, the historical financial information and operating statistics included in this Prospectus should not be used as a basis for evaluating Sunway REIT's results of operations in the future. Despite the fact that Sunway REIT and the Manager are newly established entities; the majority of the members of the management team of the Manager have been managing the Properties for many years and/or have the relevant experience. Please refer to the profiles of the Directors and key personnel of the Manager set out in Sections 9.3 and 9.4 of this Prospectus.

**5.1.7 The Manager may not be able to successfully implement its strategy**

The Manager's ability to successfully implement its strategy for Sunway REIT will depend on, among other factors, its ability to identify suitable investment opportunities that meet its investment criteria and to obtain financing on favourable terms. There can be no assurance that the Manager will be able to successfully implement its investment strategies or that it will be able to do so in a timely and cost-effective manner. Moreover, decisions made by the Manager may cause Sunway REIT to incur losses or to be unable to successfully implement business opportunities.

The Unitholders will have no right or power to participate in the day-to-day management or control of the business of Sunway REIT, nor an opportunity to evaluate the Manager's decisions regarding specific strategies used or the investments made by Sunway REIT or the terms of any such investment. The failure of the Manager to successfully implement its strategies could have a material adverse effect on Sunway REIT's business, financial condition, results of operations and ability to make distributions, and the price of the Units could decrease.

**5.1.8 The strategy of the Manager is subject to change**

Sunway REIT's policies with respect to certain activities, including investments and acquisitions, will be determined by the Manager. Unitholders and potential investors should note that, subject to the requirements of the REIT Guidelines, the Deed and applicable law, the Manager has wide discretion to determine the investment strategy of Sunway REIT and may decide to invest in other types of assets, including any real estate, real estate-related assets, as well as listed and unlisted securities. Furthermore, as with other investment decisions, there are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves. Thus, the Manager's investment strategies may result in adverse consequences for Sunway REIT. In addition, for a discussion of the restrictions relating to the investment policies of Sunway REIT set out in Deed outlining the guidelines on the limitations and types of investments, which may be undertaken by Sunway REIT, please refer to Section 15.14 of this Prospectus.

**5.1.9 Sunway REIT is significantly dependent on key personnel of the Manager**

Sunway REIT's success is significantly dependent on the efforts, abilities and continued performance of the Manager's senior management team and certain key senior personnel. The insight and experience gained by the Manager and its key employees from their management of the Properties may be difficult to replace should the Manager or any of its key employees leave their position. These key personnel may, in the future, leave the Manager or compete with the Manager or Sunway REIT. Accordingly, the loss of any of these individuals or one or more of the Manager's other key employees could have a material adverse effect on Sunway REIT's business, results of operations and financial condition. In the event of the loss of certain key personnel of the Manager, a management succession plan has been created to ensure business continuity. For a further discussion of the management succession policies in place at Sunway REIT, please refer to Section 9.5 of this Prospectus.

**5. RISK FACTORS (Cont'd)****5.1.10 Sunway REIT's portfolio is not geographically diversified**

Sunway REIT's initial property portfolio will consist of the Retail Properties, the Hospitality Properties and the Office Properties, all of which are located in Malaysia. Accordingly, Sunway REIT is exposed to the risks associated with the geographical concentration of the Properties, including the risk of an overall downturn in economic and real estate conditions in Malaysia.

Furthermore, four out of eight Properties are located in Bandar Sunway and significantly depend on the success and economic viability of the Sunway Integrated Resort. Each of the Sunway Pyramid Shopping Mall, Pyramid Tower Hotel, Sunway Resort Hotel & Spa and Menara Sunway are located in, and form a substantial portion of, the Sunway Integrated Resort. The Sunway Integrated Resort is significantly dependent on leisure and business travellers and is therefore subject to, among other risks, the risks associated with the hospitality industry. In addition, a downturn in one or more of the retail, hospitality or office industries or decrease in the popularity of the Sunway Integrated Resort may have more pronounced effects on the financial condition, results of operations and amount of cash available to Sunway REIT for distribution than if it had further diversified its investments across different sectors in different geographical locations.

**5.1.11 The illiquidity of real estate investments and the lack of alternative uses for the Properties could significantly limit the ability of Sunway REIT to sell the Properties in a timely manner**

Sunway REIT's ability to promptly sell any of its Properties or to vary its investment portfolio in response to changing economic, financial and investment conditions may be limited. The market for acquiring/disposing of retail, hospitality or office properties has traditionally not been very active or liquid in Malaysia and is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond Sunway REIT's control.

In addition, the Properties may not readily be converted to alternative uses if they were to become unprofitable due to competition, age, decreased demand or other factors. The conversion of a retail, hospitality or office property to alternative uses would also generally require substantial capital expenditures. While the Manager believes that the presence of Sunway REIT in the market and the establishment of other REITs have the potential to create an opportunity to improve liquidity and encourage more active trading of real estate in the future, there can be no assurance that such developments will occur as envisaged or at all.

