

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010 (UNAUDITED)**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| | <-- Individual Quarter --> | | <-- Cumulative Quarter --> | |
|--|--|---|--|---|
| | Current Year Quarter 30/09/2010 | Preceding Year Corresponding Quarter 30/09/2009 ¹ | Current Year To date 30/09/2010 | Preceding Year To date 30/09/2009 ¹ |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Rental income | 71,251 | - | 71,251 | - |
| Other operating income | 1,194 | - | 1,194 | - |
| Gross revenue | 72,445 | - | 72,445 | - |
| Quit rent, assessment and insurance | (1,793) | - | (1,793) | - |
| Other property operating expenses | (15,439) | - | (15,439) | - |
| Property operating expenses | (17,232) | - | (17,232) | - |
| Net property income | 55,213 | - | 55,213 | - |
| Other income | 273 | - | 273 | - |
| Change in fair value of investment properties | 272,339 | - | 272,339 | - |
| Net investment income | 327,825 | - | 327,825 | - |
| Manager fee | (4,306) | - | (4,306) | - |
| Trustee fee | (187) | - | (187) | - |
| Finance costs | (12,526) | - | (12,526) | - |
| Other trust expenses | (168) | - | (168) | - |
| | (17,187) | - | (17,187) | - |
| Income before taxation | 310,638 | - | 310,638 | - |
| Taxation | - | - | - | - |
| Net income for the period | 310,638 | - | 310,638 | - |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income for the period | 310,638 | - | 310,638 | - |
| Provision for income distribution ² | (40,564) | - | (40,564) | - |
| Net comprehensive income retained | 270,074 | - | 270,074 | - |
| Net income for the period comprise the following: | | | | |
| Realised | 38,411 | - | 38,411 | - |
| Unrealised | 272,227 | - | 272,227 | - |
| | 310,638 | - | 310,638 | - |
| Earnings per unit (sen) | 11.59 | - | 11.59 | - |
| Distribution per unit (sen) | 1.51 | - | 1.51 | - |

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 this is the first unaudited interim financial statements of Sunway REIT ("the Fund") prepared by the Manager since the Fund was constituted on 20 May 2010 and the acquisition of the properties was completed on listing date, 8 July 2010. The financial results reported refers to the period from 20 May 2010 to 30 September 2010.

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CONDENSED COMPREHENSIVE INCOME STATEMENT (CONT'D)

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

| | <--- Individual Quarter ---> | | <--Cumulative Quarter --> | |
|---|--|---|--|---|
| | Current Year Quarter 30/09/2010 RM'000 | Preceding Year Corresponding Quarter 30/09/2009 ¹ RM'000 | Current Year To date 30/09/2010 RM'000 | Preceding Year To date 30/09/2009 ¹ RM'000 |
| Net income for the period (realised) | 38,411 | - | 38,411 | - |
| Add: Surplus cash arising from 50% Manager's fee to be paid in units | 2,153 | - | 2,153 | - |
| Total provision for income distribution | <u>40,564</u> | <u>-</u> | <u>40,564</u> | <u>-</u> |

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010 (UNAUDITED)**

CONDENSED STATEMENT OF FINANCIAL POSITION

| | As At 30/09/2010 | As At 30/06/2010 ¹ |
|--|---------------------|----------------------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current asset | | |
| Investment properties | 3,729,000 | - |
| Current assets | | |
| Receivables, deposits and prepayments | 10,205 | - |
| Deposits placed with licensed financial institutions | 51,576 | - |
| Cash and bank balances | 5,840 | - |
| | <u>67,621</u> | <u>-</u> |
| | <u>3,796,621</u> | <u>-</u> |
| FINANCED BY: | | |
| Unitholders' funds | | |
| Unitholders' capital | 2,343,753 | - |
| Distributable income | 270,074 | - |
| Total Unitholders' funds | <u>2,613,827</u> | <u>-</u> |
| Non-current liabilities | | |
| Borrowings | 992,428 | - |
| Long term liabilities | 44,109 | - |
| | <u>1,036,537</u> | <u>-</u> |
| Current liabilities | | |
| Borrowings | 53,233 | - |
| Trade and other payables | 52,321 | - |
| Derivatives financial instruments | 139 | - |
| Provision for income distribution | 40,564 | - |
| | <u>146,257</u> | <u>-</u> |
| | <u>3,796,621</u> | <u>-</u> |
| Number of units in circulation ('000 units) | 2,680,112 | - |
| NET ASSET VALUE ("NAV") | | |
| - Before provision for income distribution | 2,654,391 | - |
| - After provision for income distribution | 2,613,827 | - |
| NET ASSET VALUE PER UNIT (RM) | | |
| - Before provision for income distribution | 0.9904 | - |
| - After provision for income distribution | 0.9753 | - |

