

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE THIRD QUARTER ENDED 31 MARCH 2011 (UNAUDITED)**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year To date
	31.03.2011	31.03.2010 ¹	31.03.2011	31.03.2010 ¹
	RM'000	RM'000	RM'000	RM'000
Rental income	80,705	-	234,953	-
Other operating income	1,641	-	5,171	-
Gross revenue	82,346	-	240,124	-
Quit rent, assessment and insurance	(1,858)	-	(5,471)	-
Other property operating expenses	(19,508)	-	(55,624)	-
Property operating expenses	(21,366)	-	(61,095)	-
Net property income	60,980	-	179,029	-
Other income	820	-	1,948	-
Change in fair value of investment properties	-	-	272,339	-
Net investment income	61,800	-	453,316	-
Manager fee	(4,642)	-	(13,697)	-
Trustee fee	(194)	-	(580)	-
Finance costs	(12,971)	-	(38,636)	-
Other trust expenses	(261)	-	(797)	-
	(18,068)	-	(53,710)	-
Income before taxation	43,732	-	399,606	-
Taxation	-	-	-	-
Net income for the period	43,732	-	399,606	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	43,732	-	399,606	-
Provision for income distribution ²	(45,639)	-	(133,050)	-
Net comprehensive income retained	(1,907)	-	266,556	-
Net income for the period comprise the following:				
Realised	43,152	-	126,242	-
Unrealised	580	-	273,364	-
	43,732	-	399,606	-
Earnings per unit (sen)	1.63	-	14.88	-
Distribution per unit (sen)	1.70	-	4.96	-

The unaudited condensed statement of comprehensive income should be read in conjunction with the pro forma financial information in the Prospectus of Sunway REIT dated 15 June 2010 ("the Prospectus") and the accompanying explanatory notes attached to the interim financial statements.

¹ No comparative figures are available as Sunway REIT was constituted on 20 May 2010 and the acquisition of the properties was completed on listing date, 8 July 2010. The current year-to-date cumulative quarter financial results reported refers to the period from 20 May 2010 to 31 March 2011.

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

² The provision for income distribution is derived from the followings :

	<--- Individual Quarter --->		<--Cumulative Quarter -->	
	Current Year Quarter 31.03.2011 RM'000	Preceding Year Corresponding Quarter 31.03.10 RM'000	Current Year To date 31.03.2011 RM'000	Preceding Year To date 31.03.10 RM'000
Net income for the period (realised)	43,152	-	126,242	-
Add: Surplus cash arising from 50% Manager's fee payable in units	2,321	-	6,849	-
Total available for income distribution for the period	45,473	-	133,091	-
Brought forward undistributed income available for distribution	207	-	-	-
Total available for income distribution	45,680	-	133,091	-
Less: Provision for income distribution	(45,639)	-	(133,050)	-
Balance undistributed arising from rounding difference	41	-	41	-

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE THIRD QUARTER ENDED 31 MARCH 2011 (UNAUDITED)**

CONDENSED STATEMENT OF FINANCIAL POSITION

	As At 31.03.2011	As At 30.06.2010 ¹
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	611	-
Investment properties	3,729,035	-
	<u>3,729,646</u>	<u>-</u>
Current assets		
Receivables, deposits and prepayments	65,457	-
Deposits placed with licensed financial institutions	12,715	-
Cash and bank balances	4,833	-
Derivatives financial instruments	971	-
	<u>83,976</u>	<u>-</u>
	<u>3,813,622</u>	<u>-</u>
FINANCED BY:		
Unitholders' funds		
Unitholders' capital	2,347,581	-
Distributable income	266,556	-
Total Unitholders' funds	<u>2,614,137</u>	<u>-</u>
Non-current liabilities		
Borrowings	994,524	-
Long term liabilities	54,932	-
	<u>1,049,456</u>	<u>-</u>
Current liabilities		
Borrowings	58,137	-
Trade and other payables	46,253	-
Provision for income distribution	45,639	-
	<u>150,029</u>	<u>-</u>
	<u>3,813,622</u>	<u>-</u>
Number of units in circulation ('000 units)	2,684,679	-
NET ASSET VALUE ("NAV")		
- Before provision for income distribution	2,659,776	-
- After provision for income distribution	2,614,137	-
NET ASSET VALUE PER UNIT (RM)		
- Before provision for income distribution	0.9907	-
- After provision for income distribution	0.9737	-