**5.1.12 The Properties are subject to the risk of non-renewal of expiring tenancies**

The tenancy agreements for most of the Retail Properties and the Office Properties stipulate three-year terms with options to renew for three-year terms, typically at prevailing market rates. As a result, a number of the Properties may experience periods during which a significant number of tenancies may expire. This frequency of renewals and manner of rent calculation make Sunway REIT susceptible to rental market fluctuation which, in a declining market, may lead to higher vacancies and lower rental rates and lower rental income, which will in turn reduce the revenue of Sunway REIT. The tenants may not renew their tenancies at all or, because of market conditions, may only be able to renew their tenancies on terms that are less favourable to Sunway REIT than the terms of the current tenancies. If the rental rates upon renewal or re-letting are significantly lower than expected rates, then Sunway REIT's results of operations and financial condition will be adversely affected. Furthermore, if a tenancy is terminated or not renewed, there can be no assurance that Sunway REIT will be able to relet the vacant units for the rent previously received.

The remainder of this page has been intentionally left blank

**5 RISK FACTORS (Cont'd)****5.1.13 Sunway REIT will be subject to increases in operating and other expenses**

Sunway REIT's operations will be subject to increases in expenses due to a number of factors including, but not limited to, the following:

- increase in repair and maintenance costs;
- withdrawal of exemptions from income tax in respect of income from the Properties;
- increase in quit rent, assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in the rate of inflation;
- adverse changes in the cost of existing and future debt financing;
- increase in insurance premiums; and
- increase in the cost of utilities.

Additionally, certain significant expenditures associated with investments in real estate (such as insurance costs and operating and maintenance costs) are particularly subject to inflation, may not decrease and may increase in circumstances which cause a reduction in income from a property, which could have an adverse effect on the financial condition and results of operations of Sunway REIT. Furthermore, capital expenditures and other expenses may be irregular since continuing repairs and maintenance involve significant, and potentially unpredictable, expenditures. Both the amount and timing of expenditures will have an impact on the cash flow of Sunway REIT. If the Properties do not generate revenue sufficient to meet operating expenses, debt service and capital expenditures, Sunway REIT's income and ability to make distributions will be materially and adversely affected.

**5.1.14 Sunway REIT's operations may require significant capital expenditure for which it may not be able to secure funding**

The Properties and future investments by Sunway REIT may require periodic capital expenditure for refurbishment, renovation for improvements or development in order to remain competitive or be income-producing. Sunway REIT may not be able to fund capital improvements or acquisitions solely from cash provided from its operating activities and it may not be able to obtain additional debt or equity financing.

Sunway REIT may also require additional debt and equity financing to fund future expansion, operational needs and debt service payments. Additional debt and equity funding may not be available as and when required. If debt funding is incurred, it may result in increased debt service obligations and could result in additional operating and financing covenants, or liens on the Assets of Sunway REIT that would restrict its operations. Without required funding, Sunway REIT may not be able to continue its operations, incur capital expenditures, hire, train and retain employees or respond to competitive pressures or unanticipated funding requirements.

There can be no assurance that necessary financing will be available in amounts or on terms acceptable to Sunway REIT, or at all. If Sunway REIT fails to raise additional funds in such amounts and at such times as it may need, it may be forced to reduce its capital expenditure to a level that can be supported by its currently available funding sources, which may result in its inability to meet drawing conditions under its current credit facilities or result in a default and exercise of remedies by the lenders under its loan facilities. In the event of delayed funding, Sunway REIT could suffer a partial or complete loss of its investments.

**5. RISK FACTORS (Cont'd)****5.1.15 The historical combined financial information and proforma consolidated balance sheets included herein may not reflect actual financial position, results and cash flows**

The combined financial statements included elsewhere in this Prospectus have been prepared on an aggregated basis as if the Properties have been operating as a single economic entity throughout and as at the periods and dates presented.

The combined financial statements do not incorporate the effects of the formation of Sunway REIT, including the adoption of the Hotel Master Leases in respect of the Hospitality Properties. Therefore, they are not reflective of the financial position, results of operations and cash flows that would have occurred if the formation of Sunway REIT had been effected on 1 July 2006 or of the future financial position, results of operations and cash flows of Sunway REIT.

As the Properties were part of the Sponsor, they did not operate as a separate group, independent of the Sponsor. The combined financial statements are, therefore, not necessarily indicative of the financial position, results of operations and cash flows that would have occurred if the Properties had been an independent stand-alone group during the financial years or periods under review. The combined financial statements are also not necessarily indicative of the future financial position, results of operations and cash flows of Sunway REIT's business.

The proforma consolidated balance sheets have been prepared on the basis that the formation of Sunway REIT occurred as at the Date of Establishment. As the proforma consolidated balance sheets are prepared for illustrative purposes only, such information, because of its nature, do not give a true picture of the effects of the formation of Sunway REIT on the financial position of Sunway REIT had the transaction or event occurred at the balance sheet date. Further, such information does not purport to predict Sunway REIT's future financial position.

