

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current Year Quarter 31.12.2011	Preceding Year Corresponding Quarter 31.12.2010	Current Year To date 31.12.2011	Preceding Year To date 31.12.2010 ¹
	RM'000	RM'000	RM'000	RM'000
Rental income	108,058	82,997	201,068	154,248
Other operating income	2,679	2,336	4,708	3,530
Gross revenue	110,737	85,333	205,776	157,778
Quit rent, assessment and insurance	(3,095)	(1,820)	(6,037)	(3,613)
Other property operating expenses	(28,920)	(20,677)	(50,763)	(36,116)
Property operating expenses	(32,015)	(22,497)	(56,800)	(39,729)
Net property income	78,722	62,836	148,976	118,049
Other income	426	855	366	1,128
Change in fair value of investment properties	-	-	-	272,339
Net investment income	79,148	63,691	149,342	391,516
Manager's fee	(5,746)	(4,749)	(11,222)	(9,055)
Trustee's fee	(210)	(199)	(421)	(386)
Finance costs	(21,482)	(13,139)	(41,324)	(25,665)
Other expenses	(949)	(368)	(1,750)	(536)
	(28,387)	(18,455)	(54,717)	(35,642)
Income before taxation	50,761	45,236	94,625	355,874
Income tax expense	-	-	-	-
Profit for the period, representing total comprehensive income for the period	50,761	45,236	94,625	355,874
Total comprehensive income for the period comprise the following:				
Realised	50,738	44,679	94,968	83,090
Unrealised	23	557	(343)	272,784
	50,761	45,236	94,625	355,874
Earnings per unit (sen)				-
- realised	1.89	1.67	3.53	3.10
- unrealised	-	0.02	(0.01)	10.17
	1.89	1.69	3.52	13.27
Proposed/declared distribution per unit (sen)	1.99	1.75	3.74	3.26

¹ The comparative financial results reported refers to the period from 20 May 2010, being the date that Sunway REIT was constituted, to 31 December 2010. The acquisition of the initial portfolio of eight assets was completed on listing date, 8 July 2010.

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the period ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

Income distribution

	<--- Individual Quarter --->		<--Cumulative Quarter -->	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year To date
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 ¹ RM'000
Realised total comprehensive income for the period	50,738	44,679	94,968	83,090
Add: Surplus cash arising from 50% Manager's fee paid/payable in Units	2,873	2,375	5,611	4,528
Total available for income distribution for the period	53,611	47,054	100,579	87,618
Brought forward undistributed income available for distribution	141	94	235	-
Total available for income distribution	53,752	47,148	100,814	87,618
Less: Proposed/declared income distribution	(53,566)	(46,941)	(100,628)	(87,411)
Balance undistributed arising from rounding difference	186	207	186	207

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 31.12.2011 (Unaudited)	As At 30.06.2011 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	331	122
Investment properties	4,387,353	4,379,000
	<u>4,387,684</u>	<u>4,379,122</u>
Current assets		
Receivables, deposits and prepayments	19,405	14,461
Deposits placed with licensed financial institutions	50,546	53,722
Cash and bank balances	14,222	4,884
Derivative financial instruments	-	706
	<u>84,173</u>	<u>73,773</u>
	<u>4,471,857</u>	<u>4,452,895</u>
FINANCED BY:		
Unitholders' funds		
Unitholders' capital	2,355,827	2,350,437
Distributable income	424,648	420,613
Total Unitholders' funds	<u>2,780,475</u>	<u>2,771,050</u>
Non-current liabilities		
Borrowings	670,097	1,502,025
Long term liabilities	51,303	52,029
	<u>721,400</u>	<u>1,554,054</u>
Current liabilities		
Borrowings	910,272	59,350
Trade and other payables	59,710	68,441
	<u>969,982</u>	<u>127,791</u>
	<u>4,471,857</u>	<u>4,452,895</u>
Number of units in circulation ('000 units)	2,691,761	2,686,898
NET ASSET VALUE ("NAV")		
- Before income distribution	2,780,475	2,771,050
- After income distribution	2,726,909	2,727,522
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.0330	1.0313
- After income distribution	1.0131	1.0151

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the period ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital	<-- Distributable Income -->		Total Unitholders' Funds
	RM'000	Realised RM'000	Unrealised RM'000	RM'000
As at 1 July 2011	2,350,437	34,261	386,352	2,771,050
Total comprehensive income for the period	-	94,968	(343)	94,625
Increase in net assets resulting from operations	2,350,437	129,229	386,009	2,865,675
Unitholders' transactions				
Creation of units ¹				
- Manager's fee paid in units	5,390	-	-	5,390
Distribution to unitholders ²	-	(90,590)	-	(90,590)
Increase/(decrease) in net assets resulting from unitholders' transactions	5,390	(90,590)	-	(85,200)
As at 31 December 2011 (Unaudited)	2,355,827	38,639	386,009	2,780,475

	Unitholders' Capital	<-- Distributable Income -->		Total Unitholders' Funds
	RM'000	Realised RM'000	Unrealised RM'000	RM'000
As at 20 May 2010 (date of establishment)				
Total comprehensive income for the period, representing the increase in net assets resulting from operations	-	167,311	386,352	553,663
Unitholders' transactions				
Creation of units ¹				
- Units issued as partial satisfaction of the purchase consideration for properties acquired	920,969	-	-	920,969
- Pursuant to initial public offering	1,486,792	-	-	1,486,792
- Manager's fee paid in units	6,849	-	-	6,849
Unit issuance expenses	(64,173)	-	-	(64,173)
Distribution to unitholders ³	-	(133,050)	-	(133,050)
Increase/(decrease) in net assets resulting from unitholders' transactions	2,350,437	(133,050)	-	2,217,387
As at 30 June 2011 (Audited)	2,350,437	34,261	386,352	2,771,050

The unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the audited financial statements for the period ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

SUNWAY REAL ESTATE INVESTMENT TRUST

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE (CONT'D)

¹ Issue of new units comprise the following:

	31.12.2011	
	Units	Amount
	'000	RM'000
Issuance of new units pursuant to 50% Manager fee paid in units:		
- at RM1.1204 per unit for the quarter ended 30 June 2011	2,368	2,653
- at RM1.0972 per unit for the quarter ended 30 September 2011	2,495	2,737
Total Manager's fee paid in units	<u>4,863</u>	<u>5,390</u>
	30.06.2011	
	Units	Amount
	'000	RM'000
Units issued as partial satisfaction of the purchase consideration for properties acquired	1,025,143	920,969
Pursuant to initial public offering	1,654,969	1,486,792
	<u>2,680,112</u>	<u>2,407,761</u>
Issuance of new units pursuant to 50% Manager fee paid in units:		
- at RM0.9630 per unit for the quarter ended 30 September 2010	2,236	2,153
- at RM1.0187 per unit for the quarter ended 31 December 2010	2,331	2,375
- at RM1.0460 per unit for the quarter ended 31 March 2011	2,219	2,321
Total Manager's fee paid in units	<u>6,786</u>	<u>6,849</u>
	<u>2,686,898</u>	<u>2,414,610</u>

² Income distributed for 4Q financial period ended 30 June 2011 of RM43,528,000 and 1Q financial year ending 30 June 2012 of RM47,062,000.

