

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current Year Quarter 30.06.2012	Preceding Year Corresponding Quarter 30.06.2011	Current Year To date 30.06.2012	Preceding Year To date 30.06.2011 ¹
	RM'000	RM'000	RM'000	RM'000
Rental income	99,693	85,236	396,922	320,189
Other operating income	2,865	2,056	9,504	7,227
Gross revenue	102,558	87,292	406,426	327,416
Quit rent, assessment and insurance	(2,995)	(2,027)	(12,027)	(7,498)
Other property operating expenses	(23,699)	(20,279)	(95,201)	(75,903)
Property operating expenses	(26,694)	(22,306)	(107,228)	(83,401)
Net property income	75,864	64,986	299,198	244,015
Other income	411	87	1,320	2,035
Change in fair value of investment properties	230,151	113,230	230,151	385,569
Net investment income	306,426	178,303	530,669	631,619
Manager's fee	(5,805)	(5,306)	(22,601)	(19,003)
Trustee's fee	(214)	(203)	(846)	(783)
Finance costs	(19,241)	(16,554)	(81,196)	(55,190)
Other expenses	(2,882)	(2,183)	(5,563)	(2,980)
	(28,142)	(24,246)	(110,206)	(77,956)
Income before taxation	278,284	154,057	420,463	553,663
Income tax expense	-	-	-	-
Profit for the period/year	278,284	154,057	420,463	553,663
Profit for the period/year comprise the following:				
Realised	48,072	41,069	190,583	167,311
Unrealised	230,212	112,988	229,880	386,352
	278,284	154,057	420,463	553,663
Earnings per unit (sen)				-
- realised	1.79	1.53	7.08	6.24
- unrealised	8.55	4.21	8.54	14.40
	10.34	5.74	15.62	20.64
Proposed/declared distribution per unit (sen)	1.89	1.62	7.50	6.58

¹ The comparative financial results reported refers to the period from 20 May 2010, being the date that Sunway REIT was constituted, to 30 June 2011. 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 FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current Year Quarter 30.06.2012	Preceding Year Corresponding Quarter 30.06.2011	Current Year To date 30.06.2012	Preceding Year To date 30.06.2011 ¹
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	278,284	154,057	420,463	553,663
Other comprehensive income				
Cash flow hedge - fair value of derivative	8,427	-	8,455	-
Cash flow hedge reserve recycled to profit or loss	(12,150)	-	(8,150)	-
Total comprehensive income for the period/year	274,561	154,057	420,768	553,663

Income distribution

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current Year Quarter 30.06.2012	Preceding Year Corresponding Quarter 30.06.2011	Current Year To date 30.06.2012	Preceding Year To date 31.06.2011 ¹
	RM'000	RM'000	RM'000	RM'000
Realised total comprehensive income for the period/year	48,072	41,069	190,583	167,311
Add: Surplus cash arising from 50% Manager's fee paid/payable in Units	2,898	2,653	11,296	9,502
Total available for income distribution for the period/year	50,970	43,722	201,879	176,813
Brought forward undistributed income available for distribution	135	41	235	-
Total available for income distribution	51,105	43,763	202,114	176,813
Less: Proposed/declared income distribution	(50,963)	(43,528)	(201,972)	(176,578)
Balance undistributed arising from rounding difference	142	235	142	235

¹ The comparative financial results reported refers to the period from 20 May 2010, being the date that Sunway REIT was constituted, to 30 June 2011. 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 FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30.06.2012 (Unaudited)	As At 30.06.2011 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	437	122
Investment properties	4,630,000	4,379,000
Derivative financial instrument	8,455	-
	<u>4,638,892</u>	<u>4,379,122</u>
Current assets		
Receivables, deposits and prepayments	18,685	14,461
Deposits placed with licensed financial institutions	17,440	53,722
Cash and bank balances	8,359	4,884
Derivative financial instrument	-	706
	<u>44,484</u>	<u>73,773</u>
	<u>4,683,376</u>	<u>4,452,895</u>
FINANCED BY:		
Unitholders' funds		
Unitholders' capital	2,361,487	2,350,437
Undistributed income	646,844	420,613
Total Unitholders' funds	<u>3,008,331</u>	<u>2,771,050</u>
Non-current liabilities		
Borrowings	318,085	1,502,025
Long term liabilities	53,920	52,029
	<u>372,005</u>	<u>1,554,054</u>
Current liabilities		
Borrowings	1,245,039	59,350
Trade and other payables	58,001	68,441
	<u>1,303,040</u>	<u>127,791</u>
	<u>4,683,376</u>	<u>4,452,895</u>
Number of units in circulation ('000 units)	2,696,462	2,686,898
NET ASSET VALUE ("NAV")		
- Before income distribution	3,008,331	2,771,050
- After income distribution	2,957,368	2,727,522
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution ¹	1.1157	1.0313
- After income distribution ²	1.0968	1.0151

¹ Before the proposed final income distribution of 1.89 sen per unit (2011: 1.62 sen per unit)

² After the proposed final income distribution of 1.89 sen per unit (2011: 1.62 sen per unit)

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 FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital	<-- Undistributed 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				
Profit for the year	-	190,583	229,880	420,463
Other comprehensive income				
- Cash flow hedge - fair value of derivative	-	-	8,455	8,455
- Cash flow hedge reserve recycled to profit or loss	-	-	(8,150)	(8,150)
Total comprehensive income, representing the increase in net assets resulting from operations	2,350,437	224,844	616,537	3,191,818
Unitholders' transactions				
Creation of units ¹				
- Manager's fee paid in units	11,050	-	-	11,050
Distribution to unitholders ²	-	(194,537)	-	(194,537)
Increase/(decrease) in net assets resulting from unitholders' transactions	11,050	(194,537)	-	(183,487)
As at 30 June 2012 (Unaudited)	2,361,487	30,307	616,537	3,008,331

	Unitholders' Capital	<-- Undistributed 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, 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:

	30.06.2012	
	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
- at RM1.1808 per unit for the quarter ended 31 December 2011	2,433	2,873
- at RM1.2294 per unit for the quarter ended 31 March 2012	2,268	2,787
Total Manager's fee paid in units	<u>9,564</u>	<u>11,050</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 2011 of RM43,528,000 and 1Q 2012 to 3Q 2012 of RM151,009,000.