The unaudited condensed statement of financial position should be read in conjunction with the pro forma financial information in the Prospectus of Sunway REIT dated 15 June 2010 ("the Prospectus") and the accompanying explanatory notes attached to the interim financial statements.

¹ No comparative figures are available as Sunway REIT was constituted on 20 May 2010 and the acquisition of the properties was completed on listing date, 8 July 2010.

**SUNWAY REAL ESTATE INVESTMENT TRUST
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CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital	<-- Distributable Realised	Income --> Unrealised	Total Unitholders' Funds
	RM'000	RM'000	RM'000	RM'000
As at 20 May 2010 (date of establishment)	-	-	-	-
Total income for the period	-	126,242	273,364	399,606
Increase in net assets resulting from operations	-	126,242	273,364	399,606
Unitholders' transactions				
Creation of units ¹				
- Pursuant to initial public offer	2,407,761	-	-	2,407,761
- Manager fee paid in units	4,528	-	-	4,528
Listing expenses	(64,707)	-	-	(64,707)
Distribution to unitholders - paid ²	-	(87,411)	-	(87,411)
Distribution to unitholders - provision	-	(45,639)	-	(45,639)
Increase/(decrease) in net assets resulting from unitholders' transactions	2,347,582	(133,050)	-	2,214,532
As at 31 March 2011	2,347,582	(6,808)	273,364	2,614,138

The unaudited condensed statement of changes in net asset value should be read in conjunction with the pro forma financial information in the Prospectus of Sunway REIT dated 15 June 2010 ("the Prospectus") and the accompanying explanatory notes attached to the interim financial statements.

¹ Issue of new units comprise the following:

	Units '000	Amount RM'000
Consideration units issued to the vendors	1,025,143	920,969
Issuance of new units pursuant to initial public offering ("IPO")	1,654,969	1,486,792
Total issuance pursuant to IPO	2,680,112	2,407,761
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
	2,684,679	2,412,289

² For the period from 8 July 2010 to 31 December 2010.

**SUNWAY REAL ESTATE INVESTMENT TRUST
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CONDENSED STATEMENT OF CASH FLOWS

	Current Year To date 31.03.2011	Preceding Year To date 31.03.2010 ¹
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	253,852	-
Refundable security deposits from customers	69,862	-
Cash paid for operating expenses	(72,994)	-
Net cash generated from operating activities	<u>250,720</u>	-
INVESTING ACTIVITIES		
Purchase of investment properties	(3,456,661)	-
Deposit paid for purchase of investment properties	(51,395)	-
Interest received	835	-
Net cash used in investing activities	<u>(3,507,221)</u>	-
FINANCING ACTIVITIES		
Proceeds from issuance of new units	2,407,761	-
Drawdown of term loan and revolving credits	1,212,350	-
Repayment of revolving credits	(150,000)	-
Interest paid	(32,455)	-
Payment of listing and financing expenses	(76,196)	-
Distribution paid	(87,411)	-
Net cash generated from financing activities	<u>3,274,049</u>	-
Net increase in cash and cash equivalents	17,548	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	<u>17,548</u>	-
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	4,833	-
Deposits placed with licensed financial institutions	12,715	-
Cash and cash equivalents at end of period	<u>17,548</u>	-

The unaudited condensed statement of cash flows should be read in conjunction with the pro forma financial information in the Prospectus of Sunway REIT dated 15 June 2010 ("the Prospectus") and the accompanying explanatory notes attached to the interim financial statements.