³ Income distributed for the period from 8 July 2010 to 31 March 2011.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To date 31.12.2011	Preceding Year To date 31.12.2010
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	202,857	152,681
Refundable security deposits from customers	5,681	67,670
Cash paid for operating expenses	(67,885)	(41,482)
Net cash generated from operating activities	<u>140,653</u>	<u>178,869</u>
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(136)	-
Acquisition of investment properties	-	(2,535,691)
Incidental costs on acquisition of investment properties	(7,319)	-
Subsequent expenditure of investment properties	(16,227)	-
Interest received	624	537
Net cash used in investing activities	<u>(23,058)</u>	<u>(2,535,154)</u>
FINANCING ACTIVITIES		
Proceeds from issuance of new units	-	1,486,792
Drawdown of term loan and revolving credits	761,450	1,165,350
Repayment of term loan	(600,000)	-
Repayment of revolving credits	(146,450)	(118,000)
Interest paid	(35,512)	(20,648)
Payment of unit issuance and financing expenses	(647)	(76,200)
Gain from termination of interest rate swap	316	-
Distribution paid	(90,590)	(38,219)
Net cash generated from financing activities	<u>(111,433)</u>	<u>2,399,075</u>
Net increase in cash and cash equivalents	6,162	42,790
Cash and cash equivalents at beginning of period	58,606	-
Cash and cash equivalents at end of period	<u>64,768</u>	<u>42,790</u>
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	14,222	11,527
Deposits placed with licensed financial institutions	50,546	31,263
Cash and cash equivalents at end of period	<u>64,768</u>	<u>42,790</u>

Note a

Acquisition price of investment properties	-	3,456,660
Consideration units issued as partial satisfaction of the purchase consideration for properties acquired	-	(920,969)
	<u>-</u>	<u>2,535,691</u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the period ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)**

Part A - Explanatory Notes Pursuant to Financial Reporting Standards ("FRS") 134

A1. Accounting Policies and Basis of Preparation

The unaudited interim financial statements for the financial period ended 31 December 2011 have been prepared in accordance with FRS134: Interim Financial Reporting, paragraph 9.44 of the Bursa Malaysia Securities Berhad Listing Requirements, provisions of the deed dated 20 May 2010 ("the Deed") and the Securities Commission's Guidelines on Real Estate Investment Trust ("the REITs Guidelines"). The unaudited interim financial statements have been prepared on the historical basis except for investment properties which are stated at fair value.

This unaudited interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and amendments to FRSs and IC Interpretations that are effective for financial statements effective from 1 January 2010.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the period ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

A2. Audit Report of Preceding Financial Year

The auditors have expressed an unqualified opinion on Sunway REIT's financial statement for the financial period ended 30 June 2011.

A3. Seasonal or Cyclical Factors

The results for the current quarter under review were not materially affected by seasonal or cyclical factors except for the hospitality properties which registered better performance as the current quarter is typically a peak season due to year end corporate functions, banquets as well as year end school holiday.

A4. Unusual Items

There were no material unusual items affecting the amounts reported for the financial period ended 31 December 2011.

A5. Changes in Estimates

This is not applicable as no estimates were previously reported.

A6. Issuance, Cancellation, Repurchases, Resale and Repayments of Debts and Equity Securities

There were no cancellations, repurchases, resale and repayments of debt and equity securities for the quarter ended 30 September 2011 except for issuance of 2,495,300 units at RM1.0972* per unit in Sunway REIT on 1 December 2011 being 50% payment of the Manager's fee for the quarter ended 30 September 2011. The units were listed on the Main Market of Bursa Securities on 2 December 2011.

** Based on the 10-day volume weighted average price ("VWAP") of the units up to and including 30 September 2011.*

A7. Income Distribution

For the quarter ended 31 December 2011, the Manager proposed an interim income distribution of approximately 100% of the realised distributable income amounting to RM53.6 million or 1.99 sen per unit. This amount includes surplus cash arising from 50% Manager's fee payable in units of RM2.9 million.

SUNWAY REAL ESTATE INVESTMENT TRUST

FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)

A8. Segmental Reporting

(a) By segment

Segmental results for the financial period ended 31 December 2011 are as follows:

Current Year Quarter

	Current Year Quarter Ended 31.12.2011				Preceding Year Quarter Ended 31.12.2010			
	Retail RM'000	Hotel RM'000	Office RM'000	Total RM'000	Retail RM'000	Hotel RM'000	Office RM'000	Total RM'000
BY BUSINESS SEGMENTS								
REVENUE AND EXPENSES								
Gross revenue	78,039	21,893	10,805	110,737	60,337	16,794	8,202	85,333
<u>Results</u>								
Net property income	50,355	21,141	7,226	78,722	40,386	16,391	6,059	62,836
Other income				426				855
Trust and other expenses				(6,905)				(5,316)
Financing costs				(21,482)				(13,139)
Income before taxation				50,761				45,236
Income tax expense				-				-
Profit for the period, representing total comprehensive income for the period				50,761				45,236

SUNWAY REAL ESTATE INVESTMENT TRUST

FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

(a) By segment (Cont'd)

Cumulative year-to-date

	Cumulative year-to-date Ended 31.12.2011				Cumulative year-to-date Ended 31.12.2010 ¹			
	Retail RM'000	Hotel RM'000	Office RM'000	Total RM'000	Retail RM'000	Hotel RM'000	Office RM'000	Total RM'000
BY BUSINESS SEGMENTS								
REVENUE AND EXPENSES								
Gross revenue	146,508	37,764	21,504	205,776	113,141	28,942	15,695	157,778
<u>Results</u>								
Net property income	97,086	36,741	15,149	148,976	78,312	28,050	11,687	118,049
Other income				366				1,128
Change in fair value of investment properties				-				272,339
Trust and other expenses				(13,393)				(9,977)
Financing costs				(41,324)				(25,665)
Income before taxation				94,625				355,874
Income tax expense				-				-
Profit for the period, representing total comprehensive income for the period				94,625				355,874

¹ The comparative financial results reported refers to the period from 20 May 2010, being the date that Sunway REIT was constituted, to 31 December 2010. The acquisition of the initial portfolio of eight assets was completed on listing date, 8 July 2010.