³ Income distributed for 1Q 2011 (8 July 2010) to 3Q 2011.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To date 30.06.2012	Preceding Year To date 30.06.2011
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	414,688	338,755
Refundable security deposits from customers	10,811	72,383
Cash paid for operating expenses	(141,621)	(109,210)
Net cash generated from operating activities	<u>283,878</u>	<u>301,928</u>
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(382)	(100)
Acquisition of investment properties	-	(3,049,636)
Incidental costs on acquisition of investment properties	(6,248)	(1,932)
Subsequent expenditure of investment properties	(21,086)	(1,088)
Interest received	1,537	1,093
Net cash used in investing activities	<u>(26,179)</u>	<u>(3,051,663)</u>
FINANCING ACTIVITIES		
Proceeds from issuance of new units	-	1,486,792
Proceeds from issuance of commercial papers	1,168,544	-
Drawdown of term loan	1,391,600	1,514,000
Drawdown of revolving loans/credits	862,100	254,086
Repayment of term loan	(2,594,800)	-
Repayment of commercial papers	(625,000)	-
Repayment of revolving credits	(221,450)	(189,000)
Interest paid	(72,928)	(47,209)
Payment of unit issuance and financing expenses	(4,351)	(77,278)
Gain from termination of derivative financial instrument	316	-
Distribution paid	(194,537)	(133,050)
Net cash (used in)/generated from financing activities	<u>(290,506)</u>	<u>2,808,341</u>
Net increase in cash and cash equivalents	(32,807)	58,606
Cash and cash equivalents at beginning of year/period	58,606	-
Cash and cash equivalents at end of year/period	<u>25,799</u>	<u>58,606</u>
Cash and cash equivalents at end of year/period comprise:		
Cash and bank balances	8,359	4,884
Deposits placed with licensed financial institutions	17,440	53,722
Cash and cash equivalents at end of year/period	<u>25,799</u>	<u>58,606</u>

Note a

Acquisition price of investment properties	-	3,970,605
Consideration units issued as partial satisfaction of the purchase consideration for properties acquired	-	(920,969)
	<u>-</u>	<u>3,049,636</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 FOURTH QUARTER ENDED 30 JUNE 2012 (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 30 June 2012 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.

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 hotel properties which registered higher net property income compared to the immediate preceding quarter as the current quarter is typically the beginning of peak season for corporate meetings, incentives, conventions and exhibitions (MICE) segment and corporate business and as for hotel properties located in Sunway Resort City ('SRC'), Bandar Sunway, current quarter is also typically the beginning of tourist arrivals from Middle East.

A4. Unusual Items

There were no material unusual items affecting the amounts reported for current quarter ended 30 June 2012 except for the following:

	Current Year Quarter 30.06.2011 RM'000	Preceding Year Corresponding Quarter 30.06.2011 RM'000
Income before taxation as reported	278,284	154,057
Fair value changes ¹	(230,212)	(112,988)
Income before taxation, excluding unusual items	48,072	41,069

¹ Mainly comprise change in fair value of investment properties amounting to RM230.2 million (30 June 2011: RM113.2 million), with details as explained in Note A9.

A5. Changes in Estimates

This is not applicable as no estimates were previously reported.

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

On 26 April 2012, Sunway REIT issued its first commercial papers ("CPs") amounting to RM850 million in nominal value to refinance the existing borrowings as part of the active capital management strategy. Details of the CP Programme is discussed in Note B12.

Sunway REIT has also issued 2,267,300 new units at RM1.2294* per unit on 24th May 2012 being 50% payment of the Manager's fee for the quarter ended 31 March 2012. The units were listed on the Main Market of Bursa Securities on 28th May 2012.

* Based on the 10-day volume weighted average price ("VWAP") of the units up to 30 March 2012.

A7. Income Distribution

For the quarter ended 30 June 2012, the Manager proposed an interim income distribution of approximately 100% of the realised distributable income amounting to RM50.1 million or 1.89 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 FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)

A8. Segmental Reporting

(a) By segment

Segmental results for the financial year ended 30 June 2012 are as follows:

Current Year Quarter

	Current Year Quarter Ended 30.06.2012				Preceding Year Quarter Ended 30.06.2011			
	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	72,283	19,833	10,442	102,558	62,068	15,150	10,074	87,292
<u>Results</u>								
Net property income	49,486	18,906	7,472	75,864	43,295	13,959	7,732	64,986
Other income				411				87
Change in fair value of investment properties				230,151				113,230
Trust and other expenses				(8,901)				(7,692)
Financing costs				(19,241)				(16,554)
Income before taxation				278,284				154,057
Income tax expense				-				-
Profit for the period, representing total comprehensive income for the period				278,284				154,057

SUNWAY REAL ESTATE INVESTMENT TRUST

FOR THE FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

(a) By segment (Cont'd)

Cumulative year-to-date

	Cumulative year-to-date Ended 30.06.2012				Cumulative year-to-date Ended 30.06.2011 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	292,268	71,555	42,603	406,426	237,567	55,660	34,189	327,416
<u>Results</u>								
Net property income	199,691	68,974	30,533	299,198	165,195	53,154	25,666	244,015
Other income				1,320				2,035
Change in fair value of investment properties				230,151				385,569
Trust and other expenses				(29,010)				(22,766)
Financing costs				(81,196)				(55,190)
Income before taxation				420,463				553,663
Income tax expense				-				-
Profit for the year/period, representing total comprehensive income for the year/period				420,463				553,663

¹ The comparative financial results reported refers to the period from 20 May 2010, being the date that Sunway REIT was constituted, to 30 June 2011. The acquisition of the initial portfolio of eight assets was completed on listing date, 8 July 2010.