**5.1.16 Sunway REIT's actual results may vary significantly from the profit forecast set forth herein**

A profit forecast of Sunway REIT for FYE 30 June 2011 has been prepared for inclusion in this Prospectus as set out in Appendix V of this Prospectus on the Reporting Accountant's Letter on Profit Forecast. The profit forecast is based on the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted by Sunway REIT. Furthermore, it reflects the current judgment of the Directors regarding expected conditions and Sunway REIT's expected course of action, which are subject to change.

The profit forecast is based on a number of assumptions that are inherently subject to significant uncertainty due to factors including, but not limited to, those identified in "*Forward-Looking Statements*." Many of these factors are not within Sunway REIT's or the Manager's control and some of the assumptions with respect to future business decisions and strategies are subject to change. Sunway REIT's actual results may differ significantly from such forecast and may affect the market price of the Units. There can be no assurance that Sunway REIT's actual results will not vary significantly from the profit forecast set forth herein.

The profit forecast should be reviewed in conjunction with the description of the business, the historical financial information and the other information contained in this Prospectus, including the risk factors set forth in Section 5 of this Prospectus.

**5.1.17 Damage to, or other potential losses involving the Properties may not be covered by insurance**

Sunway REIT will maintain comprehensive property and liability insurance policies with coverage features and insured limits that the Manager believes are consistent with market practice in the real estate industry in Malaysia. Market forces beyond Sunway REIT's control may nonetheless limit the scope of insurance coverage that it can obtain or its ability to obtain such coverage at reasonable rates. Design, construction or other latent property or equipment defects or deficiencies in the Properties may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties, other than those disclosed in this Prospectus and may not be covered by insurance. In addition, certain types of losses, generally of a catastrophic nature, such as natural disasters, terrorist acts, the outbreak of infectious diseases or any losses as a result therefrom, may be uninsurable or the required insurance premiums may be too expensive to justify obtaining insurance. As a result, Sunway REIT may not be successful in obtaining insurance without increases in cost or decreases in coverage levels. In addition, in the event of a substantial loss, the insurance

**5. RISK FACTORS (Cont'd)**

coverage it carries may not be sufficient to pay the full market value or replacement cost of its lost investment or that of its tenants or in some cases could result in certain losses being totally uninsured. Accordingly, Sunway REIT could lose some or all of the capital it has invested in a Property, as well as the anticipated future revenue from the Property, and it could remain obligated for guarantees, debt, or other financial obligations related to the Property.

Moreover, Sunway REIT's insurance policies and terms of coverage will be subject to renewals and negotiations on a periodic basis in the future and there is no assurance as to the nature and extent of coverage that will be available on commercially reasonable terms in the future. Any material increase in insurance rates or decrease in available coverage in the future will adversely affect Sunway REIT's business, financial condition and ability to make distributions to the Unitholders. For a further discussion of the insurance policies in effect relating to the Properties, please refer to Section 6.12 of this Prospectus.

**5.1.18 Renovation, asset enhancement works or physical damage to the Properties may disrupt the businesses and operations of those Properties and collection of rental income or otherwise adversely impact Sunway REIT's financial condition**

The demand and rental rates for the Properties are affected by the quality and design of the Properties. The Properties may require renovation or asset enhancement works from time to time to retain their attractiveness to tenants, shoppers (in the case of the Retail Properties) and guests (in the case of the Hospitality Properties). During the period of such renovation works, the businesses and operations of the Properties may be disrupted and it may not be possible for Sunway REIT to collect rental income on premises affected by such renovation works. The costs of maintaining property and the risk of unforeseen maintenance or repair requirements tend to increase over time as such property ages. In addition, physical damage to the Properties resulting from acts of God, fire or other causes may lead to a significant disruption to the businesses or operations of any of the Properties. In order to address such damages or need for renovation, the Manager and Property Manager may have to procure the provision of maintenance and other services from third parties, but qualified third parties may not be immediately found or their services may be inadequate.

Any disruption to the businesses or operations of the Properties could limit Sunway REIT's ability to collect rental income, reduce shopper traffic in the case of the Retail Properties, reduce occupancy in the case of the Hospitality Properties, or impose unbudgeted costs on Sunway REIT which could result in an adverse impact on Sunway REIT's financial condition and results of operations.

**5.1.19 Registration of transfer of Properties may be delayed or may not take place at all**

Under the Malaysian land registration system, the legal title in real property does not pass until the relevant instrument of transfer has been duly registered in the relevant land registry of title in favour of the transferee. Under the current regime, the registration process could take a number of months to complete and the issue document of title evidencing the change in the ownership will only be received by the transferee after completion of such registration process although the date of change of ownership would be at the time of presentation of the instrument of transfer.