SUNWAY REAL ESTATE INVESTMENT TRUST

FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

(b) By property

Properties	Gross Revenue			Net Property Income			Cumulative Quarter 31.12.2011					
	Current Year	Preceding Year	Change	Current Year	Preceding Year	Change	Current Year To Date	Preceding Year To Date	Change	Current Year To Date	Preceding Year To Date	Change
	Quarter	Corresponding Quarter		Quarter	Corresponding Quarter		31.12.2011	31.12.2010 ¹		31.12.2011	31.12.2010 ¹	
	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%
IPO assets												
Sunway Pyramid Shopping Mall	56,914	52,935	7.5%	39,799	36,134	10.1%	111,884	99,542	12.4%	78,302	70,626	10.9%
Sunway Carnival Shopping Mall	6,996	6,369	9.8%	3,875	3,301	17.4%	13,524	11,612	16.5%	7,491	5,854	28.0%
Suncity Ipoh Hypermarket	1,140	1,033	10.4%	1,054	951	10.8%	2,277	1,987	14.6%	2,091	1,832	14.1%
Sunway Resort Hotel & Spa	10,789	9,892	9.1%	10,444	9,581	9.0%	19,402	16,207	19.7%	18,754	15,621	20.1%
Pyramid Tower Hotel	6,461	5,371	20.3%	6,356	5,334	19.2%	12,500	10,219	22.3%	12,293	10,017	22.7%
Sunway Hotel Seberang Jaya	1,483	1,531	-3.1%	1,428	1,476	-3.3%	2,702	2,516	7.4%	2,596	2,412	7.6%
Menara Sunway	4,014	3,902	2.9%	2,725	2,809	-3.0%	8,086	7,403	9.2%	5,849	5,464	7.0%
Sunway Tower	4,163	4,300	-3.2%	3,201	3,250	-1.5%	8,397	8,292	1.3%	6,426	6,223	3.3%
Total for initial portfolio	91,960	85,333	7.8%	68,882	62,836	9.6%	178,772	157,778	13.3%	133,802	118,049	13.3%
Sunway Putra Place²												
Sunway Putra Mall	12,989	-	100.0%	5,627	-	100.0%	18,823	-	-	9,202	-	-
Sunway Putra Hotel	3,160	-	100.0%	2,913	-	100.0%	3,160	-	-	3,098	-	-
Sunway Putra Tower	2,628	-	100.0%	1,300	-	100.0%	5,021	-	-	2,874	-	-
Total for Sunway Putra Place	18,777	-	-	9,840	-	-	27,004	-	-	15,174	-	-
TOTAL PORTFOLIO	110,737	85,333	29.8%	78,722	62,836	25.3%	205,776	157,778	30.4%	148,976	118,049	26.2%
By segment												
Retail	78,039	60,337	29.3%	50,355	40,386	24.7%	146,508	113,141	29.5%	97,086	78,312	24.0%
Hospitality	21,893	16,794	30.4%	21,141	16,391	29.0%	37,764	28,942	30.5%	36,741	28,050	31.0%
Office	10,805	8,202	31.7%	7,226	6,059	19.3%	21,504	15,695	37.0%	15,149	11,687	29.6%
	110,737	85,333	29.8%	78,722	62,836	25.3%	205,776	157,778	30.4%	148,976	118,049	26.2%

¹ The comparative financial results reported refers to the period from 20 May 2010, being the date that Sunway REIT was constituted, to 31 December 2010. The acquisition of the initial portfolio of eight assets was completed on listing date, 8 July 2010.

² Acquired on 19 April 2011. Sunway REIT has secured possession and control of Sunway Putra Place on 28 September 2011 in accordance with the High Court Order dated 28 June 2011.

**SUNWAY REAL ESTATE INVESTMENT TRUST
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A9. Valuation of Investment Properties

Investment properties are valued by independent registered valuer and the difference between the valuation and the carrying amounts of the respective investment properties are charged or credited to the profit or loss for the period in which they arise. There was no valuation performed during the quarter under review.

A10. Material Event

There were no material events during the current quarter ended 31 December 2011.

A11. Material Events Subsequent to the end of the Current Quarter

There were no material events subsequent to the current quarter ended 31 December 2011.

A12. Changes in the Composition/Fund Size of the Trust

Sunway REIT's fund size was increased from 2,689.4million units to 2,691.9 million units with the issuance of 2.5 million units as mentioned in note A6.

A13. Contingent Liabilities and Assets

There were no contingent liabilities or contingent assets as at 31 December 2011.

A14. Capital Commitments

The amount of commitments for investment properties not provided for in the unaudited interim financial statements as at 31 December 2011 were as follows:

	As at 31.12.11 RM'000
Approved and contracted for	18,035
Approved but not contracted for	56,173
	<u>74,208</u>

A15. Realised and Unrealised Retained Profits

	Current financial period RM'000	As at end of last financial year RM'000
Total retained profits of Sunway REIT		
- Realised	38,639	34,261
- Unrealised	386,009	386,352
	<u>424,648</u>	<u>420,613</u>

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)**

**Part B - Additional Information Pursuant to Paragraph 9.44 of the Main Market Listing Requirements of the
Bursa Malaysia Securities Berhad**

B1. Review of Performance
Quarter results

Retail segment

Retail segment recorded gross revenue of RM78.0 million for the current quarter ended 31 December 2011 (2Q 2012), a significant improvement of 29.3% or RM17.7 million compared to the preceding year corresponding quarter (2Q 2011). Sunway Putra Mall which was acquired in April 2011 (4Q 2011) contributed RM13.0 million whilst the initial portfolio contributed RM4.7 million to the higher revenue. The better performance of the initial portfolio was mainly attributable to Sunway Pyramid Shopping Mall whereby approximately 266,465 sq.ft. or 85% of the tenancies due for renewal in current financial year was renewed with an average rental reversion of 17.1% for 3-year term, increase in net lettable area and higher occupancy rate.