SUNWAY REAL ESTATE INVESTMENT TRUST

FOR THE FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

(b) By property

Properties	Gross Revenue			Net Property Income			Cumulative Quarter 30.06.2012			Gross Revenue			Net Property Income		
	Current	Preceding Year	Change	Current	Preceding Year	Change	Current	Preceding	Change	Current	Preceding	Change	Current	Preceding	Change
	Year Quarter	Corresponding		Year Quarter	Corresponding		Year To Date	Year To Date		Year To Date	Year To Date				
30.06.2012	30.06.2011	30.06.2012	30.06.2011	30.06.2012	30.06.2011	30.06.2012	30.06.2011 ¹	30.06.2012	30.06.2011 ¹	30.06.2012	30.06.2011 ¹	30.06.2012	30.06.2011 ¹	30.06.2012	30.06.2011 ¹
	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%
Retail															
Sunway Pyramid Shopping Mall	57,684	53,866	7.1%	40,509	39,025	3.8%	228,509	208,180	9.8%	162,299	148,361	9.4%			
Sunway Carnival Shopping Mall	7,329	6,467	13.3%	4,287	3,605	18.9%	28,197	24,632	14.5%	16,050	13,374	20.0%			
Suncity Ipoh Hypermarket	1,138	1,101	3.4%	1,082	1,029	5.2%	4,552	4,121	10.5%	4,222	3,824	10.4%			
Sunway Putra Mall	6,132	634	867.2%	3,608	(364)	1091.2%	31,010	634	4791.2%	17,120	(364)	4803.3%			
	72,283	62,068	16.5%	49,486	43,295	14.3%	292,268	237,567	23.0%	199,691	165,195	20.9%			
Hotel															
Sunway Resort Hotel & Spa	9,180	8,142	12.7%	8,944	7,839	14.1%	35,119	30,557	14.9%	34,043	29,371	15.9%			
Pyramid Tower Hotel	5,481	5,528	-0.9%	5,409	5,430	-0.4%	22,758	20,034	13.6%	22,374	19,659	13.8%			
Sunway Hotel Seberang Jaya	1,244	1,480	-15.9%	1,177	1,430	-17.7%	4,611	5,069	-9.0%	4,406	4,864	-9.4%			
Sunway Putra Hotel	3,928	-	100.0%	3,376	(740)	556.2%	9,067	-	100.0%	8,151	(740)	1201.5%			
	19,833	15,150	30.9%	18,906	13,959	35.4%	71,555	55,660	28.6%	68,974	53,154	29.8%			
Office															
Menara Sunway	4,084	4,078	0.1%	2,856	2,594	10.1%	16,213	15,561	4.2%	11,881	10,725	10.8%			
Sunway Tower	4,175	4,330	-3.6%	3,167	3,835	-17.4%	16,828	16,962	-0.8%	12,775	13,638	-6.3%			
Sunway Putra Tower	2,183	1,666	31.0%	1,449	1,303	11.2%	9,562	1,666	473.9%	5,877	1,303	351.0%			
	10,442	10,074	3.7%	7,472	7,732	-3.4%	42,603	34,189	24.6%	30,533	25,666	19.0%			
TOTAL PORTFOLIO	102,558	87,292	17.5%	75,864	64,986	16.7%	406,426	327,416	24.1%	299,198	244,015	22.6%			

¹ The comparative financial results reported refers to the period from 20 May 2010, being the date that Sunway REIT was constituted, to 30 June 2011. The acquisition of the initial portfolio of eight assets was completed on listing date, 8 July 2010.

**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. During the current quarter, Sunway REIT recognised a fair value gain on investment properties of RM230.2 million arising from annual valuation performed by an independent registered valuer. The details of the appraised values are as follow:

Property	Fair value @	Fair value @	Increase
	30.06.2011	30.06.2012 *	
	RM'000	RM'000	RM'000
Retail			
Sunway Pyramid Shopping Mall	2,345,000	2,540,000	195,000
Sunway Carnival Shopping Mall	250,000	257,000	7,000
Suncity Ipoh Hypermarket	50,000	55,000	5,000
Sunway Putra Mall	246,000	248,000	2,000
	<u>2,891,000</u>	<u>3,100,000</u>	<u>209,000</u>
Hotel			
Sunway Resort Hotel & Spa	495,000	508,000	13,000
Pyramid Tower Hotel	280,000	295,000	15,000
Sunway Hotel Seberang Jaya	56,000	57,000	1,000
Sunway Putra Hotel	240,000	240,000	-
	<u>1,071,000</u>	<u>1,100,000</u>	<u>29,000</u>
Office			
Menara Sunway	138,000	150,000	12,000
Sunway Tower	189,000	190,000	1,000
Sunway Putra Tower	90,000	90,000	-
	<u>417,000</u>	<u>430,000</u>	<u>13,000</u>
TOTAL PORTFOLIO	<u>4,379,000</u>	<u>4,630,000</u>	<u>251,000</u>
Less: Capital expenditure			(20,849)
Fair value gain			<u>230,151</u>

* Appraised value based on valuation carried out by an independent registered valuer, Knight Frank on 30 June 2012

A10. Material Event

There were no material events during the current quarter ended 30 June 2012, except for issuance of commercial papers as discussed in Note A6.

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

There were no material events subsequent to the current quarter ended 30 June 2012.

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

Sunway REIT's fund size was increased from 2,694.2 million units to 2,696.5 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 30 June 2012.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

A14. Capital Commitments

The amount of commitments for investment properties not provided for in the unaudited interim financial statements as at 30 June 2012 were as follows:

	As at 30.06.12 RM'000
Approved and contracted for	55,161
Approved but not contracted for	227,962
	<u>283,123</u>

The amount in approved but not contracted for is mainly in relation to proposed refurbishment of Sunway Putra Mall.

A15. Realised and Unrealised Retained Profits

	Current financial year RM'000	As at end of last financial year RM'000
Total retained profits of Sunway REIT		
- Realised	38,762	34,261
- Unrealised	608,082	386,352
	<u>646,844</u>	<u>420,613</u>

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2012 (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

The retail segment recorded gross revenue of RM72.3 million for the current quarter ended 30 June 2012 (4Q 2012), a significant improvement of 16.5% or RM10.2 million compared to the preceding year corresponding quarter (4Q 2011). Sunway Putra Mall which was acquired in April 2011 (4Q 2011) contributed RM5.5 million whilst Sunway Pyramid Shopping Mall contributed RM3.8 million to the higher revenue. The better performance of Sunway Pyramid Shopping Mall was mainly attributable to higher average rental rate whereby 327,326 sq.ft. or 100% of the tenancies due for renewal in the current financial year was renewed/replaced with new tenants with an average rental reversion of 16.3% for a 3-year term.