¹ No comparative figures are available as Sunway REIT was constituted on 20 May 2010 and the acquisition of the properties was completed on listing date, 8 July 2010. The current year-to-date cash flows reported refers to the period from 20 May 2010 to 31 March 2011.

**SUNWAY REAL ESTATE INVESTMENT TRUST
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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 March 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 pro forma financial performance in the prospectus of Sunway REIT dated 15 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

A2. Audit Report of Preceding Financial Year

There was no preceding year financial statements as Sunway REIT was constituted and listed on 20 May 2010 and 8 July 2010 respectively.

A3. Seasonal or Cyclical Factors

The results for the current quarter under review were not materially affected by seasonal or cyclical factors.

A4. Unusual Items

There were no material unusual items affecting the amounts reported for the quarter ended 31 March 2011.

A5. Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter.

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 31 March 2011 except for issuance of 2,331,100 units at RM1.0187* per unit in Sunway REIT on 14 March 2011 being 50% payment of the Manager fee for the quarter ended 31 December 2010. The units were listed on the Main Market of Bursa Securities on 22 March 2011.

** Based on the 10-day volume weighted average price ("VWAP") of the units up to and including 31 December 2010.*

A7. Income Distribution

For the quarter ended 31 March 2011, Sunway REIT made a provision of approximately 100% of the realised distributable income amounting to RM45.6 million or 1.70 sen per unit. This amount includes surplus cash arising from 50% Manager fee payable in units of RM2.3 million.

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A8. Segmental Reporting

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

Current year quarter

	Retail RM'000	Hospitality RM'000	Office RM'000	Total RM'000
BY BUSINESS SEGMENTS				
REVENUE AND EXPENSES				
Gross revenue	62,358	11,568	8,420	82,346
<u>Results</u>				
Net property income	43,588	11,145	6,247	60,980
Other income				820
Trust expenses				(5,097)
Financing costs				(12,971)
Income before taxation				43,732
Taxation				-
Net income for the period				43,732

Cumulative year-to-date

	Retail RM'000	Hospitality RM'000	Office RM'000	Total RM'000
BY BUSINESS SEGMENTS				
REVENUE AND EXPENSES				
Gross revenue	175,499	40,510	24,115	240,124
<u>Results</u>				
Net property income	121,900	39,195	17,934	179,029
Other income				1,948
Change in fair value of investment properties				272,339
Trust expenses				(15,074)
Financing costs				(38,636)
Income before taxation				399,606
Taxation				-
Net income for the period				399,606

A9. Valuation of Investment Properties

Investment properties are stated at fair value based on valuations performed by registered independent valuers. There is no valuation performed for the quarter ended 31 March 2011.

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A10. Material Event

On 31 March 2011, the Manager announced that OSK Trustees Berhad, the trustee for Sunway REIT ("the Trustee") on behalf of Sunway REIT and with the assistance of the Manager was successful in bidding for the Property at a public auction on 30 March 2011 for a total cash consideration of RM513,945,000. The Trustee had on even date signed a Memorandum of Sale in relation to the Proposed Acquisition on behalf of Sunway REIT and paid a 10% deposit amounting to RM51,394,500.

The Property is a freehold mixed-use development comprising an 8-level podium retail/shopping complex known as "The Mall", an office tower known as "100 Putra Place" (from 10th to 33rd floors), a 25-storey 5-star rated hotel (11th to 21st floors), service apartments (from 22nd to 34th floors) and penthouses (from 34th to 35th floors) known as "The Legend" and 1,323 car parking bays.

The Proposed Acquisition is expected to be completed within 120 days from 30 March 2011.

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

On 20 April 2011, the Manager announced that the Proposed Acquisition of Putra Place had been completed on 19 April 2011. The Certificate of Sale (National Land Code Form 16F) was registered with the Kuala Lumpur Land Registry on 19 April 2011 by which the title has passed to and vested in OSK Trustees Berhad as trustee for Sunway REIT after payment of the balance purchase price.

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

Sunway REIT's fund size was increased from 2,682.4 million units to 2,684.7 million units with the issuance of 2.3 million units as mentioned in note A6.