Property operating expenses of retail segment for 2Q 2012 was RM27.7 million, an increase of RM7.7 million or 38.8% from 2Q 2011. The initial portfolio of retail properties and Sunway Putra Mall contributed to the increase by RM0.4 million and RM7.3 million respectively.

Net property income of retail segment for 2Q 2012 was RM50.3 million, an increase of 24.7% or RM10.0 million compared to 2Q 2011, with the initial portfolio of retail properties and Sunway Putra Mall contributing to the increase by RM4.4 million and RM5.6 million respectively.

Hospitality segment

Hospitality segment registered gross revenue of RM21.9 million for 2Q 2012, an increase of 30.4% or RM5.1 million compared to 2Q 2011. The initial portfolio of hospitality properties and Sunway Putra Hotel contributed to the increase by RM1.9 million and RM3.2 million respectively. The hotel master lease of Sunway Putra Hotel commenced on 28 September 2011 following Sunway REIT's success in securing full control and possession, thus, contributed to the overall improvement of the hospitality's revenue. Higher revenue from this segment was also boosted by initial portfolio of hospitality properties whereby these properties continued to enjoy strong support from the meetings, incentives, conventions and exhibitions (MICE) segment and corporate business.

Net property income of hospitality segment for 2Q 2012 was RM21.1 million, an increase of 29.0% or RM4.7 million compared to 2Q 2011, with the initial portfolio of hospitality properties and Sunway Putra Hotel contributing to the increase by RM1.8 million and RM2.9 million respectively.

Note: The hospitality properties are under hotel master lease and hence, incurred minimum property operating expenses which comprise mainly quit rent, assessment and insurance.

Office segment

Office segment recorded gross revenue and net property income of RM10.8 million and RM7.2 million respectively for 2Q 2012, an increase of 31.7% and 19.3% respectively compared to 2Q 2011, primarily attributable to addition of Sunway Putra Tower to this segment in April 2011.

Income before taxation

Finance costs for 2Q 2012 was RM21.5 million, an increase of RM8.3 million compared to 2Q 2011 primarily due to finance expense for acquisition of Sunway Putra Place.

Overall, net income for 2Q 2012 was RM50.8 million, an increase of 12.2% or RM5.5 million compared to 2Q 2011. The initial portfolio of properties had performed better by RM2.9 million and Sunway Putra Place had contributed net income of RM2.6 million to the overall portfolio.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011 (UNAUDITED)**

**B1. Review of Performance (Cont'd)
Cumulative current year-to-date results**

Retail segment

Retail segment recorded gross revenue of RM146.5 million for the cumulative current year-to-date ended 31 December 2011 (YTD 2Q 2012), a significant improvement of 29.5% or RM33.4 million compared to the preceding year-to-date ended 31 December 2010 (YTD 2Q 2011). The initial portfolio of retail properties and Sunway Putra Mall contributed to the increase by RM14.6 million and RM18.8 million respectively. Higher revenue from initial portfolio of retail properties was primarily attributable to flow through of rental reversion from Sunway Pyramid Shopping Mall whereby approximately 1.1 million sq.ft. was renewed towards the end of Sept 2010 with a rental reversion of 16.3% for the 3-year term and rental revision of approximately 266,465 sq.ft. or 85% of the tenancies due for renewal in current financial year with an average rental reversion of 17.1% for 3-year term. The higher revenue from Sunway Pyramid Shopping Mall was also due to increase in net lettable area and higher occupancy rate.

Property operating expenses of retail segment for YTD 2Q 2012 was RM49.4 million, an increase of RM14.6 million or 41.9% from YTD 2Q 2011. The initial portfolio of retail properties and Sunway Putra Mall contributed to the increase by RM5.0 million and RM9.6 million respectively. The increase in property operating expenses of initial portfolio of retail properties was mainly due higher maintenance and advertising & promotion expenses at Sunway Pyramid Shopping Mall. The increase in property operating expenses was also due to addition of Sunway Putra Mall to the portfolio of properties.

Net property income of retail segment for YTD 2Q 2012 was RM97.1 million, an increase of 24.0% or RM18.8 million compared to YTD 2Q 2011, with the initial portfolio of retail properties and Sunway Putra Mall contributing to the increase by RM9.6 million and RM9.2 million respectively.

Hospitality segment

Hospitality segment registered gross revenue of RM37.8 million for YTD 2Q 2012, an increase of 30.5% or RM8.8 million compared to YTD 2Q 2011. The initial portfolio of hospitality properties and Sunway Putra Hotel contributed to the increase by RM5.6 million and RM3.2 million respectively. Higher revenue from the initial portfolio of hospitality properties was mainly due to continued strong support from the meetings, incentives, conventions and exhibitions (MICE) segment, corporate business and tourists arrival from the Middle East in conjunction with their summer holidays.

Net property income of hospitality segment for YTD 2Q 2012 was RM36.7 million, an increase of 31.0% or RM8.7 million compared to YTD 2Q 2011, with the initial portfolio of hospitality properties and Sunway Putra Hotel contributing to the increase by RM5.6 million and RM3.1 million respectively.

Note: The hospitality properties are under hotel master lease and hence, incurred minimum property operating expenses which comprise mainly quit rent, assessment and insurance.

Office

Office segment recorded gross revenue and net property income of RM21.5 million and RM15.1 million respectively for YTD 2Q 2012, an increase of 37.0% and 29.6% respectively compared to YTD 2Q 2011, primarily attributable to addition of Sunway Putra Tower to this segment in April 2011 and improved income from the initial portfolio.

Income before taxation

Finance costs for YTD 2Q 2012 was RM41.3 million, an increase of RM15.7 million compared to YTD 2Q 2011 primarily due to finance expense for acquisition of Sunway Putra Place since April 2011.

Net income for YTD 2Q 2012 was RM94.6 million and RM 355.9 million was recorded for YTD 2Q 2011. Included in the results for YTD 2Q 2011 was fair value gain on investment properties of the initial portfolio amounting to RM272.3 million resulting from difference between the acquisition costs and appraised value as at Initial Public Offering. Excluding the fair value gain on investment properties, net income for YTD 2Q 2012 would have been higher by 13.3% or RM11.1 million compared to YTD 2Q 2011 of RM83.6 million. Overall, the initial portfolio and Sunway Putra Place had performed better by RM10.4 million and RM0.7 million respectively.