Property operating expenses of retail segment for 4Q 2012 was RM22.8 million, an increase of RM4.0 million or 21.4% from 4Q 2011, mainly contributed by Sunway Putra Mall of RM1.5 million and Sunway Pyramid Shopping Mall of RM2.3 million. Higher operating expenses at Sunway Pyramid Shopping Mall was mainly due to higher advertising & promotion expenses incurred to continuously enhance visibility of this shopping mall and remain competitive.

Net property income of retail segment for 4Q 2012 was RM49.5 million, an increase of 14.3% or RM6.2 million compared to 4Q 2011, with Sunway Putra Mall and Sunway Pyramid Shopping Mall contributing to the increase by RM4.0 million and RM1.5 million respectively.

Hotel segment

The hotel segment continued to register strong gross revenue of RM19.8 million for 4Q 2012, a commendable growth of 30.9% or RM4.7 million compared to 4Q 2011. The increase in revenue of hotel segment was primarily contributed by Sunway Putra Hotel and Sunway Resort Hotel & Spa of RM3.9 million and RM1.0 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 hotel segment's revenue. The better performance from Sunway Resort Hotel & Spa was attributable to higher average daily rate and occupancy resulting from continued strong support from the meetings, incentives, conventions and exhibitions (MICE) segment and corporate business. The performance of Sunway Hotel Seberang Jaya, however, was affected by the ongoing renovation.

Net property income of hotel segment for 4Q 2012 was RM18.9 million, an increase of 35.4% or RM4.9 million compared to 4Q 2011, with Sunway Putra Hotel and Sunway Resort Hotel & Spa contributing to the increase by RM4.1 million and RM1.1 million respectively.

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

Office segment

The office segment recorded gross revenue of RM10.4 million, a marginal increase of RM0.4 million or 3.7% compared to 4Q 2011. The overall higher revenue contribution from office segment was mainly attributable to the addition of Sunway Putra Tower to the portfolio in April 2011, which mitigated a slight drop in occupancy at Sunway Tower.

Property operating expenses of office segment for 4Q 2012 was RM3.0 million, an increase of RM0.6 million or 26.8% from 4Q 2011, mainly contributed by addition of Sunway Putra Tower to the segment and lower air-conditioner income from tenants (setoff against electricity expenses) at Sunway Tower.

Net property income of office segment for 4Q 2012 was RM7.5 million, a marginal drop of RM0.3 million or 3.4% from 4Q 2011, which was mainly contributed by Sunway Tower.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

B1. Review of Performance (Cont'd)

Quarter results

Income before taxation

Finance costs for 4Q 2012 was RM19.2 million, an increase of RM2.6 million compared to 4Q 2011, primarily due to finance expense for acquisition of Sunway Putra Place and additional charge out of amortisation of loan transaction costs due to refinancing of existing borrowings.

Overall, net income for 4Q 2012 was RM278.3 million, a significant increase of 80.6% or RM124.2 million compared to 4Q 2011. This was mainly attributable to recognition of fair value gain on investment properties amounting to RM230.2 million in 4Q 2012 compared to RM113.2 million in 4Q 2011. Excluding fair value gain on investment properties, Sunway REIT's net income for 4Q 2012 was RM48.1 million, higher by RM7.3 million or 17.9% compared to 4Q 2011.

Cumulative current year-to-date results

Retail segment

The retail segment recorded gross revenue of RM292.3 million for the cumulative current year-to-date ended 30 June 2012 (YTD 4Q 2012), a significant improvement of 23.0% or RM54.7 million compared to the preceding year-to-date ended 30 June 2011 (YTD 4Q 2011). The overall increase in revenue was mainly contributed by Sunway Putra Mall of RM30.4 million and Sunway Pyramid Shopping Mall of RM20.3 million. Higher revenue from Sunway Pyramid Shopping Mall was attributable to flow through of rental reversion of 1,111,830 sq.ft. from September 2010 with an average rental reversion of 16.3% for a 3-year term. The better performance of this property was also due to rental revision of 327,326 sq.ft., representing 100% of the tenancies due for renewal in current financial year was renewed/replaced with new tenants with an average rental reversion of 16.3% for a 3-year term.

Property operating expenses of retail segment for YTD 4Q 2012 was RM92.6 million, an increase of RM20.2 million or 27.9% from YTD 4Q 2011. The higher operating expenses was mainly contributed by Sunway Putra Mall and Sunway Pyramid Shopping Mall of RM12.9 million and RM6.4 million respectively. The increase in property operating expenses at Sunway Pyramid Shopping Mall was mainly due to higher advertising & promotion expenses incurred to continuously enhance visibility of this shopping mall and remain competitive and higher maintenance expenses incurred to continuously deliver pleasant shopping experience to shoppers.

Net property income of retail segment for YTD 4Q 2012 was RM199.7 million, an increase of 20.9% or RM34.5 million compared to YTD 4Q 2011, with Sunway Putra Mall and Sunway Pyramid Shopping Mall contributing to the increase by RM17.5 million and RM13.9 million respectively.

Hotel segment

The hotel segment registered gross revenue of RM71.6 million for YTD 4Q 2012, an increase of 28.6% or RM15.9 million compared to YTD 4Q 2011. The strong revenue growth was primarily contributed by Sunway Putra Hotel of RM9.1 million and hotel properties located in Sunway Resort City ('SRC'), Bandar Sunway of RM7.3 million. Healthy revenue growth of hotel properties located in SRC was mainly attributable to higher average daily rate and occupancy, resulting from continued strong support from the meetings, incentives, conventions and exhibitions (MICE) segment, corporate business and tourists arrival from the Middle East. The performance of Sunway Hotel Seberang Jaya, however, was affected by the ongoing renovation.