A13. Contingent Liabilities and Assets

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

A14. Capital Commitments

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

	As at 31.03.11
	RM'000
Approved and contracted for ¹	475,933
Approved but not contracted for	8,962
	<u>484,895</u>

¹ Included in the approved and contracted for is the amount of RM462,550,000, being the balance of 90% purchase consideration for Putra Place acquisition via a public auction on 30 March 2011 as mentioned in note A10 above.

A15. Realised and Unrealised Retained Profits

	Current	As at end of
	financial	last
	period	financial
	RM'000	year
		RM'000
Total retained profits of Sunway REIT		
- Realised	(6,808)	-
- Unrealised	273,364	-
	<u>266,556</u>	<u>-</u>

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**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

Current year quarter

Sunway REIT registered a gross revenue of RM82.3 million and net property income of RM61.0 million for the quarter ended 31 March 2011. Income before taxation was RM43.7 million comprising realised net income of RM43.2 million and unrealised income of RM0.5 million arising mainly from fair value adjustment on financial derivatives.

Distributable income was RM45.5 million, comprising realised income of RM43.2 million and surplus cash arising from 50% of Manager fee payable in units of RM2.3 million.

Cumulative year-to-date

Sunway REIT registered a gross revenue of RM240.1 million and net property income of RM179.0 million for year-to-date ended 31 March 2011. Income before taxation was RM399.6 million comprising realised net income of RM126.2 million and unrealised income of RM273.4 million arising mainly from fair value adjustment on investment properties.

As at 31 March 2011, Sunway REIT has distributed RM87.4 mil or 3.26 sen per unit in respect of the six-month period ended 31 December 2010. For the quarter ended 31 March 2011, Sunway REIT made a provision of approximately 100% of the realised distributable income amounting to RM45.6 million or 1.70 sen per unit payable on 9 June 2011.

Maintenance costs and major capital expenditure

There was no unusual maintenance costs nor major capital expenditure incurred during the quarter under review.

B2. Material Changes in Quarterly Results

	Current Quarter Ended 31.03.11 RM'000	Preceding Quarter Ended 31.12.10 RM'000
Income before taxation	43,732	45,236

Sunway REIT recorded an income before taxation of RM43.7 million for the current quarter ended 31 March 2011 compared to RM45.2 million in the immediate preceding quarter. Income before taxation in the immediate preceding quarter was higher by RM1.5 million or 3.3% compared to current quarter mainly attributable to better performance from the hospitality properties. The hotel properties typically enjoy their peak season in the last quarter of the calendar year arising from year-end corporate functions and year-end school holidays, whilst the first quarter of the calendar year is typically the off peak season. The performance of the hospitality properties during the current quarter had also been affected by the twin disaster (earthquake followed by tsunami in March 2011) in Japan whereby there were some cancellations for MICE events by Japanese corporates.

B3. Prospects

On the global front, the first 3 months of 2011 saw several "black swan" events such as political upheaval in the Middle East, twin natural disasters followed by nuclear threat in Japan. Further mounting inflationary pressure caused several countries like China and India to hike interest rates. These events may have adverse impact on the global recovery as well as to the Malaysian economy in respect of reduced tourist arrivals from these countries, supply chain disruption that may exacerbate inflationary problems.

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B3. Prospects (Cont'd)

On a positive note, the implementation of the Economic Transformation Programme (ETP) has provided the domestic economy with positive catalysts. Since its launch in October 2010, the government has announced a total of 60 projects with investment amounting to RM95.35 billion. These projects will create approximately 224,358 jobs till 2020 and raise RM137.2 billion in Gross National Income (GNI). Although inflation remains a key concern, it is still at a manageable level of approximately 3%.

With ETP's continuous momentum in driving the domestic economy and with 89.3% of rental renewals secured at an average increase of 15.7% for the portfolio but barring any spike in interest rates and potential delay in entering into new tenancies at Putra Place upon procuring vacant possession, the Manager is confident of achieving the profit forecast and income distribution for the financial period ending 30 June 2011 as disclosed in the prospectus of Sunway REIT dated 15 June 2010.