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**B1. Review of Performance (Cont'd)
Cumulative current year-to-date results (Cont'd)**

Income before taxation (Cont'd)

Note :

The results for YTD 2Q 2011 were lesser by 7 days due to acquisition of the initial portfolio of eight properties was completed on 8 July 2010, being the listing date of Sunway REIT. The impact of YTD 2Q 2011 (after adjusting for the 7 days) is as follows:

	YTD 2Q 2012	YTD 2Q 2011 (Adjusted)	Change	
	RM'million	RM'million	RM'million	%
Revenue	205.8	164.4	41.4	25.2%
Operating Expenses	(56.8)	(41.2)	(15.6)	37.9%
Net Property Income	149.0	123.2	25.8	20.9%
Realised Net Income	95.0	86.9	8.1	9.3%

Maintenance costs and major capital expenditure

There was no unusual maintenance costs during the quarter. However, Sunway REIT incurred capital expenditure of approximately RM7.1 million during the quarter under review mainly involving carpark linkages at Sunway Resort Hotel & Spa and canopy walk extension Phase 3 at Sunway Pyramid Shopping Mall.

B2. Material Changes in Quarterly Results

	Current Quarter Ended 31.12.11 RM'000	Immediate Preceding Quarter Ended 30.09.11 RM'000
Income before taxation	50,761	43,864

Sunway REIT recorded an income before taxation of RM50.8 million, higher by RM6.9 million or 15.7% compared to the immediate preceding quarter of RM43.9 million mainly attributable to higher income before taxation from Sunway Putra Place of RM2.6million compared to loss of RM1.8 million in the immediate preceding quarter pursuant to securing full control and possession on 28 September 2011 in accordance with the High Court Order dated 28 June 2011.

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B3. Prospects

Outlook for global economy is increasingly challenging amidst the European debt crisis coupled with softer economy growth environment in U.S. and China.

Malaysia will not be completely insulated from global headwinds on the back of weakening export growth. Nonetheless, domestic economy activities will be supported by public and private investment as well as consumer spending to cushion the weakness on the external front. Under such challenging environment, it will test the country's economy to achieve GDP growth of 5.0% in 2012.

The goodies announced during the 2012 Budget in supporting consumer spending which include salary adjustment and bonus for civil servants will start to flow through into the economic system.

In the 9th ETP update, approximately 83% (97 projects) of the projects announced have commenced implementation and this augurs well for job creations leading to new income and wealth creation for the economy.

On monetary policy front, Bank Negara Malaysia (BNM) is expected to maintain its accommodative monetary policy with possibility of a rate cut in first half of 2012 as growth prospect outweighs inflation.

Despite global headwinds and softening of underlying economic fundamentals, the Manager is confident of the prospects of Sunway REIT's portfolio of assets of which 7 out of 11 assets are strategically located in vibrant townships master planned and developed by the Sponsor with inherent captive markets. The captive market element is crucial in providing comfortable levels of resiliency in times of fragile economic environment. The Manager expects strong performance from Sunway REIT's initial portfolio of 8 properties and operation of Sunway Putra Place is exhibiting encouraging improvement.

Review of retail market

Uncertainties in the global economy may place consumers on cautious stance and curtail on indulgences as confidence level erodes. However, consumers will continue to consume on consumer staples and in pursuit of bargain hunt. That said, retail sales is projected to grow by 6.0% to the RM86.9 billion in 2012. The growth is marginally lower than the 6.5% growth achieved in 2011, however the projection is significantly more optimistic than the 5.0% and 0.8% retail sales growth achieved back in 2008 and 2009 respectively.

For YTD 2Q FYE June 2012, Sunway Pyramid Shopping Mall maintained its strong occupancy with average occupancy stood at 98.6%. Notably, healthy reversion trend prevails with 266,465 sq. ft. of retail space were renewed with average rental reversion of 17.1% over a period of three years.

Sunway Carnival Shopping Mall registered slightly higher average occupancy rate of 89.5% for YTD 2Q FYE June 2012, from 88.5% in 1Q FYE June 2012 with the inclusion of Toys R Us. The occupancy is expected to improve to approximately 92% and 95% by January and March 2012 respectively with new tenants secured in December 2011. Sunway Carnival Shopping Mall achieved rental reversion of 6.4% over a period of three years.

For the financial year ending June 2012, the Manager expects the retail properties to perform better than last financial year.

Review of hotel market

International tourist arrivals in Malaysia is projected to grow at a Compounded Annual Growth Rate (CAGR) of approximately 8% for the period 2011-2013 where tourism receipts is expected to surpass RM70 billion by 2013. Malaysian tourism industry is expected to grow rapidly underpin by government's initiatives in championing promotional activities, international events and growing recognition of Malaysia as a shopping hub/ destination.

In 2Q FYE June 2012, Sunway Resort Hotel and Spa performed well with average occupancy rate improved to 82.0% from 77.5% in 1Q FYE June 2012. The strong performance was attributable to strong performance in the corporate travellers segments and long-term block bookings by corporate. Healthy leisure segment bookings were attributable to year end school holidays.

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B3. Prospects (Cont'd)

Review of hotel market (Cont'd)

Pyramid Tower Hotel's occupancy rate improved further to 90.2% in 2Q FYE June 2012 from 83.0% in 1Q FYE June 2012 boosted by increase of demand in the corporate travellers segment. The hotel also benefited from realignment of business operation and holiday plans diversion due to floods in Bangkok.

To further add value to Pyramid Tower Hotel, a new room known as "Super Executive" category has been configured in addition to the existing Superior rooms category.

Sunway Hotel Seberang Jaya maintained its average occupancy rate at 75.7% for the quarter ended 31 December 2011 supported by demand from corporate and government travellers.

In Seberang Jaya, setting up of Robert Bosch new solar energy plant and Ibiden printed wiring board plant at Penang Science Park augur well for long stay business travellers.

Sunway Hotel Seberang Jaya has embarked on a major refurbishment of the hotel on a progressive closure basis to minimise interruption to the business. The refurbishment work commenced in December 2011 and estimated to complete by October 2012. The Manager expects contribution from the hotel to be lower for the remaining period of FYE June 2012 arising from the renovation disruption.

Barring any unforeseen circumstances, the Manager expects the hotel business to remain steady and positive supported by yield management strategy to improve average daily room rate complemented by growth in occupancy.

Review of office market

In Kuala Lumpur, an additional 3.6 million sq. ft of office space is scheduled to be delivered in 2012. Competition and rental pressures are inevitable arising from the new supply in the market.