Net property income of hotel segment for YTD 4Q 2012 was RM69.0 million, an increase of 29.8% or RM15.8 million compared to YTD 4Q 2011, with Sunway Putra Mall and hotel properties located in SRC contributing to the increase by RM8.9 million and RM7.4 million respectively.

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

Office

The office segment recorded gross revenue of RM42.6 million for YTD 4Q 2012, an increase of RM8.4 million or 24.6% compared to YTD 4Q 2011. The overall higher contribution from office segment was mainly attributable to the addition of Sunway Putra Tower to the portfolio in April 2011, which mitigated a drop in occupancy at Sunway Tower.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

B1. Review of Performance (Cont'd)

Cumulative current year-to-date results (cont'd)

Office (cont'd)

Property operating expenses of office segment for YTD 4Q 2012 was RM12.1 million, an increase of RM3.5 million or 41.6% from YTD 4Q 2011, mainly contributed by addition of Sunway Putra Tower to the segment and lower air-conditioner income from tenants (setoff against electricity expenses) at Sunway Tower.

Net property income of office segment for YTD 4Q 2012 was RM30.5 million, an increase of RM4.9 million or 19.0% from YTD 4Q 2011, which mainly contributed by Sunway Putra Tower.

Income before taxation

Finance costs for YTD 4Q 2012 was RM81.2 million, an increase of RM26.0 million compared to YTD 4Q 2011, primarily due to finance expense for acquisition of Sunway Putra Place and additional charge out of amortisation of loan transaction costs of RM6.0 million due to refinancing of existing borrowings. Sunway REIT has refinanced its existing borrowings with commercial papers and revolving loan facility in current quarter which resulted in lower overall borrowing costs in 4Q 2012 as mentioned in Note B12.

Net income for YTD 4Q 2012 was RM420.5 million compared to RM553.7 million for YTD 4Q 2011. Included in the results for YTD 4Q 2012 and YTD 2011 was fair value gain on investment properties of RM230.2 million and RM385.6 million respectively. Excluding the fair value gain on investment properties, net income for YTD 4Q 2012 would have been RM190.3 million, higher by 13.2% or RM22.2 million compared to YTD 4Q 2011 of RM168.1 million.

Note :

The results for YTD 4Q 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 4Q 2011 (after adjusting for the 7 days) is as follows:

	YTD 4Q 2012	YTD 4Q 2011 (Adjusted)	Change	
	RM'million	RM'million	RM'million	%
Revenue	406.4	334.0	72.4	21.7%
Operating Expenses	(107.2)	(84.9)	(22.3)	26.3%
Net Property Income	299.2	249.1	50.1	20.1%
Realised Net Income	190.6	171.2	19.4	11.3%

Maintenance costs and major capital expenditure

There was no unusual maintenance costs during the quarter. Sunway REIT incurred capital expenditure of approximately RM10.0 million during 4Q 2012 and RM20.8 million for YTD 4Q 2012 mainly involving carpark linkages at Sunway Resort Hotel & Spa and asset enhancement at Sunway Pyramid Shopping Mall.

B2. Material Changes in Quarterly Results

	Current Quarter Ended 30.06.12 RM'000	Immediate Preceding Quarter Ended 31.3.12 RM'000
Income before taxation	278,284	47,554
Less: Fair value gain on investment properties	(230,151)	-
Income before taxation, excluding fair value gain on investment properties	<u>48,133</u>	<u>47,554</u>

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

B2. Material Changes in Quarterly Results (Cont'd)

Sunway REIT recorded an income before taxation (excluding fair value gain on investment properties) of RM48.1 million, higher by RM0.5 million or 1.1% compared to the immediate preceding quarter of RM47.6 million mainly attributable to higher overall net property income and lower finance costs due to refinancing of existing borrowings in current quarter which resulted in lower borrowing costs as mentioned in Note B12. However, this is partially offset by refinancing expenses incurred for the refinancing exercise which is expected to contribute to positive interest savings going forward.

B3. Prospects

The global economic landscape premises on ongoing development in the Euro zone and speed of recovery in the U.S. Whilst recovery in the U.S. remains soft, Asian economies are more resilient albeit at a slower pace.

On the domestic front, domestic demand provided the support to sustain the economy. Amidst softer external demand, Malaysian economy expanded at a slower rate of 4.7% in 1Q 2012 (4Q 2011: 5.2%). Bank Negara Malaysia (BNM) expects the economy to expand by 4.0% - 5.0% in 2012, anchored by domestic demand

The public sector will remain supportive of growth in 2012, with higher capital expenditure by Federal Government. The implementation of Special Stimulus Package through Private Financing Initiative that was announced in the 2012 Budget would also provide further impetus to real activity during the year.

Headline inflation is expected to moderate in 2012, averaging between 2.5% - 3.0%. The lower inflation projection reflects the moderation in global commodity prices and weaker global growth outlook.

In an environment of moderating growth and softer inflation, monetary policy will focus on supportive of growth. At the prevailing overnight policy rate (OPR) of 3.0%, monetary conditions remain supportive of economic activity. BNM has the flexibility to respond to monetary accommodation should growth weakens further.

While the Manager taken cognisant of with the overall softer economic landscape, the Manager expects the distributable income to be sustained for the financial year ending 30 June 2013 (FY 2013) despite the loss of income contribution from Sunway Putra Mall upon the closure of the mall, cushioned by interest savings from the capital management programme. The Manager expects the business performance of the retail assets and hotel assets to register healthy growth whilst office sector will remain challenging. The Manager will actively seek acquisition opportunities in this financial year.

The Manager will continue with its capital management programme in view of the accommodative monetary policy.

The Manager is committed to distribute 100% of its distributable net income for the financial year ending 30 June 2013.

Review of retail market

Following the higher than anticipated retail sales growth of 8.1% in 2011, retail sales growth is expected to moderate to 6.0% in 2012 to RM88.2 billion, according to Malaysia Retailers Association (MRA). For the period between January to March 2012, retailers saw sales rising by 12.1%. We expect retail sales to remain buoyant for the rest of the year supported by traditional strong retail and tourism related activities in the Klang Valley.