Review of retail market

The Malaysian Retailer-Chains Association (MRCA) expects the retail market to expand 5-6%, in line with the GDP's growth forecast for 2011. The association also expects the industry to benefit from the abolishment of import duty on tourism related products and daily use products as proposed in Budget 2011.

For the nine-month period ended 31 March 2011, Sunway Pyramid Shopping Mall recorded an increase in visitorship of 2.3% compared to the corresponding period last year whilst Sunway Carnival Shopping Mall registered growth of 6.3%. Occupancy remain strong with Sunway Pyramid Shopping Mall at 99%, Sunway Carnival Shopping Mall at 92% and Suncity Ipoh Hypermarket at 100%. Sunway Pyramid Shopping Mall achieved 16.5% (including step up rent for the 3 year-term) growth in rental reversions whereby 369 tenancies were renewed with net lettable area of approximately 1.1 million square feet representing 94.4% of the total net lettable area due for renewal in financial period ending 30 June 2011. To provide shoppers with continuous splendid shopping experience, a total of 110 new tenants such as Coach, Brands Outlet, Billabong, Edwin and Rest & Relax, amongst others, were added to Sunway Pyramid Shopping Mall during the nine-month financial period ended 31 March 2011.

The Manager is of the view that the Sunway REIT retail properties will be able to enjoy another year of robust performance, underpinned by growth in visitorship, double digit growth in rental reversions and continued growth in consumer spending.

Review of hotel market

The Government had on 30 November 2010 unveiled the business tourism project under the ETP. Malaysia targets to increase arrivals from business tourism from 5% to 8% of total tourist arrivals or from 1.2 million to 2.9 million by year 2020 as this is the higher yielding segment. In view of this, the Government will be allocating RM50 million per annum under the ETP to the Malaysia Convention & Exhibition Bureau (MyCEB) over the next 2 years and to raise to RM100 million per year by 2020 to support the growth of business tourism. MyCEB, established by the Ministry of Tourism Malaysia, main objective is to further strengthen the country's business events brand and to position the country as one of the world's leading international meetings, incentives, conventions and exhibitions (MICE) destinations.

Both corporate hotels, Sunway Resort Hotel & Spa and Pyramid Tower Hotel, located within the Sunway Integrated Resort City are well positioned to benefit from the implementation of the business tourism project as it has one of the largest convention facilities in the country. Besides business tourism, these 2 properties will be able to benefit from the other projects to be rolled out under the ETP as the two properties are adjacent to the necessary infrastructure (such as Sunway Lagoon Theme Park, Sunway Pyramid Shopping Mall) that fit into the themes for the entry point projects developed under the NKEA ie:

- positioning Malaysia as a duty free shopping destination for tourist goods
- providing family fun by offering tourists a destination for family entertainment
- improving events, entertainment, spa and sports offerings to attract tourists

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B3. Prospects (Cont'd)

Review of hotel market (cont'd)

Sunway Hotel Seberang Jaya which is located in Seberang Prai, Penang shall benefit from the Government's NKEA involving electronics and electrical with the Northern Corridor as one of the four regional clusters. To date, the Government has unveiled several electronics and electrical projects in the northern states such as LED-SSL Certification Centre, LED Manufacturing Facility and wafer fabrication plant.

For the nine-month period ended 31 March 2011, all the hotel properties achieved higher average daily rates compared to the corresponding period last year. Occupancy rates had also improved for Sunway Resort Hotel & Spa, Pyramid Tower Hotel and Sunway Hotel Seberang Jaya to 68.4%, 80.4% and 79.1% respectively compared to 66.2%, 80.1% and 76.5% respectively in the corresponding period last year. The Manager believes that Sunway REIT's hotel properties will continue to deliver healthy results in tandem with the positive outlook for the industry.