Menara Sunway's average occupancy rate stood at 99.4% for YTD 2Q FYE June 2012. During the quarter, 28,774 sq. ft. of net lettable area were renewed with an average rental growth rate of 5.5% over a 3 year tenancy.

Meanwhile, YTD 2Q FYE June 2012 average occupancy rate for Sunway Tower is slightly lower at 93.8% due to downsizing of a tenant. However the space will be occupied by another existing tenant in March 2012. The progress for the two major tenancies due for renewal in FYE June 2012 is encouraging.

The Manager expects the performance to be maintained due to our competitive pricing and service standard despite the incoming supply of office space.

Review of Sunway Putra Place

Pursuant to the full possession of Sunway Putra Place, the Manager is able to embark on new business strategies and implement them in order to return the business performance to the normalised levels.

YTD 2Q FYE June 2012 average occupancy rate for Sunway Putra Mall improved to 84.0% as management continues to convert the existing occupiers to tenants. The Manager is in the final stage of finalising the refurbishment plan of the retail mall for submission to the authority for approval.

Business operation for Sunway Putra Hotel has improved significantly following the full possession of the property where average occupancy rate has recovered from 20.0% at the point of possession to 59/5% for the period between 28 September 2011 to 31 December 2011.

Average occupancy rate for Sunway Putra Tower is maintained at 90.4% for YTD 2Q FYE June 2012. The Manager is embarking on a change of tenancy mix for the property from government agencies centric to a more balanced mix of government and private sector tenants.

In view of the highly competitive and affordable rates, the Manager will endeavour to maintain current occupancy level but marginally increase rental rate.

Notwithstanding the full 12 months business income was not forthcoming, the Manager expects positive contribution from Sunway Putra Place for the financial year ending June 2012.

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B4. Investment Objectives

The Manager's key investment objective for Sunway REIT is to provide the unitholders with exposure to a diverse portfolio of authorised investments (pursuant to provisions of the trust deed) that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit.

For the quarter ended 31 December 2011, the Manager proposed an interim income distribution of 1.99 sen per unit to be paid on 9 March 2012. The Manager is confident of providing stable cash distributions going forward and will endeavour to grow the net asset value over a longer period of time. There was no change in the objectives during the period under review.

B5. Performance Benchmark

Performance indicators	Period ended 31 December 2011	Period ended 31 December 2010
a) Annualised management expense ratio	0.96%	0.79%
b) Total returns/average annual returns	18.5%	20.9%
c) Annualised distribution yield	5.9%	6.5%
d) NAV per unit (after income distribution)(RM)	1.0131	0.9745

- a) The ratio of annualised expenses incurred in operating Sunway REIT to the NAV of Sunway REIT.
- b) Total return represents the change in unit price (based on institutional price) from beginning of financial year plus distribution yield for the period. Average annual return is the sum of the return rates of Sunway REIT over a given number of years divided by that number of years. Since Sunway REIT only have one year distribution yield and capital appreciation history (for the financial period ended 30 June 2011), there is no difference between the total return and average annual return.
- c) Based on annualised DPU of 7.42 sen divided by its closing price as at 31 December 2011 of RM1.25 (31 December 2010 - annualised DPU: 6.70 sen; Closing price as at 31 December 2010: RM1.03).
- d) NAV 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.

B6. Strategies and Policies

The Manager's strategies can be broadly categorised as:

- active asset management strategy
- acquisition growth strategy
- capital and risk management strategy

There was no change in the strategies and policies employed during the period under review.

B7. Income Before Taxation

The following amounts have been included in arriving at income before taxation :-

	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year To date 31.12.2011 RM'000	Preceding Year To date 31.12.2010 RM'000
Interest Income	(399)	(236)	(702)	(621)
Net changes in fair value of long term liabilities	(23)	(32)	(47)	(59)
Net changes in fair values of financial derivatives	390	(172)	390	(445)
Allowance for impairment of receivables	5,025 ¹	1,415	5,154 ¹	1,415
Bad debts written off	84	-	84	-
Depreciation of plant and equipment	15	-	18	-

¹ Mainly from Sunway Putra Mall

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B8. Manager's fee

Pursuant to the Deed constituting Sunway REIT, the Manager is entitled to receive the following fees from Sunway REIT:

- a) Base fee of 0.3% per annum on the total assets value;
- b) Performance fee of 3% per annum of net property income, but before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement;
- c) Acquisition fee of 1% of the acquisition price of any future assets of Sunway REIT or a Single-Purpose Company acquired by the Trustee for Sunway REIT (pro rated if applicable to the proportion of the interest in Real Estate or Single-Purpose Company purchased by the Trustee for Sunway REIT); and
- d) Divestment fee of 0.5% of the sale price of any future Assets of Sunway REIT or a Single-Purpose Company sold or divested by the Trustee (pro rated if applicable to the proportion of the interest of Sunway REIT in the Assets of Sunway REIT sold).

The Manager's fee shall be net of all applicable tax, duties and levies imposed by the relevant authorities in Malaysia. The Manager shall be paid the base fee and performance fee which may be in the forms of cash, new Units or a combination thereof, with the initial applicable proportion to be 50% in the form of cash and 50% in the form of new Units, such proportion which may be varied at the discretion of the Manager.

Total fees accrued to the Manager for the current quarter ended 31 December 2011 was RM5.7 million compared to RM4.7 million in preceding year corresponding quarter.

B9. Trustee Fee

Pursuant to the Deed constituting Sunway REIT, the Trustee is entitled to receive up to 0.03% per annum of the net asset value of Sunway REIT, net of all applicable taxes, duties and levies imposed by the relevant authorities in Malaysia, is calculated on a monthly accrual basis, based on a year of 12 months. The total Trustee's fee for the current quarter ended 31 December 2011 was RM0.2 million, consistent with preceding year corresponding quarter of RM0.2 million.

B10. Taxation

Taxation of the REIT

The tax transparency system under Section 61A of the Malaysian Income Tax Act 1967, exempts the REIT from income tax in a year of assessment if the REIT distributes at least 90% of its total taxable income in the same year of assessment.

Since Sunway REIT shall be distributing 100% of its realised year-to-date income (which translates to more than 90% of its total taxable income), the REIT should not incur any tax expense for the financial year ending 30 June 2012.

Taxation of the Unitholders

Pursuant to Section 109D(2) of Income Tax Act, 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders	Withholding tax rate
Individuals & all other non-corporate investors such as institutional	10%
Non-resident corporate investors	25%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 25%.