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 this is the first unaudited interim financial statements of Sunway REIT ("the Fund") prepared by the Manager since the Fund was constituted on 20 May 2010 and the acquisition of the properties was completed on listing date, 8 July 2010. The financial results reported refers to the period from 20 May 2010 to 30 September 2010.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010 (UNAUDITED)**

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

| | Unitholders' Capital | <-- Distributable Income --> Realised | 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 | - | 38,411 | 272,227 | 310,638 |
| Increase in net assets resulting from operations | - | 38,411 | 272,227 | 310,638 |
| Unitholders' transactions | | | | |
| Creation of units | | | | |
| Issue of new units ¹ | 2,407,761 | - | - | 2,407,761 |
| Listing expenses | (64,008) | - | - | (64,008) |
| Distribution to unitholders - provision | - | (40,564) | - | (40,564) |
| Increase/(decrease) in net assets resulting from unitholders' transactions | 2,343,753 | (40,564) | - | 2,303,189 |
| As at 30 September 2010 | 2,343,753 | (2,153) | 272,227 | 2,613,827 |

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 |
| | <u>2,680,112</u> | <u>2,407,761</u> |

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010 (UNAUDITED)**

CONDENSED STATEMENT OF CASH FLOWS

| | Current Year To date 30/09/2010 | Preceding Year To date 30/09/2009 ¹ |
|--|--|---|
| | RM'000 | RM'000 |
| OPERATING ACTIVITIES | | |
| Cash receipts from customers | 71,250 | - |
| Refundable security deposits from customers | 66,561 | - |
| Cash paid for operating expenses | (6,236) | - |
| Net cash generated from operating activities | <u>131,575</u> | <u>-</u> |
| INVESTING ACTIVITIES | | |
| Purchase of investment properties | (3,456,661) | - |
| Interest received | 231 | - |
| Net cash used in investing activities | <u>(3,456,430)</u> | <u>-</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from issuance of new units | 2,407,761 | - |
| Drawdown of term loan and revolving credits | 1,125,350 | - |
| Repayment of revolving credits | (68,000) | - |
| Interest paid | (8,342) | - |
| Payment of listing and financing expenses | (74,498) | - |
| Net cash generated from financing activities | <u>3,382,271</u> | <u>-</u> |
| Net increase in cash and cash equivalents | 57,416 | - |
| Cash and cash equivalents at beginning of period | - | - |
| Cash and cash equivalents at end of period | <u>57,416</u> | <u>-</u> |
| Cash and cash equivalents at end of period comprise: | | |
| Cash and bank balances | 5,840 | - |
| Deposits placed with licensed financial institutions | 51,576 | - |
| Cash and cash equivalents at end of period | <u>57,416</u> | <u>-</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 this is the first unaudited interim financial statements of Sunway REIT ("the Fund") prepared by the Manager since the Fund was constituted on 20 May 2010 and the acquisition of the properties was completed on listing date, 8 July 2010. The financial results reported refers to the period from 20 May 2010 to 30 September 2010.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010 (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 September 2010 have been prepared in accordance with FRS134: Interim Financial Reporting, paragraph 9.44 of the Bursa Malaysia Securities Berhad Listing Requirements, provisions of the trust deed dated 20 May 2010 ("the Trust 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 is Sunway REIT's first unaudited interim financial statements since listing on 8 July 2010. This unaudited interim financial statements cover the period from 20 May 2010 (being the date of constitution of the trust) to 30 September 2010 and have been prepared in accordance with Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and amendments to FRs 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 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 financial period ended 30 September 2010 except for the following:

| | RM'000 |
|--|---------------|
| Income before taxation as reported | 310,638 |
| Fair value changes ¹ | (272,227) |
| Income before taxation, excluding unusual items | 38,411 |

¹ Included in fair value changes is fair value gain on investment properties amounted to RM272.3 million, with details as explained in Note A9.