Review of office market

Generally, the Kuala Lumpur office market is expected to remain soft and rental will be under pressure due to expected incoming supply of new space of approximately 13.24 million sf from 2011 to 2014.

Occupancy at both Sunway REIT's office properties had been stable at 100% for Menara Sunway and 97% at Sunway Tower. For the nine-month period ended 31 March 2011, Menara Sunway which is located within the Sunway Integrated Resort City and has a captive market has a total of 22 tenancies (20 renewals, 2 new) with net lettable area of 0.18 million square feet has been secured at Menara Sunway representing 81.7% of the total area due for renewal for the financial period ending 30 June 2011 at a modest increase of 7.5%. Meanwhile, Sunway Tower's next renewal is only due in mid-2012. As Sunway Tower's average rental is affordable and competitive in the vicinity, the Manager is of the view that rental income is sustainable but has limited upside due to softer market sentiments.

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 that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit.

For the quarter ended 31 March 2011, the Manager has made a provision for distribution of 1.70 sen per unit to be paid on 9 June 2011. 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	For the financial period ended 31 March 2011
a) Management expense ratio (annualised)	0.79%
b) Total returns (%)	21.4%
c) Average annual return	N/A
d) Distribution yield (annualised)(based on closing price of RM1.06 on 31 March 2011)	6.40%
e) NAV per unit (after provision for distribution) (RM)	0.9737

- a) The ratio of expenses incurred in operating Sunway REIT to the NAV of Sunway REIT.
- b) The change in value over a period of time plus any distributions received during that time.
- c) The sum of the return rates over a given number of years divided by that number of years. This indicator is currently not available as this is Sunway REIT's first financial period results since listing.

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B5. Performance Benchmark (Cont'd)

- d) The annual distribution per unit paid divided by its current market price. This is annualised based on provision for income distribution for year-to-date ended 31 March 2011 of RM133.1 million.
- e) Net asset value as determined by deducting the value of all 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. Variance of Actual Profit from Profit Forecast

- a) Condensed Statement of Comprehensive Income

	Current Year Quarter 31.03.2011		
	Actual (Unaudited)	Forecast ¹	Change
	RM'000	RM'000	%
Rental income	80,705	80,589	0.1%
Other operating income	1,641	1,251	31.2%
Gross revenue	82,346	81,840	0.6%
Quit rent, assessment and insurance	(1,858)	(1,836)	1.2%
Other property operating expenses	(19,508)	(18,493)	5.5%
Property operating expenses	(21,366)	(20,329)	5.1%
Net property income	60,980	61,511	-0.9%
Other income	820	37	2116.2%
Net investment income	61,800	61,548	0.4%
Manager fee	(4,642)	(4,931)	-5.9%
Trustee fee	(194)	(203)	-4.4%
Finance costs	(12,971)	(13,595)	-4.6%
Other trust expenses	(261)	(294)	-11.2%
	(18,068)	(19,023)	-5.0%
Income before taxation	43,732	42,525	2.8%
Taxation	-	-	
Net income for the period	43,732	42,525	2.8%
Other comprehensive income, net of tax	-	-	0.0%
Total comprehensive income for the period	43,732	42,525	2.8%
Provision for income distribution ²	(45,639)	(44,991)	1.4%
Net comprehensive income retained	(1,907)	(2,466)	-22.7%
Net income for the period comprise the following:			
Realised	43,152	42,525	1.5%
Unrealised	580	-	100.0%
	43,732	42,525	2.8%
Earnings per unit (sen)	1.63	1.59	2.7%
Distribution per unit (sen)	1.70	1.68	1.2%

¹ Based on third quarter forecast of the profit for the financial period ending 30 June 2011 as per prospectus of Sunway REIT dated 15 June 2010.