B11. Status of Corporate Proposal

There were no update on corporate proposals announced but not completed as at the latest practicable date from the date of this report.

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B12. Borrowings and Debt Securities

	As at 31.12.2011	As at 30.06.2011
	RM'000	RM'000
Short term borrowings		
- Secured		
Revolving credit	-	59,350
Term loan	240,000	-
- Unsecured		
Term loan	674,350	-
Total short term borrowings	914,350	59,350
Long term borrowings		
- Secured term loan	674,000	1,514,000
Total borrowings	1,588,350	1,573,350
Less: Unamortised transaction costs	(7,981)	(11,975)
	1,580,369	1,561,375

Sunway REIT had entered into a facility agreement dated 23 December 2011 with a licensed bank for unsecured short term loan and revolving credit facilities ("Short Term Facility") amounting to RM760 million and RM90 million respectively. The Short Term Facility bears a floating rate and to be repaid by way of bullet repayment at end of 4 months from the date of first drawdown. On 28 December 2011, Sunway REIT had drawn down the unsecured short term loan of RM674.4 million to repay the entire floating rate term loans and revolving credit from the existing syndicated facilities ("Existing Syndicated Facilities") of RM1.15 billion dated 16 June 2010. On even date, Sunway REIT has also reduced the revolving credit facility limit under the Existing Syndicated Facilities from RM150 million to RM50 million. The above loan restructuring exercise was part of the active capital management strategies to reduce Sunway REIT's interest expense by 0.25% pending issuance of private debt securities and/or other form of financing at more favourable interest rates.

All the bank borrowings are denominated in Ringgit Malaysia.

B13. Derivative Financial Instruments - Interest Rate Swap

Sunway REIT has terminated the interest rate swap in the quarter ended 30 September 2011 as part of the active capital management strategies.

Type of Derivatives	Contract/ Notional Value		Fair Value Assets	
	As at 31.12.2011	As at 30.06.2011	As at 31.12.2011	As at 30.06.2011
	RM'000	RM'000	RM'000	RM'000
Interest rate swap agreement				
- More than 3 years but less than 4 years	-	100,000	-	706

Derivative financial instruments are recognised in the financial statements in accordance with FRS139.

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. Sunway REIT had entered into interest rate swap to convert a RM100 million floating rate loan to a fixed rate loan in order to minimise the exposure from the fluctuation of interest rate. The fair value of the swap contracts are determined by using the market rates at the end of reporting period and changes in the fair value is recognised in the profit or loss.

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B14. Material Litigation

- a) High Court Originating Summons No. 24NCVC-901-2011 and Court of Appeal No. W-02 (NCVC)-2242-2011

On 19 April 2011, Robert Ti and Kornelius Kurniadi (Plaintiffs) commenced this action against amongst others OSK Trustees Berhad and SUNREIT which sought a declaration that the public auction of Putra Place held on 30 March 2011 was null and void because they were wrongly excluded from bidding and that OSK Trustees Berhad (as trustee for Sunway Real Estate Investment Trust) had contravened a condition of sale in the Proclamation of Sale.

The Kuala Lumpur High Court had on 28 April 2011 dismissed with costs the Plaintiffs' application for various interim injunctions and on 27 July 2011 dismissed the originating summons with costs.

The Plaintiffs have appealed against the dismissal of originating summons on 27 July 2011 at the Court of Appeal. The case is fixed for hearing on 15 March 2012.

- b) High Court Originating Summons No. 24NCVC-952-2011 and Court of Appeal No. W-02(IM)(NCVC)-506-2011, W-02(IM)(NCVC)-2093-2011, W-02(IM)(NCVC)-2095-2011, W-02(IM)(NCVC)-2096-2011 & W-02(IM)(NCVC)-2097-2011

On 25 April 2011, Metroplex Berhad (Provisional Liquidators appointed) commenced its action against amongst others OSK Trustees Berhad, Sunway REIT, and Sunway REIT Management Sdn Bhd seeking to set aside the sale of Putra Place to OSK Trustees Berhad (as trustee for Sunway REIT) at the auction conducted by the Kuala Lumpur High Court on 30 March 2011. Metroplex Berhad claimed that the auction on 30 March 2011 was not a valid public auction and that OSK Trustees Berhad (as trustee for Sunway REIT) was not entitled to bid at the auction.

The Kuala Lumpur High Court had on 27 July 2011 allowed the application by OSK Trustees Berhad (as trustee for Sunway REIT) and Sunway REIT Management Sdn Bhd to strike out the legal action with costs of RM40,000 to be paid by the provisional liquidator of Metroplex Berhad on the ground that Metroplex Berhad did not have any right to bring the legal action in relation to the public auction. Metroplex Berhad is the holding company of Metroplex Holdings Sdn Bhd, the former registered owner of Putra Place.

Metroplex Berhad (Provisional Liquidators Appointed) has filed a Notice of Appeal with the Court of Appeal on 8 August 2011 to appeal against the decision of the High Court of Malaya given on 27 July 2011 ordering that the Originating Summons dated 25 April 2011 be struck out against, amongst others, OSK Trustees Berhad, Sunway REIT and Sunway REIT Management Sdn Bhd. The case is fixed for hearing on 9 February 2012.

- c) High Court Originating Summons No. 21NCVC-95-2011

On 6 May 2011, Metroplex Holdings Sdn Bhd (Plaintiff) commenced the case against amongst others OSK Trustees Berhad, Sunway REIT and Sunway REIT Management Sdn Bhd seeking to set aside the sale of Putra Place to OSK Trustees Berhad (as trustee of Sunway REIT) at the auction conducted by the Kuala Lumpur High Court on 30 March 2011. The Plaintiff claims that the auction on 30 March 2011 was not a valid public auction and that OSK Trustees Berhad (as trustee of Sunway REIT) was not entitled to bid at the auction.

On 17 August 2011, the High Court fixed the hearing date for the application to strike out the case by OSK Trustees Berhad, Sunway REIT Management Sdn Bhd and CIMB Investment Bank Berhad on 23 September 2011 which was adjourned to 20 October 2011. After the hearing of the striking out application on 20 October 2011, the High Court will make a decision on 22 November 2011.

On 22 November 2011, the High Court allowed the application to strike out the case by OSK Trustees Berhad, Sunway REIT Management Sdn Bhd with costs in aggregate sum of RM24,000 to be paid by Metroplex Holdings Sdn Bhd.