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 financial period ended 30 September 2010 except for the issuance of 2,680.1 million units at approximately RM0.90 per unit in Sunway REIT pursuant to its initial public offer and listing on 8 July 2010.

**SUNWAY REAL ESTATE INVESTMENT TRUST
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A7. Income Distribution

A provision was made to distribute 100% of current period's realised net income amounting to RM38.4 million. Total provision for distribution including 50% manager fee to be paid in units amount to RM40.6 million or 1.51 sen per unit.

A8. Segmental Reporting

Segmental results for the financial period ended 30 September 2010 are as follows:

| | Retail RM'000 | Hospitality RM'000 | Office RM'000 | Total RM'000 |
|---|--------------------------|-------------------------------|--------------------------|-------------------------|
| BY BUSINESS SEGMENTS | | | | |
| REVENUE AND EXPENSES | | | | |
| Gross revenue | 52,804 | 12,148 | 7,493 | 72,445 |
| <u>Results</u> | | | | |
| Net property income | 37,926 | 11,659 | 5,628 | 55,213 |
| Other income | | | | 273 |
| Change in fair value of investment properties | | | | 272,339 |
| Trust expenses | | | | (4,661) |
| Financing costs | | | | (12,526) |
| Income before taxation | | | | 310,638 |
| Taxation | | | | - |
| Net income for the period | | | | 310,638 |

A9. Valuation of Investment Properties

Investment properties are stated at fair value based on valuations performed by registered independent valuers. Sunway REIT recognised a fair value gain on investment properties of RM272.3 million during the current financial period and the details are as follows:

| Real Estate | Acquisition price as at 8 July 2010 | Appraised value | Fair value gain | Total real estate portfolio at revalued amount |
|-------------------------------|--|------------------------|------------------------|---|
| | RM'000 | RM'000 | RM'000 | % |
| Retail | | | | |
| Sunway Pyramid Shopping Mall | 2,132,025 | 2,300,000 | 167,975 | 61.7% |
| Sunway Carnival Shopping Mall | 231,742 | 250,000 | 18,258 | 6.7% |
| Suncity Ipoh Hypermarket | 46,348 | 50,000 | 3,652 | 1.3% |
| | 2,410,115 | 2,600,000 | 189,885 | 69.7% |
| Hospitality | | | | |
| Sunway Resort Hotel & Spa | 444,945 | 480,000 | 35,055 | 12.9% |
| Pyramid Tower Hotel | 250,281 | 270,000 | 19,719 | 7.2% |
| Sunway Hotel Seberang Jaya | 51,910 | 56,000 | 4,090 | 1.5% |
| | 747,136 | 806,000 | 58,864 | 21.6% |
| Office | | | | |
| Menara Sunway | 127,921 | 138,000 | 10,079 | 3.7% |
| Sunway Tower | 171,489 | 185,000 | 13,511 | 5.0% |
| | 299,410 | 323,000 | 23,590 | 8.7% |
| | 3,456,661 | 3,729,000 | 272,339 | 100.0% |

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010 (UNAUDITED)**

A10. Material events

There were no material events subsequent to the financial period ended 30 September 2010.

A11. Changes in the Composition/Fund Size of the Trust

Sunway REIT was established on 20 May 2010 and was listed on 8 July 2010 with an initial fund size of RM2.4 billion and portfolio of 8 assets valued at RM3.7 billion. Since listing, there was no material change in its composition/fund size for the financial period ended 30 September 2010.

A12. Contingent Liabilities and Assets

There were no contingent liabilities or contingent assets as at 30 September 2010.

A13. Capital Commitments

There were no capital commitments as at 30 September 2010.

**SUNWAY REAL ESTATE INVESTMENT TRUST
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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

Sunway REIT registered a revenue of RM72.4 million and net property income of RM55.2 million for the financial period ended 30 September 2010. Income before taxation amounted to RM310.6 million comprising realised net income of RM38.4 million and unrealised income of RM272.2 million arising mainly from fair value gain on investment properties.

Distributable income amounted to RM40.6 million or 1.51 sen per unit, consisting of realised income of RM38.4 million and surplus cash arising from 50% of manager fee payable in units of RM2.2 million.

Maintenance costs and major capital expenditure

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

B2. Material Changes in Quarterly Results

Not applicable as this is Sunway REIT's first financial period results since listing on 8 July 2010.