For the full financial year ended June 2012, Sunway Pyramid Shopping Mall average occupancy rate remained largely unchanged at 98.6% compared to the previous year. A total of 327,326 sq. ft representing 19.2% of total NLA was renewed at 16.3% over a period of three years.

**SUNWAY REAL ESTATE INVESTMENT TRUST
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B3. Prospects (cont'd)

Review of retail market (cont'd)

Despite entry of new players in Selangor, the Manager does not expect significant threat to Sunway Pyramid Shopping Mall as the Manager strongly believes Sunway Pyramid will remain as the market leader. In maintaining Sunway Pyramid Shopping Mall's position as Malaysia's Most Favourite Mall, the asset manager will continue to introduce fresh attractions, higher standards of customers service and aggressive marketing promotions.

Sunway Carnival Shopping Mall's average occupancy rate improved to 91.2% for FY 2012 compared to 90.6% in the previous financial year. Occupancy rate stood at 94.7% as at 30 June 2012. A total of 81,636 sq. ft representing 16.7% of total NLA was renewed at 10.6% over a period of three years. The improvement is attributable to positive business environment.

Over in the mainland of Penang, Sunway Carnival Shopping Mall has established its position as one of the leading mall in the mainland and will focus on operational efficiencies in this financial year.

Review of hotel market

Malaysia tourist arrival was largely unchanged at 24.7 million in 2011. However, tourist receipts rose 3.2% to RM58.3 billion. YTD till May 2012, tourist arrival grew 1.2% vis-à-vis the corresponding period last year with notable drop in tourist arrival from Singapore. Meanwhile, tourist arrivals from China, Indonesia and India continued to experience healthy growth.

The Malaysian Tourism Industry forecasts international tourist arrivals in Malaysia to grow at a CAGR of approximately 8% for the period 2011 – 2013 and tourism receipts from overseas tourists are expected to surpass RM70 billion. The projection on tourist arrival appears to be highly optimistic judging on the data in 2011 and YTD FY 2012. Notwithstanding the above, business and consumer sentiment is expected to remain strong this year.

Sunway Resort Hotel & Spa continued to experience strong occupancy rate for FY 2012 with average occupancy rate of 76.0% vis-à-vis 69.4% in the previous year. This was attributable to improvement in the commercial meeting groups, wholesale and commercial FIT.

Strong performance was achieved for Pyramid Tower Hotel in FY 2012. Average occupancy rate rose to 83.1% for FY 2012 compared to 80.9% for FP 2011. This was mainly contributed by commercial meeting groups, wholesale and commercial FIT.

Despite the moderation in growth in tourist arrivals, the strong business performances for Sunway Resort Hotel & Spa and Pyramid Tower Hotel were underpinned by Sunway Resort City's (SRC) strategic location in Klang Valley and vibrancy of the township.

Performance of Sunway Hotel Seberang Jaya was adversely affected by the ongoing refurbishment activities. Average occupancy rate dropped to 70.2% for FY2012 compared to 80.0% in the previous financial year. The drop in business performance is expected to be temporary and business is expected to fully recover upon the completion of the refurbishment. The refurbishment is expected to be completed by 3QFY2013.

The Manager expects the strong business performance of the 2 hotels in SRC to remain strong in view of the market dominance of the hotels. Meetings, Incentives, conferencing, exhibitions (MICE) business as well as rooms demand from corporates are expected to further drive the business performance of the hotels.

Meanwhile, occupancy of Sunway Hotel Seberang Jaya is expected to recover in 2QFY2012 with the progressive completion of the room refurbishment.

Review of office market

The current stock in Klang Valley stood at 64.6 million sq. ft. with additional 12.0 million coming on stream over the next 3 years. The oversupply situation is exacerbated by mega projects such as KL International Financial District, KL Metropolis and Warisan Merdeka. The oversupply situation coupled with softer economic climate will inevitably place downward pressure on rental with potential risk on occupancy rate.

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B3. Prospects (cont'd)

Review of office market (cont'd)

Menara Sunway experienced a slight drop in average occupancy for FY 2012 from 99.7% in the preceding year to 98.5% mainly due to delay in a tenant occupying a committed space.

Meanwhile, average occupancy rate at Sunway Tower dropped to 93.5% for FY 2012 from 97.0% in the preceding year due to non renewal of a tenant.

The Manager expects the performance of Menara Sunway to be maintained due to the captive market positioning that Menara Sunway enjoys. Meanwhile, Sunway Tower is expected to register marginally lower income due to lower occupancy.

Review of Sunway Putra Place

Business performance of Sunway Putra Place is in line with the Manager's expectation for FY2012.

Sunway Putra Mall managed to maintain its average occupancy rate close to 80.0%. The occupancy rate is expected to remain at this level and may decline in anticipation of the closure of the mall. The mall is expected to close by 3QFY2013 pending approval from authorities for the proposed major refurbishment.

Sunway Putra Hotel's occupancy rate averaged at 59.0% for the period from full possession and control effective 28 September 2011 to 30 June 2012. We expect the business performance to be maintained for FY2013 subject to commencement of the proposed refurbishment plan.

Meanwhile, Sunway Putra Tower's average occupancy rate slipped to 85.2% for FY2012 compared to 98.7% in the preceding year. The lower occupancy rate was due to non renewal of a tenant. Sunway Putra Tower is due for a major tenant renewal in FY2013 involving 56.8% of total NLA. In view of this, the Manager intends to engage the tenant ahead and closely monitor the progress of the renewal status.

The manager will undertake planning for refurbishment for the hotel and office during FY2013. Commencement of refurbishment is expected in 2HFY2013.

Overall, the Manager expects stable business performance for Sunway Putra Place in 1HFY2013 prior to the closure of the mall. Business performance in 2HFY2013 is expected to be adversely impacted by the closure of the mall.