Metroplex Holdings Sdn Bhd has filed a Notice of Appeal with the Court of Appeal on 13 December 2011 to appeal against the decision of the High Court of Malaya on 22 November 2011 which allowed the striking out of the case. The case is fixed for case management on 14 February 2012.

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B14. Material Litigation (Cont'd)

- d) High Court Originating Summons No. 24NCVC-1255-2011, Court of Appeal W-02(NCVC)-1680-2011 and W-02(NCVC)-1773)-2011 and Federal Court Leave to Appeal 08(f)-425-09-2011

On 1 June 2011, OSK Trustees Berhad (as trustee of Sunway REIT)(Trustee) and Sunway REIT Management Sdn Bhd (Manager) brought the action against Metroplex Holdings Sdn Bhd which amongst others seek an order that Metroplex Holdings Sdn Bhd ("Metroplex") deliver possession of each and every part of Putra Place that Metroplex, its related corporations, its servants and agents in possession, occupied or control to the Trustee and the Manager.

On 28 June 2011, the High Court has declared that OSK Trustees Berhad (as trustee of Sunway REIT) is the legal owner of Putra Place since 19 April 2011 and has ordered that Metroplex, its servants or agents or otherwise hand over to the Manager control and management of Putra Place within 72 hours which was to expire at noon on 1 July 2011.

Metroplex then filed a notice of appeal for an appeal against the decision of the High Court and on 1 July 2011 obtained an order for stay of execution of the High Court order dated 28 June 2011 ("Orders"). The Court of Appeal has on 27 September 2011, dismissed the appeals with costs of RM120,000 filed by Metroplex against the Orders.

On 29 September 2011, Metroplex served the Notice for Application for Leave to Appeal, the Notice of Motion (Ex parte) dated 28 September 2011 for stay of execution and the draft ex-parte interim order for stay of execution dated 28 September 2011 granted by Federal Court on the Trustee and the Manager. The sealed ex-parte interim order for stay of execution was served on OSK Trustees Berhad and Sunway REIT Management Sdn Bhd 30 September 2011. The application for stay of execution was fixed for hearing inter-partes on 4 October 2011.

Following the decision of the Court of Appeal on 27 September 2011 in dismissing the appeal by Metroplex and prior to the service of the draft interim order for stay of execution, Metroplex had already delivered possession and control of Putra Place to the Trustee and the Manager in accordance with the Orders.

On 4 October 2011, the Federal Court heard and dismissed the application by Metroplex for the stay of execution Orders, including the control and possession of Putra Place, with costs of RM30,000. With the dismissal of the stay application, the Trustee and the Manager will execute the remaining parts of the Orders that have not been enforced, which include the orders that Metroplex is:

- i) restrained from holding itself out as the owner of Putra Place and from controlling and managing Putra Place or remaining on or entering Putra Place;
- ii) to pay mesne profits from 19 April 2011 until possession is delivered up;
- iii) to provide all accounting records and a true account of all income and receipts derived or received by it from Putra Place since 19 April 2011 together with all supporting documents and to pay all such income and receipts to Sunway REIT;
- iv) to pay interest on all sums ordered to be paid at such rate and for such period the Court deems proper;
- v) restrained from lodging any further private caveat over Putra Place and any private caveat lodged by them after 29 April 2011 be also cancelled and removed forthwith by the Pendaftar Hakmilik Wilayah Persekutuan.

If Metroplex fails to comply with the Orders, either by itself or through its agents or its employees or its representatives, Haron Bin Dato' (DR) Mohd. Salleh, Lim Siew Kim and Mok Pak Hong as directors and/or officers of Metroplex may be cited for process of execution as a means of compelling Metroplex to comply.

Metroplex's application for leave to appeal to Federal Court is fixed for hearing on 20 February 2012.

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B14. Material Litigation (Cont'd)

- d) High Court Originating Summons No. 24NCVC-1255-2011, Court of Appeal W-02(NCVC)-1680-2011 and W-02(NCVC)-1773)-2011 and Federal Court Leave to Appeal 08(f)-425-09-2011
(Cont'd)

Metroplex has applied to the High Court for clarification on the orders stated in, inter alia, paragraphs (b), (c) and (d) above and the application was dismissed by the High Court on 14 October 2011 and has on 21 November 2011 filed a Notice of Motion with the Court of Appeal for an appeal against the High Court dismissal of its application. The Court of Appeal has fixed case management on 16 February 2012.

Metroplex has also instituted a separate suit on 20 November 2011 seeking orders, inter alia, that OSK Trustees Berhad and Sunway REIT Management Sdn Bhd be restrained from filing any winding-up petition against it and filing of any contempt of court proceedings against it and its directors in relation to the High Court orders obtained on 28 June 2011. The case is fixed for further case management on 16 February 2012.

B15. Soft commission

There was no soft commission received by the Manager and/or its delegate during the period under review from its brokers/dealers by virtue of transactions conducted for Sunway REIT.

B16. Summary of EPU, DPU, NAV and Market Price

	Quarter ended 31 December 2011	Immediate preceding quarter ended 30 September 2011	% change
Number of units in issue (units)	2,691,761,600	2,686,898,400	0.2%
Realised net income (RM'000)	50,738	44,230	14.7%
Earnings per unit (EPU) (sen)	1.89	1.64	15.2%
Income distribution (RM'000)	53,566	47,062	13.8%
Distribution per unit (DPU) (sen)	1.99	1.75	13.7%
Net Asset Value (NAV) (RM'000)	2,726,909	2,726,977	0.0%
NAV per unit (After income distribution) (RM)	1.0131	1.0149	-0.2%
Market price per unit (RM)	1.25	1.11	12.6%

B17. Income Distribution

The Manager has proposed an interim income distribution of 1.99 sen per unit for the second quarter ended 31 December 2011 comprising taxable and non-taxable amount of 1.94 sen and 0.05 sen per unit respectively. The book closure and payment dates in respect of the proposed interim income distribution will be fixed on 24 February 2012 and 9 March 2012 respectively.

B18. Directors' Declaration

In the opinion of the Manager, this quarterly report has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Sunway REIT as at 31 December 2011 and of its financial performance and cash flows for the quarter ended on that date and duly authorised for release by the Board of the Manager on 9 February 2012.

BY ORDER OF THE BOARD

Sunway REIT Management Sdn. Bhd.
(As Manager for Sunway Real Estate Investment Trust)

Tan Kim Aun (MAICSA No.: 7002988)
Lee Suan Choo (MAICSA No.: 7017562)
Company Secretaries

Petaling Jaya
Date: 9 February 2012