B3. Prospects

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 retail market sentiments improved in 2010 in tandem with the recovery in the domestic and global economies with an estimated 5 -15% growth depending on retail format, location and size, thus averaging at 10% growth. The Manager believes that the retail market performance will be better for 2011 supported by strong economic fundamentals, increasing tourist arrivals, urbanisation and young population base. The retail industry will stand to benefit from the Government's implementation of the 12 Key National Economic Areas ("NKEAs") (where retail is listed as 1 of the focus area) under the Economic Transformation Programme ("ETP") to transform Malaysia into a developed, competitive and high income economy by year 2020.

The retail properties of Sunway REIT continue to enjoy increased visitorship during the period under review and occupancy remain strong with Sunway Pyramid at 99%, Sunway Carnival at 93% and Suncity Ipoh Hypermarket at 100%. The Manager believes that the retail properties shall continue to perform well especially Sunway Pyramid supported by positive economic fundamentals and the thriving Sunway Integrated Resort. This was also reflected in the rental reversions achieved whereby Sunway Pyramid renewed 278 tenancies with net lettable area of approximately 924,000 square feet representing 87% of the total net lettable area due for renewal in financial year ending 30 June 2011 with total rent increase of 15.8% (including step up rent) for the 3 year-term (Note: the bulk of these tenancies shall be effective in the next quarter ending 31 December 2010). The current renewal also saw the entrance of new retailers/food and beverage concept such as Daiso from Japan, Coach and T-Bowl Concept Restaurant. This will further improve the shopping experience for customers.

The Manager believes that Sunway Pyramid has not been affected by the opening of new retail space in the vicinity such as Empire Gallery at Subang Jaya as it is not a direct competitor due to its smaller net lettable area of 350,000 square feet.

Review of hotel market

The hotel industry continues to grow in 2010, supported by recovery in both domestic and global economies and increased tourist arrivals. Tourism is the country's fifth largest industry as Malaysia is one of the world's top tourist destination (top 10 in arrivals and top 15 in receipts). According to statistics from the Ministry of Tourism Malaysia, tourist arrival up to August 2010 has registered an increase of 5.2% with 16.2 million compared to 15.4 million in the previous year. Tourism is also listed as 1 of the 12 NKEAs by the Government with the aim to increase tourist arrival to 36 million in 2020 and focusing on growing the tourist receipts.

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B3. Prospects (Cont'd)

Review of hotel market (cont'd)

The Sunway Resort Hotel & Spa and Pyramid Tower Hotel located within the Sunway Integrated Resort City are well positioned to benefit as the two properties have/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 i.e.:

- 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
- improving business tourism

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.

The Sunway Resort Hotel & Spa and Pyramid Tower Hotel enjoyed strong occupancy and rental rates during the period under review in line with strong tourist arrivals from the Middle Eastern market in conjunction with their summer holidays. Meanwhile Sunway Hotel Seberang Jaya which is substantially a corporate hotel has enjoyed steady performance as the domestic and global economies recover. The Manager is of the view that Sunway REIT's hotel properties will continue to perform satisfactorily in line with the positive outlook for the industry.

Review of office market

Generally, the Kuala Lumpur office market is expected to remain soft due to expected in coming supply of new space of more than 14 million square feet from 2010 to 2014. However, on a positive note, the Government's ETP will result in a significant shift in the Malaysian economy whereby services will account for a much greater share of the economy (increasing from 58% of GDP in 2010 to 65% of GDP in 2020) and the creation of 3.3 million new jobs by 2020. This would potentially translate into higher demand for office space.

Occupancy at both Sunway REIT's office properties are currently at 99% for Menara Sunway and 97% at Sunway Tower. The Manager believes that the occupancy shall remain at this level and rental rates shall increase moderately with the coming renewals for Menara Sunway as there are no new supply of office space within the Sunway Integrated Resort City where Menara Sunway is located. Meanwhile Sunway Tower's next renewal is only due in mid-2012.

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 financial period ended 30 September 2010, the Manager has made a provision for distribution of 1.51 sen per unit to be paid in December 2010. 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 30 September 2010 |
|---|---|
| a) Management expense ratio | 0.77% |
| b) Total returns (sen) | 7.00 |
| c) Average annual return | N/A |
| d) Distribution yield (annualised)(based on closing price of RM0.97 on 30 September 2010) | 6.76% |
| e) NAV per unit (after provision for distribution) (RM) | 0.98 |

- 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
- d) The annual distribution per unit paid divided by its current market price. This is annualised based on provision for income distribution for the financial period of RM40.6 million.
- e) Net asset value as determined by deducting the value of all liabilities from the total asset value, divided by total issued units.