At the time of the listing of Sunway REIT, while the instrument of transfer of Properties in favour of the Trustee may have been presented for registration at the relevant land registry, the registration of the transfer of the Properties in favour of the Trustee may not have been completed due to administrative procedures not having been completed. As such, there is a risk of non-registration of the transfer of the Properties in favour of the Trustee on or after Sunway REIT is listed. If such non-registration were to occur, it may be necessary for the Unitholders to terminate and wind up Sunway REIT pursuant to a Special Resolution under the Deed.

To mitigate the risk of non-registration of the Properties in favour of the Trustee, the SPAs for the Acquisitions provide that as at the Completion Date after the Vendors' receipt of the balance of the full purchase consideration and thereafter: (i) the Vendors will acknowledge that the Trustee is the rightful beneficial owner of the Properties for valuable consideration and that the Vendors have no further rights, title and benefit in and to the Properties; (ii) to the extent the transfer is not registered, the Vendors will further acknowledge that they hold the Properties as bare trustee for and on behalf of the Trustee; (iii) the Vendors will immediately execute in favour of the Trustee an irrevocable and unconditional power of attorney, granting to the Trustee, amongst other things, the power to fully deal with the Properties (including the power to sell, transfer, charge and dispose the Properties in

**5. RISK FACTORS (Cont'd)**

accordance with applicable laws including the right to receive the sale proceeds for itself) as if it was the true and rightful owner of the Properties; (iv) to the extent the transfer is not registered, the Vendors will do all such acts and things as may reasonably be required by the Trustee in order that the Trustee may effectively deal with the Properties in its capacity as the sole unencumbered beneficial owner save for the encumbrance in favour of the Trustee's financier; and (v) the Vendor covenants not to deal with the Properties (including sell, lease, charge, encumber or otherwise) without the prior written consent of the Trustee or the Trustee's financier save as envisaged by clause (iii) of this paragraph.

**5.1.20 Non-registration of discharge of charge for the Properties**

The Properties other than Sunway Resort Hotel & Spa and Pyramid Tower Hotel are currently charged by the Vendors to various financial institutions as security for bank borrowings granted to the Vendors and the Sponsor. These existing charges will be discharged through a redemption procedure. Pursuant to the terms of the SPAs, the discharge of charge will be presented for registration at the relevant land registry after the registration of the transfer in favour of the Trustee and the extraction of the original issue documents of title from the relevant land registry. Pursuant to the SPAs, if the discharge of charge for any existing charge cannot be registered for any reasons whatsoever, then the Trustee shall release the existing chargee from its undertaking to refund the redemption sum provided that the existing chargee shall have issued its acknowledgement that the existing chargee's security documents for the loan facilities granted to the Vendor shall be deemed to be discharged or released despite the non-registration of the discharge of charge. The existing chargee will not be in a position to enforce the provisions of the charge after the existing chargee has executed the discharge of charge and delivered the original issue document of title, duplicate charge and the security documents in respect of the properties to the Vendors. It must be noted that a private caveat will not prohibit the registration of a discharge of charge.

**5.1.21 The warranties of the Vendors may not adequately protect Sunway REIT in the event of claims in respect of the Properties**

The SPAs set out certain limitations on the liability of the Vendors in respect of any breach of warranties given by the Vendors. These limitations relate to minimum claims, aggregate minimum claims and maximum liability and the period by which the claims must be brought to the notice of the Vendor by the Trustee. These limitations could prevent Sunway REIT from successfully making claims against the Vendors under the SPAs which it feels are otherwise valid, and failure to recover such claims could result in a material increase in costs borne by Sunway REIT in respect of the Properties. In addition, damages in excess of the maximum liability may not be recoverable and losses in excess of the maximum liability would be borne by Sunway REIT. Such maximum liability cap does not apply to claims in respect of a Vendor's breach of warranty as to its due incorporation and existence, its power and authority to enter into and perform its obligations under the SPA, its ownership of the Property and the permitted land use of the Property. Please refer to Section 16.1 of this Prospectus for further details.

**5.1.22 The Appraised Values or any future valuations may be inaccurate; the purchase consideration to be paid by Sunway REIT may not be indicative of current or future value of the Properties**

The purchase consideration paid by Sunway REIT for the Properties was based on their Appraised Values. With respect to future acquisitions, similar valuations will be required. Property valuations, including the Appraised Values, include a subjective evaluation of a number of factors relating to the relevant Properties, such as their relevant market positions, locations, financial and competitive strengths and their physical condition. These valuations are based on numerous assumptions and estimates and there is no assurance that the valuation methods used by the Independent Property Valuer will prove to be complete, accurate or reliable or that Sunway REIT would be able to sell a Property, either at the present time or at any time in the future, or that the price realisable on such sale would not be lower than the present valuation of, or the price paid by Sunway REIT to purchase such Property.