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B7. Variance of Actual Profit from Profit Forecast (Cont'd)

a) Condensed Statement of Comprehensive Income (cont'd)

² Provision for income distribution:

	Current year quarter 31.03.2011		Change
	Actual	Forecast ¹	
	(Unaudited)		
	RM'000	RM'000	%
Net income for the period (realised)	43,152	42,525	1.5%
Add: Surplus cash arising from 50% Manager's fee payable in units	2,321	2,466	-5.9%
Total available for income distribution for the period	45,473	44,991	1.1%
Brought forward undistributed income available for distribution	207	-	>100.0%
Total available for income distribution	45,680	44,991	1.5%
Less: Provision for income distribution	(45,639)	(44,991)	1.4%
Balance undistributed arising from rounding difference	41	-	100.0%

b) Breakdown of Gross Revenue and Net Property Income

Properties	Current Year Quarter 31.03.2011					
	Gross Revenue			Net Property Income		
	Actual (Unaudited)	Forecast ¹	Change	Actual (Unaudited)	Forecast ¹	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Retail						
Sunway Pyramid Shopping Mall	54,772	53,070	3.2%	38,710	38,545	0.4%
Sunway Carnival Shopping Mall	6,553	6,925	-5.4%	3,915	3,993	-2.0%
Suncity Ipoh Hypermarket	1,033	1,020	1.3%	963	936	2.9%
	62,358	61,015	2.2%	43,588	43,474	0.3%
Hospitality						
Sunway Resort Hotel & Spa	6,208	6,530	-4.9%	5,911	6,272	-5.8%
Pyramid Tower Hotel	4,287	4,741	-9.6%	4,212	4,570	-7.8%
Sunway Hotel Seberang Jaya	1,073	1,142	-6.0%	1,022	1,009	1.3%
	11,568	12,413	-6.8%	11,145	11,851	-6.0%
Office						
Menara Sunway	4,080	4,081	0.0%	2,667	2,639	1.1%
Sunway Tower	4,340	4,331	0.2%	3,580	3,547	0.9%
	8,420	8,412	0.1%	6,247	6,186	1.0%
Total	82,346	81,840	0.6%	60,980	61,511	-0.9%

¹ Based on third quarter forecast of the profit for the financial period ending 30 June 2011 as per prospectus of Sunway REIT dated 15 June 2010.

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B7. Variance of Actual Profit from Profit Forecast (Cont'd)

b) Breakdown of Gross Revenue and Net Property Income

Retail

Retail properties' gross revenue for the quarter ended 31 March 2011 was RM62.4 million, 2.2% higher compared to the forecast of the same period. This was mainly attributable to better performance of Sunway Pyramid Shopping Mall resulting from rental reversion, new net lettable area created and new tenancies.

Property operating expenses for the quarter ended 31 March 2011 was RM18.8 million, 7.0% higher compared to the forecast of the same period mainly attributable to higher utilities and advertising and promotion expenses in conjunction with Chinese New Year festival.

As a result, retail properties' net property income for the quarter ended 31 March 2011 was RM43.6 million, which was 0.3% higher compared to forecast of the same period.

Hotel

Hotel properties' gross revenue for the quarter ended 31 March 2011 was RM11.6 million, 6.8% lower compared to the forecast of the same period. During the current quarter, the performance of Sunway Resort Hotel & Spa and Pyramid Tower has been affected by the twin disaster (earthquake followed by tsunami in March 2011) in Japan whereby there were some cancellations/deferments for meetings, incentives, conventions and exhibitions (MICE) events by Japanese corporates.

As a result, hotel properties' net property income for the quarter ended 31 March 2011 was RM11.1 million, which was 6% lower compared to forecast of the same period.

Office

Office properties' gross revenue, operating expenses and net property income for the quarter ended 31 March 2011 were in line with forecast of the same period.

Income before taxation

Other income of RM0.8 million, mainly comprising interest income and fair value gain on financial derivatives was higher than forecast by RM0.8 million. Higher interest income was due to active cash flow monitoring to maximise funds placement.

Finance costs for the quarter ended 31 March 2011 was RM13.0 million, 4.6% lower compared to the forecast of the same period primarily due to lower interest rate of 4.55% per annum compared to forecast of 4.68% per annum.