**SUNWAY REAL ESTATE INVESTMENT TRUST
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B6. Strategies and Policies

The Manager's strategy can be broadly categorised as:

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

There was no change in 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 To date 30/09/2010 | | |
|--|---------------------------------|-----------------------|------------------|
| | Actual ¹ | Forecast ² | Change |
| | (Unaudited) | | |
| | RM'000 | RM'000 | % |
| Rental income | 71,251 | 71,864 | -0.9% |
| Other operating income | 1,194 | 1,441 | -17.1% |
| Gross revenue | 72,445 | 73,305 | -1.2% |
| Quit rent, assessment and insurance | (1,793) | (1,680) | 6.7% |
| Other property operating expenses | (15,439) | (17,047) | -9.4% |
| Property operating expenses | (17,232) | (18,727) | -8.0% |
| Net property income | 55,213 | 54,578 | 1.2% |
| Other income | 273 | 34 | 702.9% |
| Change in fair value of investment properties | 272,339 | - | 100.0% |
| Net investment income | 327,825 | 54,612 | 500.3% |
| Manager fee | (4,306) | (4,509) | -4.5% |
| Trustee fee | (187) | (193) | -3.1% |
| Finance costs | (12,526) | (12,634) | -0.9% |
| Other trust expenses | (168) | (317) | -47.0% |
| | (17,187) | (17,653) | -2.6% |
| Income before taxation | 310,638 | 36,959 | 740.5% |
| Taxation | - | - | |
| Net income for the period | 310,638 | 36,959 | 740.5% |
| Other comprehensive income, net of tax | - | - | 0.0% |
| Total comprehensive income for the period | 310,638 | 36,959 | 740.5% |
| Provision for income distribution ³ | (40,564) | (39,214) | 3.4% |
| Net comprehensive income retained | 270,074 | (2,255) | -12079.3% |
| Net income for the period comprise the following: | | | |
| Realised | 38,411 | 36,959 | 3.9% |
| Unrealised | 272,227 | - | 100.0% |
| | 310,638 | 36,959 | 740.5% |
| Earnings per unit (sen) | 11.59 | 1.38 | 740.2% |
| Distribution per unit (sen) | 1.51 | 1.46 | 3.4% |

¹ Sunway REIT was established on 20 May 2010 and the acquisition of the properties was completed on listing date, 8 July 2010. The results cover the period from 20 May 2010 to 30 September 2010.

² Based on first quarter forecast of the profit for the financial period ending 30 June 2011 as per prospectus, prorated from listing date (8 July 2010) to 30 September 2010.

³ Provision for income distribution:

| | Current Year To date 30/09/2010 | | |
|--|---------------------------------|-----------------------|--------|
| | Actual ¹ | Forecast ² | Change |
| | (Unaudited) | | |
| | RM'000 | RM'000 | % |
| Net income for the period (realised) | 38,411 | 36,959 | 3.9% |
| Add: Surplus cash arising from 50% Manager's fee to be paid in units | 2,153 | 2,255 | -4.5% |
| Total provision for income distribution | 40,564 | 39,214 | 3.4% |

**SUNWAY REAL ESTATE INVESTMENT TRUST
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B7. Variance of Actual Profit from Profit Forecast (Cont'd)