**5. RISK FACTORS (Cont'd)****5.1.23 There may be conflicts related to the acquisition of properties from the Sponsor**

The Properties to be acquired by Sunway REIT consist of properties owned directly and indirectly by the Sponsor. The Manager has obtained valuation reports dated 29 March 2010 from the Independent Property Valuer, on each of the Properties to be acquired, summaries of which are included elsewhere in this Prospectus. In addition, the Manager may, on behalf of Sunway REIT, acquire other assets from the Sponsor or parties related to the Sponsor in the future. In such cases, the Manager intends to obtain valuations from independent parties and comply with all other requirements applicable to such transactions under the REIT Guidelines. However, there can be no assurance that the terms of acquisition of the Properties or properties to be acquired in the future from the Sponsor or parties related to the Sponsor, the negotiations with respect to the Properties or properties to be acquired, the acquisition value of the Properties or properties to be acquired and other terms and conditions relating to the purchase of the Properties or properties to be acquired (in particular with respect to the representations, warranties and/or indemnities agreed) will not be adverse to Sunway REIT or will reflect an arm's length acquisition of the properties to be acquired by Sunway REIT in compliance with the REIT Guidelines. For further details on existing and proposed related party transactions and conflict of interests, potential related party transactions and conflict of interests and the Manager's policy with dealing with conflict-of-interest situations, please refer to Sections 12.1, 12.2 and 12.3 of this Prospectus.

**5.1.24 Sunway REIT may face competition from the Sponsor relating to property acquisitions and leasing**

The Sponsor, its subsidiaries and associates are engaged in the investment in, and the development, management and leasing of, retail, hospitality and office properties in Malaysia and elsewhere. As a result, there may be circumstances where Sunway REIT competes directly with the Sponsor (or its subsidiaries or associates). Furthermore, the Sponsor may in the future invest in other real estate investment trusts, which may compete directly with Sunway REIT. There can be no assurance that the interests of Sunway REIT will not conflict with or be subordinated to those of the Sponsor in such circumstances. To mitigate these potential conflict of interest situations, the Sponsor has granted to the Trustee the right of first refusal to purchase real estate located in Malaysia and the Asia-Pacific region owned or from time to time owned by the Sponsor and/or its wholly owned subsidiaries and shares of such wholly owned subsidiaries, as more fully described in Section 16.6 of this Prospectus.

**5.1.25 Risks relating to natural disasters and other acts of God, terrorist activity and war could adversely affect Sunway REIT's revenues**

Sunway REIT will be subject to risks such as natural disasters or other acts of God in locations where Sunway REIT owns the properties as well as areas from which its tenants draw a large number of customers, which could cause a decline in the level of business and leisure travel and reduce the demand for the properties. Actual or threatened war, terrorist activity, political unrest, civil strife and other geopolitical uncertainty may have a similar effect. Any one or more of these events may reduce the overall demand for, or Sunway REIT's revenue from, the Properties, which could have a material adverse affect on its results of operations, financial condition and ability to make distributions. Events could also cause damage to the Properties, which may not be covered by insurance.

**5.1.26 While the Properties are located in Malaysia, Sunway REIT's future acquisitions may be located outside Malaysia, which would expose Sunway REIT to risks in other countries**

The principal investment strategy of Sunway REIT is to invest in a diversified portfolio of income-generating real estate in Malaysia other Asia-Pacific countries. Sunway REIT may therefore acquire properties outside of Malaysia in the future, which would expose Sunway REIT to risks relating to local conditions in those countries, including:

- A decline in general economic conditions or local real estate market conditions affecting the attractiveness of the properties or reducing demand for such properties;
- Exchange rate fluctuations between the Malaysian Ringgit and the local currency, and foreign government regulations in relation to foreign exchange;



## 5. RISK FACTORS (Cont'd)

- Foreign laws and policies, such as government controls over property investments or laws concerning foreign ownership of property, and limitations on the ability of Sunway REIT to seek legal recourse;
- Differing levels of income tax, withholding tax, capital gains tax, or any other taxes that may be imposed in other countries or in Malaysia, and potential increases thereto; and
- Uncertainty as to whether Sunway REIT will be able to repatriate to Malaysia the income and gains derived from investment in the properties on a timely and regular basis.

Any inability to navigate the above risks, to the extent they materialise, will affect Sunway REIT's ability to make distributions to Unitholders derived from the income and gains on properties outside of Malaysia.

### 5.1.27 Sunway REIT is subject to various environmental regulations that could adversely affect Sunway REIT's operations and financial condition

As an owner of interests in real property, Sunway REIT will be subject to various laws relating to environmental matters. Such laws provide that Sunway REIT could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect Sunway REIT's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the owner by private plaintiffs. Additionally, Sunway REIT could be held liable if environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems, which are located on contaminated properties or as to which inadequate reserves had been established, are successfully brought against it.