Overall, net income for the quarter ended 31 March 2011 was RM43.7 million, which was 2.8% higher compared to the forecast of the same period.

B8. Manager 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

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B8. Manager Fee (Cont'd)

- 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 March 2011 was RM4.6 million.

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 March 2011 was 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 period ending 30 June 2011.

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 investors	10%
Non-resident corporate investors	25%

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

B11. Status of Corporate Proposal

There was no corporate proposal announced as at the latest practicable date from the date of this report.

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B12. Borrowings and Debt Securities

The borrowings as at 31 March 2011 are as follows:

	As at 31.03.2011
	RM'000
Short term borrowings	
- Secured revolving credit	62,350
Long term borrowings	
- Secured term loan	1,000,000
Total borrowings	1,062,350
Less: Unamortised transaction costs	(9,689)
	<u>1,052,661</u>

All the bank borrowings are denominated in Ringgit Malaysia.

B13. Derivative Financial Instruments - Swap

The outstanding swap agreements as at 31 March 2011 are as followings:

Type of Derivatives	Contract/ Notional Value	Fair Value Assets/ (Liabilities)
	RM'000	RM'000
Interest rate swap agreement		
- More than 3 years but less than 4 years	100,000	971

Derivative financial instruments are recognised in the financial statements in accordance with FRS 139.

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.

B14. Material Litigation

Originating Summons No. 24NCVC-901-2011

Robert Ti and Kornelius Kurniadi (Plaintiffs) commenced this action against amongst others OSK Trustees Berhad and SUNREIT seeking to set aside the sale of Putra Place to OSK Trustees Berhad (as trustee of SUNREIT) at the auction conducted by the Kuala Lumpur High Court on 30 March 2011. The Plaintiffs claim that they were wrongly excluded by the Deputy Registrar from bidding at the auction. The Deputy Registrar had excluded the Plaintiffs from bidding pursuant to Section 433B(4) National Land Code as the intended purchaser was a foreign citizen who did not have State Authority's approval to bid. The Plaintiffs also claim that OSK Trustees Berhad and SUNREIT had contravened the Conditions of Sale, namely Condition No.2 and ought to have been rejected as a bidder at the said public auction. The Kuala Lumpur High Court has on 28 April 2011 dismissed with costs the Plaintiffs' application for various injunctions and the matter is now fixed for case management on 5 May 2011.

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B14. Material Litigation (Cont'd)

Originating Summons No. 24NCVC-952-2011

Metroplex Berhad (Provisional Liquidators appointed) (Plaintiff) commenced this action against amongst others OSK Trustees Berhad, SUNREIT and Sunway REIT Management Sdn Bhd seeking to set aside the sale of Putra Place to OSK Trustees Berhad (as trustee of SUNREIT) 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 SUNREIT) was not entitled to bid at the auction. The matter is fixed for case management on 12 May 2011.

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

	Period ended 31 March 2011	As at 8 July 2010	% change
Number of units in issue (units)	2,684,679,000	2,680,112,300	0.17%
Realised net income (RM'000)	126,242	N/A	100%
Earnings per unit (EPU) (sen)	14.88	N/A	100%
Income distribution (Paid and provision) (RM'000)	133,050	N/A	100%
Distribution per unit (DPU)(sen)	4.96	N/A	100%
Net Asset Value (NAV) (RM'000)	2,614,137	2,615,047	0.0%
NAV per unit (RM)	0.9737	0.9757	-0.2%
Market price per unit as at 31 March 2011 (RM)	1.06	0.90	17.8%

¹ N/A : Not applicable

B17. Income Distribution

The Board of the Manager has declared a third interim income distribution of 1.70 sen per unit for the third quarter ended 31 March 2011 comprising taxable and non-taxable amount of RM1.69 sen and RM0.01 sen per unit respectively. The book closure and payment dates in respect of the interim income distribution will be fixed on 19 May 2011 and 9 June 2011 respectively.

B18. Directors' Declaration

In the opinion of the Directors 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 March 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 3 May 2011.

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: 3 May 2011