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 30 June 2012, the Manager proposed a final income distribution of 1.89 sen per unit to be paid on 6 September 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 30 June 2012	Period ended 30 June 2011
a) Management expense ratio	0.98%	0.85% ¹
b) Total returns	28.0%	29.3% ¹
c) Average annual returns	28.7%	29.3% ¹
d) Distribution yield	5.5%	6.0% ¹
e) NAV per unit (after income distribution)(RM)	1.0968	1.0151

¹ Based on annualised results

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B5. Performance Benchmark (cont'd)

- 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 from beginning of financial year plus distribution yield for the period.
- c) 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.
- d) Based on DPU of 7.50 sen divided by its closing price as at 30 June 2012 of RM1.36 (30 June 2011 - Annualised DPU: 6.70 sen; Closing price as at 30 June 2011: RM1.11).
- e) 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 30.06.2012 RM'000	Preceding Year Corresponding Quarter 30.06.2011 RM'000	Current Year To date 30.06.2012 RM'000	Preceding Year To date 30.06.2011 RM'000
Interest Income	(413)	(331)	(1,631)	(1,252)
Net changes in fair value of long term liabilities	(61)	249	(119)	(77)
Net changes in fair values of financial derivative instrument ¹	-	265	390	(706)
Unrealised foreign exchange loss (hedged item)	12,150	-	8,150	-
Cash flow hedge reserve recycled to profit or loss	(12,150)	-	(8,150)	-
Allowance for/(reversal of) impairment of receivables ²	(1,121)	(652)	3,117	1,770
Bad debts written off	-	-	84	-
Depreciation of plant and equipment	19	10	54	10

¹ During last financial period, Sunway REIT recognised an unrealised net gain of RM706,000 arising from changes in fair value of interest rate swap contract. Sunway REIT had terminated this contract in 1Q 2012 as part of the active capital management strategies and recognised a realised gain of RM316,000. The unrealised gain of RM706,000 previously recognised was reversed in current financial year to reflect the unwind of the interest rate swap contract.

² Allowance for impairment of receivables in current financial year was 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

Pursuant to the Deed constituting Sunway REIT, the Manager is entitled to receive the following fees from Sunway REIT (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 and current year to date ended 30 June 2012 was RM5.8 million and RM22.6 million respectively compared to RM5.3 million and RM19.0 million in preceding year corresponding quarter and year to date ended 30 June 2011.

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 and year to date ended 30 June 2012 was RM0.2 million and RM0.8 million respectively, consistent with preceding year corresponding quarter and year to date ended 30 June 2011.

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 ended 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%.

**SUNWAY REAL ESTATE INVESTMENT TRUST
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B11. Status of Corporate Proposal

The following corporate proposal has been announced but not completed as at the date of this report:

Proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of Unrated Medium Term Notes ("Unrated MTNs") pursuant to a Medium Term Note Programme of up to RM1.0 billion in nominal value ("MTN Programme") ("Proposal")

On 25 May 2012, the Board of Directors of Sunway REIT Management Sdn Bhd, the manager of Sunway REIT announced that SunREIT Unrated Bond Berhad (formerly known as Mega Revenue Sdn Bhd) ("SunREIT Unrated Bond Berhad"), a special purpose vehicle whose shares are held by OSK Trustees Berhad as trustee for Sunway REIT, intends to undertake the Proposal.

Pursuant thereto, SunREIT Unrated Bond Berhad has appointed HwangDBS Investment Bank Berhad ("HwangDBS") as the Principal Adviser/Lead Arranger and Facility Agent for the Proposal. SunREIT Unrated Bond Berhad has appointed HwangDBS and Public Investment Bank Berhad as the Security Agents for the Proposal.

HwangDBS had on 24 May 2012, on behalf of SunREIT Unrated Bond Berhad, submitted an application to the SC to seek the SC's approval for the Proposal in accordance with Section 212 of the Capital Markets and Services Act, 2007 and the Private Debt Securities Guidelines issued by the SC.

On 10 July 2012, the Board of Directors of Sunway REIT Management Sdn Bhd announced that HwangDBS had on 9 July 2012, received the approval from the Securities Commission Malaysia ("SC") vide its letter dated 9 July 2012 in respect of the application for the Proposal.

a) Details of the MTN Programme

The MTN Programme has a tenure of up to fifteen (15) years from the date of first issuance. The Unrated MTNs may be issued at any time during the MTN Programme tenure provided that the Unrated MTNs mature on or prior to the expiry of the MTN Programme and that the first issuance under the MTN Programme shall be within two (2) years from the date of the SC's approval.

The issue size of the first issuance of Unrated MTNs under the MTN Programme shall be up to RM400.0 million in nominal value comprising the following tranches:-

Tranche	Nominal Value RM'million
1	270
2	130
	<hr/>
	400

The sole placee for the first issuance of the Unrated MTNs is DBS Bank Ltd. Any further subscription(s) of Unrated MTNs is subject to further approval of DBS Bank Ltd.

The Unrated MTNs shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)) and Schedule 8 (or Section 257(1)) of the Capital Markets and Services Act 2007 as amended from time to time ("CMSA"). Further, the Unrated MTNs are debentures which by their terms shall only be held by a single holder, and accordingly the Unrated MTNs fall within Paragraph 4 Schedule 8 of the CMSA. The Unrated MTNs are non-transferable and non-tradable.

Tranche 2 of the first issue of the Unrated MTNs are secured by the Pool B Assets (i.e. Sunway Hotel Seberang Jaya and Sunway Carnival Shopping Mall) and their cashflows whereas all other Unrated MTNs issued under the MTN Programme (including Tranche 1) are secured by the Pool A Assets (i.e. Sunway Pyramid Shopping Mall; SunCity Ipoh Hypermarket; Menara Sunway; Sunway Tower; Sunway Resort Hotel & Spa; Pyramid Tower Hotel; and Sunway Putra Place comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower) and their cashflows.

The Unrated MTNs shall be issued at a discount or at par to the nominal value and on a private placement without prospectus.