Environmental laws and regulations may change and Sunway REIT may become subject to existing or new environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on Sunway REIT's business, financial condition or results of operations and distributions to Unitholders.

### 5.1.28 Political, economic and social developments in Malaysia may adversely affect Sunway REIT

Sunway REIT's business, prospects, financial condition and results of operations may be adversely affected by political, economic and social developments in Malaysia. Other political and economic uncertainties include but are not limited to the risks of war, terrorism, riots, expropriation, nationalism, renegotiations or nullification of existing contracts, and changes in interest rates, foreign exchange rates, methods of taxation and import duties and restrictions. Any change in Government policy, changes to senior positions within the Government and parliament, or any political instability in Malaysia or other countries that may arise from these changes may have a material adverse effect on Sunway REIT.

### 5.1.29 The Properties may be acquired compulsorily

The Government has the power to acquire compulsorily any land in Malaysia for the public interest pursuant to the provisions of applicable legislation including the Land Acquisition Act, 1960.

In the event of any compulsory acquisition of property in Malaysia, the amount of compensation to be awarded is based on the market value of a property and is assessed on the basis prescribed in the Land Acquisition Act, 1960 and other relevant laws. If any of the Properties were acquired compulsorily by the Government, the level of compensation paid to Sunway REIT might be less than the price which Sunway REIT paid for such Properties or less than the market price of the Properties upon the sale of the Properties in the open market, which may have an adverse effect on the price of the Units.

### 5.1.30 There may be changes to the tax treatment of Sunway REIT

Pursuant to the ITA, all taxable income of Sunway REIT for a year of assessment is exempted from tax provided that 90% or more of the taxable income of Sunway REIT for that year of assessment is distributed to the Unitholders. The tax treatment granted allows Malaysian corporate tax resident Unitholders to receive their distributions free of any withholding tax deduction at source. The



**5. RISK FACTORS (Cont'd)**

distributions received by Malaysian corporate tax resident Unitholders will be declared in their own corporate tax returns and subject to tax at the prevailing corporate income tax rates, currently at 25%.

Distribution to other Unitholders will be subject to a withholding tax mechanism at the following rates:

- (i) 10% for individuals and all other non-corporate investors such as institutional investors (effective until 31 December 2011); and
- (ii) 25% for non-resident corporate investors.

If less than 90% of its total taxable income is distributed, the income of Sunway REIT for that year of assessment (whether distributed or not to the Unitholders) will be subject to tax at 25%. The distributions (which have been subjected to tax) by Sunway REIT to Unitholders would have a tax credit attached. Resident individuals will be subject to tax at their own marginal rates whereas resident corporate Unitholders will be subject to tax at the normal corporate tax rates. However, both resident individuals and corporate Unitholders are entitled to the tax credit attached to the distributions. Distributions to non-residents are not subject to further Malaysian tax.

For further details, please refer to the Taxation Adviser's Letter under Appendix I of this Prospectus. The tax treatment applicable to Sunway REIT is based on the current tax legislation in effect, which may be amended or revoked in the future.

## 5.2 Risks relating to Sunway REIT's Retail Properties

### 5.2.1 The Retail Properties and their tenants face competition from other retail properties located within their catchment areas as well as other retail channels

The Retail Properties face competition from other retail developments operating in the same catchment areas. Shopping malls compete aggressively to attract quality tenants as well as shoppers. Other retail centres also compete with Sunway REIT's retail tenants for customers, affecting the cash flows of such tenants and thus affecting their ability to pay rent. The financial condition of the Retail Properties may have a material adverse effect if competing retail developments are substantially upgraded and refurbished or are more successful in attracting tenants and shoppers.

Furthermore, Sunway REIT's retail tenants face potentially changing consumer preferences and increasing competition from other forms of retailing, such as catalogues, warehouse sales, internet shopping and telemarketing. In addition, some of the tenants' rent payments are based on the amount of sales revenue that they generate. If these tenants experience competition, the amount of their rent may decrease and Sunway REIT's cash flow will decrease.

### 5.2.2 Sunway REIT will be more reliant on certain Retail Properties for a substantial portion of total revenue and a decline in the revenue of such Properties will adversely affect Sunway REIT

Sunway REIT will initially be dependent on Sunway Pyramid Shopping Mall for a substantial portion of its revenue. For the year ended 30 June 2009 and the eight months ended 28 February 2010, Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and SunCity Ipoh Hypermarket accounted for 46.9%, 6.0% and 1.1%, and 46.1%, 6.0% and 1.0% of the Predecessor Group's total revenue, respectively. Sunway REIT may continue to be dependent on Sunway Pyramid Shopping Mall for a significant portion of its total revenue going forward and a decline in Sunway Pyramid Shopping Mall's total revenue will have a material adverse effect on Sunway REIT.

The remainder of this page has been intentionally left blank

## 5. RISK FACTORS (Cont'd)

### 5.3 Risks relating to Sunway REIT's Hospitality Properties

#### 5.3.1 The hospitality industry is susceptible to external factors outside the control of Sunway REIT and the Manager

The hotel business is generally cyclical and sensitive to changes in the global, regional or domestic economy. Since demand for hotel services in Malaysia is affected by economic growth, a global, regional or domestic downturn could have a material adverse effect on the hospitality, travel and leisure industries, including the financial results of the Hospitality Properties, the Lessees and Sunway REIT.

Other factors outside the control of Sunway REIT and the Manager could include political or civil unrest, natural disasters, outbreaks of disease, increases in energy costs and other travel expenses, international military conflict, changes in law and other events which, if they occur in Malaysia or elsewhere in the world, may have a negative impact on the tourism industry and hotel business, including hotel bookings and food and beverage services at hotels in Malaysia. The occurrence of one or more of these events may have an adverse effect on the operating performance of the Hospitality Properties, the Lessees and Sunway REIT.

#### 5.3.2 The loss of the Lessees, or a downturn in the business of the Lessees could have a material adverse effect on the financial condition and results of operations of Sunway REIT

The financial performance of Sunway REIT, including the distributions which may be made to the Unitholders, is dependent upon the revenue and net operating profit of each of the Hospitality Properties. The Hospitality Properties are leased to the Lessees and the Lessees will engage the Hotel Manager to manage the Hospitality Properties. Sunway REIT is significantly dependant on rental payments from the Lessees because the Hospitality Properties are one of the major contributors of income to Sunway REIT. Therefore, Sunway REIT's financial condition, results of operations and ability to make distributions to Unitholders will depend upon the ability of the Lessees to make timely payments pursuant to the Hotel Master Leases. As such, the financial condition and results of operations of Sunway REIT may be adversely affected by the bankruptcy, insolvency or downturn in the business of either of the Lessees. There can be no assurance that the Lessees will have sufficient income from the operations of the Hospitality Properties to enable them to satisfy their obligations under their respective Hotel Master Leases.

Furthermore, if either of the Lessees terminates or defaults on their respective Master Lease or they do not renew it upon expiry, the financial performance of Sunway REIT, and consequently the distributions to the Unitholders may be adversely affected. In addition, the amount of rent and the terms on which the Hotel Master Leases are renewed may be less favourable than the current Hotel Master Leases. The replacement of the Lessees on satisfactory terms may not be carried out in a timely manner or at all.

#### 5.3.3 The Manager's ability to effectively monitor the obligations of the Hotel Manager under the Hotel Master Leases and to actively manage the Hospitality Properties is limited

The Manager intends to achieve long-term growth of both distributions and NAV per Unit partly through active asset management of the Hospitality Properties. The Hotel Master Leases contain provisions intended to provide that the Hospitality Properties will be adequately maintained and that the Lessees and the Hotel Manager are incentivised to increase revenue and profits and to enhance the quality and value of the Hospitality Properties. Under the terms of the Hotel Master Leases, the Lessees have appointed the Hotel Manager to operate and manage the Hospitality Properties. During the term of the Hotel Master Leases, although the Manager will monitor the performance by the Lessees of their obligations under the Hotel Master Leases and cooperate with the Lessees to develop and implement plans to improve the performance of the Hospitality Properties, the Manager has limited rights in regard to the management and operations of the Hospitality Properties. There can therefore be no assurance that the Hospitality Properties will continue to be operated, managed, branded or marketed at the same level in the future.

**5. RISK FACTORS (Cont'd)****5.3.4 The profitability of the Hospitality Properties will affect Sunway REIT's performance**

Sunway REIT will lease the Hospitality Properties to the Lessees pursuant to the Hotel Master Leases which will provide Sunway REIT with a variable rent structure, subject to certain minimum guarantees. As a result, the financial performance of Sunway REIT is dependent on the performance of the Lessees and the Hotel Manager. In addition, the profitability of the Hospitality Properties and the general economic outlook for the hotel industry in Malaysia will affect (i) the ability of the Lessees to pay the SRH Total Rent and SHSJ Total Rent; (ii) the property values of the Hospitality Properties and therefore the NAV per Unit; (iii) the ability of Sunway REIT to renew the Hotel Master Leases on favourable terms following the termination or expiration of the Hotel Master Leases; and (iv) the Manager's ability to successfully pursue its long-term internal and external growth strategies.

**5.3.5 Funds budgeted for fixtures, furnishings and equipment may be insufficient to maintain the Hospitality Properties**

The Lessees are required under the Hotel Master Leases to provide and set aside in the FF&E reserve an amount equivalent to 2.5% of the Hospitality Properties' revenue. The FF&E reserve may not be sufficient to cover required FF&E expenditures, resulting in substantial deferred maintenance to the Hospitality Properties. Further, any lack of capital, insufficient cash flow and other factors may adversely impact future operations and profitability of the Hospitality Properties, thereby adversely affecting the ability of the Lessees to fund costs of repairs and maintenance and/or to make rental payments to Sunway REIT. This could have a material adverse effect on the financial condition and results of operations of Sunway REIT.