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B11. Status of Corporate Proposal (Cont'd)

Proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of Unrated Medium Term Notes ("Unrated MTNs") pursuant to a Medium Term Note Programme of up to RM1.0 billion in nominal value ("MTN Programme") ("Proposal") (cont'd)

b) Utilisation of the proceeds

The proceeds raised from the Unrated MTNs shall be utilised by the Issuer for the following purposes:-

- (i) up to RM400.0 million to repay existing borrowings undertaken by Sunway REIT, including without limitation, any outstanding commercial papers issued by SunREIT Capital Berhad under its commercial papers programme of RM1.6 billion in nominal value and any new borrowings taken by Sunway REIT to repay existing borrowings of Sunway REIT; and
- (ii) up to RM600.0 million to repay existing borrowings undertaken by Sunway REIT and/or to finance (including repayment of cash utilised by Sunway REIT to part finance) the investment activities (including future acquisition, capital expenditure and the related acquisition and financing expenses) of Sunway REIT in accordance with Sunway REIT's Deed and the Guidelines on Real Estate Investment Trusts issued by the SC.

No unrated MTNs was issued as at the date of this report.

B12. Borrowings and Debt Securities

	As at 30.06.2012	As at 30.06.2011
	RM'000	RM'000
Short term borrowings		
- Secured		
Commercial papers	548,692	-
Revolving credit	-	59,350
Unsecured		
- Revolving loan	700,000	-
Total short term borrowings	1,248,692	59,350
Long term borrowings		
- Secured term loan	318,950	1,514,000
Total borrowings	1,567,642	1,573,350
Less: Unamortised transaction costs	(4,518)	(11,975)
	1,563,124	1,561,375

Included in the borrowings is a secured 3-year fixed rate term loan of USD100 million (equivalent to RM310.8 million), hedged with a cross currency swap contract to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the period of the foreign currency borrowing.

During the quarter, Sunway REIT refinanced RM1.25 billion of its borrowings via issuance of commercial papers ('CPs') and draw down of revolving loan facility as part of its active capital management strategy to reduce interest expense. The CPs are issued under a 7-year programme of up to RM1.6 billion in nominal value. The CPs have been accorded P1(s) rating by RAM Rating Services Berhad ('RAM Ratings') and is fully underwritten by a financial institution.

The above restructuring has resulted in reduction of Sunway REIT's blended borrowing interest rate from 4.42% p.a. in 3Q 2012 to 3.73% p.a. in 4Q 2012.

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B13. Derivative Financial Instruments

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

Type of Derivatives	Contract/ Notional Value		Fair Value	
	As at 30.06.2012 RM'000	As at 30.06.2011 RM'000	As at 30.06.2012 RM'000	As at 30.06.2011 RM'000
Cross currency swap contract - More than 1 year but less than 3 years	310,800	-	8,455	-
Interest rate swap contract - More than 3 years but less than 4 years	-	100,000	-	706
Total derivatives	310,800	100,000	8,455	706

Interest rate swap contract

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. 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.

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

Cross currency swap contract

Sunway REIT entered into cross currency swap contract to manage its exposure in foreign currency risk arising from foreign currency borrowings which was entered to minimize the interest cost. Sunway REIT uses cash flow hedge to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognized directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the income statement. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the income statement.

B14. Material Litigation

- a) High Court Originating Summons No. 24NCVC-901-2011 and Court of Appeal No. W-02 (NCVC) -2242-2011, FCC No. 08(f)-399-05/2012 (W)

On 19 April 2011, Robert Ti and Kornelius Kurniadi (Plaintiffs) commenced this action against amongst others OSK Trustees Berhad and Sunway REIT 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. On 18 April 2012, the Court of Appeal heard and dismissed the appeal.

On 17 May 2012, the Plaintiffs served an unsealed Notice of Motion for leave to appeal to the Federal Court on the solicitors of OSK Trustees Berhad and Sunway REIT Management Sdn Bhd. The Plaintiffs are seeking leave to appeal against the decision of the Court of Appeal given on 18 April 2012. The hearing of the application for leave to appeal is currently fixed on 13 September 2012.

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B14. Material Litigation (Cont'd)

- b) High Court Originating Summons No. 21NCVC-95-2011, W-02(IM)(NCVC)-4192-12/2011, FCC No. 08(j)-402-05/2012(W)

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. On 20 April 2012, the Court of Appeal heard and dismissed the appeal.

On 17 May 2012, the Plaintiffs served an unsealed Notice of Motion for leave to appeal to the Federal Court on the solicitors of OSK Trustees Berhad and Sunway REIT Management Sdn Bhd. The Plaintiffs are seeking leave to appeal against the decision of the Court of Appeal given on 18 April 2012. The hearing of the application for leave to appeal is currently fixed on 13 September 2012.

- c) 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 has been 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.

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B14. Material Litigation (Cont'd)

- c) 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')

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 was heard and dismissed on 20 February 2012.

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 heard and dismissed the appeal on 16 April 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. On 29 May 2012, the High Court allowed OSK Trustees Berhad and Sunway REIT Management Sdn Bhd to strike out the Writ of Summons.

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.

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

	Quarter ended 30 June 2012	Immediate preceding quarter ended 31 March 2012	% change
Number of units in issue (units)	2,696,462,000	2,694,194,700	0.1%
Realised net income (RM'000)	48,072	47,543	1.1%
Earnings per unit (EPU) (sen) ¹	10.34	1.77	484.2%
Income distribution (RM'000)	50,963	50,381	1.2%
Distribution per unit (DPU) (sen)	1.89	1.87	1.1%
Net Asset Value (NAV) (RM'000)	2,957,368	2,730,983	8.3%
NAV per unit (After income distribution) (RM)	1.0968	1.0137	8.2%
Market price per unit (RM)	1.36	1.25	8.8%

¹ EPU for current quarter ended 30 June 2012 includes unrealised EPU of 8.55 sen arising mainly from fair value gain on investment properties.

B17. Income Distribution

The Manager has proposed a final income distribution of 1.89 sen per unit for the fourth quarter ended 30 June 2012 comprising taxable and non-taxable amount of 1.38 sen and 0.51 sen per unit respectively. The book closure and payment dates in respect of the proposed final income distribution will be fixed on 24 August 2012 and 6 September 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 30 June 2012 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 7 August 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: 7 August 2012**