**5.3.6 The hotel industry is highly competitive**

The hotel industry is highly competitive, and ongoing completion of new hotels or renovations of competing hotel properties can reduce the competitiveness of older or existing properties. The success of a hotel, including any of the Hospitality Properties, depends on its ability to compete in areas such as room rates, quality of accommodation, brand recognition, service level, convenience of location and the quality and scope of lobby areas and other amenities, including food and beverage facilities. Competition is most intense in the immediate vicinity of a hotel's location where many hotels endeavour to offer similar prices, standards of service and facilities.

There can be no assurance that new or existing competitors will not significantly lower rates or offer greater convenience, services or amenities or develop, significantly expand, or improve, facilities in a market in which the Hospitality Properties operate or in close proximity to their location. There may also be competition when new hotels are opened in the vicinity of the Hospitality Properties. Occupancy rates and Average Daily Rates are dependent on supply and demand forces in the hotel markets where the Hospitality Properties operate. If there were to be an increase in the supply of hotel rooms that exceed increases in demand, it is likely that the Hospitality Properties will experience lower occupancy rates or lower Average Daily Rates or both, which would have an adverse effect on the operating performance of the Hospitality Properties, the Lessees and Sunway REIT. An inability to compete effectively could adversely affect the performance of the Hospitality Properties and the Lessees, the value of the Hospitality Properties and the financial condition of Sunway REIT.

**5.4 Risks relating to Sunway REIT's Office Properties****5.4.1 The Office Properties operate in a highly competitive environment**

The office property market in Malaysia is highly competitive. Sunway REIT competes for tenants with numerous developers, owners and operators of office properties, many of which own properties similar to those of Sunway REIT. In addition, it is expected that a significant new supply of office properties in the Petaling Jaya/Subang Jaya area and the Golden Triangle/Central Business District area will come onto the market between 2010 and 2012, which will also result in additional competition for tenants. This new supply is expected to include approximately 3.5 million sq. ft. and 5.5 million sq. ft. of additional office space in the Petaling Jaya/Subang Jaya and Golden Triangle/Central Business District areas, respectively. An inability to compete effectively could reduce Sunway REIT's total revenue and thus adversely affect Sunway REIT's business, financial condition and results of operations.

## 5. RISK FACTORS *(Cont'd)*

### 5.4.2 Sunway REIT relies on the Sponsor for a substantial portion of its Gross Rental Income from the Office Properties

In the year ended 30 June 2009 and the eight months ended 28 February 2010, the Sponsor or related parties of the Sponsor rented an aggregate of 34.3% and 34.0%, respectively, of the Net Lettable Area of the Office Properties and contributed 43.2% and 33.7%, respectively, to the Gross Rental Income of the Office Properties. Any adverse conditions with respect to the Sponsor and its business operations may have a material adverse effect on the business and financial conditions and the results of operations of Sunway REIT.

### 5.5 Risks relating to ownership of the Units

#### 5.5.1 There has been no prior market for the Units

On 31 May 2010, approval was obtained from Bursa Securities to list the Units on the Main Market of Bursa Securities. It is expected that the Units will be admitted for trading on the Main Market of Bursa Securities on or about 8 July 2010. However, the Units comprise a new issue of securities for which there is currently no public market. There can be no assurance as to the liquidity of any market that may develop for the Units, the ability of holders to sell their Units or the prices at which holders would be able to sell their Units.

The Units could trade at prices that may be lower than the Institutional Price and/or Final Retail Price depending on many factors, including prevailing economic and financial conditions in Malaysia, Sunway REIT's operating results and the markets for similar securities. Sunway REIT, the Joint Global Coordinators and the Joint Bookrunners have no obligation to make a market for the Units or to maintain the listing of the Units on the Main Market of Bursa Securities.

#### 5.5.2 The price of the Units may decline after the Initial Public Offering

The price of the Units is determined by agreement between the Manager and the Joint Underwriters and may not be indicative of the market price for the Units after the completion of the IPO.

The price of the Units after the IPO may trade at prices significantly below the issue price. The Over-Allotment Option will serve as a price stabilising mechanism after the IPO, but there can be no assurance that the price of the Units will not fall below the issue price or that the Stabilising Manager will exercise the Over-Allotment Option.

The price of the Units will depend on many factors, including:

- the perceived prospects of Sunway REIT's business and investments and the Malaysian real estate market;
- differences between Sunway REIT's actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of the Assets of Sunway REIT;
- the perceived attractiveness of the Units against those of other equity securities, including those not in the real estate sector;
- the balance of buyers and sellers of the Units;
- any sale or intended sale of a substantial amount of Units by existing Unitholders;
- the future size and liquidity of the Malaysian REITs markets;