b) Breakdown of Gross Revenue and Net Property Income

| Properties | Current Year To date 30/09/2010 | | | | | |
|-------------------------------|------------------------------------|-----------------------|--------------|------------------------------------|-----------------------|--------------|
| | Gross Revenue | | | Net Property Income | | |
| | Actual ¹ (Unaudited) | Forecast ² | Change | Actual ¹ (Unaudited) | Forecast ² | Change |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Retail | | | | | | |
| Sunway Pyramid Shopping Mall | 46,607 | 47,189 | -1.2% | 34,492 | 33,933 | 1.6% |
| Sunway Carnival Shopping Mall | 5,243 | 5,360 | -2.2% | 2,553 | 2,481 | 2.9% |
| Suncity Ipoh Hypermarket | 954 | 944 | 1.1% | 881 | 866 | 1.7% |
| | 52,804 | 53,493 | -1.3% | 37,926 | 37,280 | 1.7% |
| Hospitality | | | | | | |
| Sunway Resort Hotel & Spa | 6,315 | 6,490 | -2.7% | 6,040 | 6,252 | -3.4% |
| Pyramid Tower Hotel | 4,848 | 4,778 | 1.5% | 4,683 | 4,619 | 1.4% |
| Sunway Hotel Seberang Jaya | 985 | 1,108 | -11.1% | 936 | 985 | -5.0% |
| | 12,148 | 12,376 | -1.8% | 11,659 | 11,856 | -1.7% |
| Office | | | | | | |
| Menara Sunway | 3,501 | 3,431 | 2.0% | 2,655 | 2,477 | 7.2% |
| Sunway Tower | 3,992 | 4,005 | -0.3% | 2,973 | 2,965 | 0.3% |
| | 7,493 | 7,436 | 0.8% | 5,628 | 5,442 | 3.4% |
| Total | 72,445 | 73,305 | -1.2% | 55,213 | 54,578 | 1.2% |

¹ Sunway REIT was established on 20 May 2010 and the acquisition of the properties was completed on listing date, 8 July 2010. The results cover the period from 20 May 2010 to 30 September 2010.

² Based on first quarter forecast of the profit for the financial period ending 30 June 2011 as per prospectus, prorated from listing date (8 July 2010) to 30 September 2010.

Gross revenue for the financial period ended 30 September 2010 was RM72.4 million, which was marginally lower by RM0.9 million or 1.2% compared to the forecast of the same period of RM73.3 million. This was mainly due to fit out period for new tenants at the retail properties.

Property operating expenses for the financial period ended 30 September 2010 was RM17.2 million, which was RM1.5 million or 8.0% lower compared to the forecast of the same period of RM18.7 million. This was mainly attributable to lower service and maintenance and administrative expenses incurred during the current financial period.

As a result, net property income for the financial period ended 30 September 2010 was RM55.2 million, which was RM0.6 million or 1.2% higher compared to forecast for the same period.

Other income of RM0.3 million mainly comprising interest income was higher than forecast of RM0.03 million due to active cash flow monitoring to maximise funds placement.

Finance costs for the financial period ended 30 September 2010 was RM12.5 million, marginally lower than the forecast of the same period of RM12.6 million due to lower interest rate of 4.57% per annum compared to forecast of 4.68% per annum.

Overall, net realised distributable income to unitholders for the financial period ended 30 September 2010 was RM38.4 million, which was RM1.5 million or 3.9% higher compared to the forecast of the same period.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010 (UNAUDITED)**

B8. Utilisation of Proceeds Raised from Issuance of New Units

Total proceeds raised from Sunway REIT's initial public offering ("IPO") was RM1,486,792,258 (1,654,969,300 units at approximately RM0.90 per unit) and was utilised as follows:

| Purpose | Proposed utilisation | Actual utilisation | Intended timeframe for utilisation | Deviation | Explanation | |
|--|----------------------|--------------------|------------------------------------|--------------|-------------|--------|
| | RM'000 | RM'000 | | RM'000 | % | |
| Part funding for the acquisition of properties | 1,416,992 | 1,416,992 | Within 1 month from listing date | - | 0.0% | |
| Defray listing expenses | 69,800 | 61,863 | Within 1 month from listing date | 7,937 | 11.4% | Note 1 |
| | <u>1,486,792</u> | <u>1,478,855</u> | | <u>7,937</u> | <u>0.5%</u> | |

Total actual listing expenses incurred was RM64.0 million compared to proceeds raised from IPO of RM69.8 million mainly due to lower underwriting, commissions and placement fees. To date, RM61.9 million has been paid whilst RM2.1 million is pending invoices from vendors. The balance of unutilised proceeds of RM5.8 million shall be used by Sunway REIT for working capital purposes.

B9. Manager Fee

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

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

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

Total fees accrued to the Manager for the financial period ended 30 September 2010 was RM4,306,000.

B10. Trustee Fee

Pursuant to the Trust 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 financial period ended 30 September 2010 was RM187,000.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010 (UNAUDITED)**

B11. 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%.

B12. Status of Corporate Proposal

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

B13. Borrowings and Debt Securities

The borrowings as at 30 September 2010 are as follows:

| | As at 30/09/2010 RM'000 |
|---|--|
| Short term borrowings - Secured revolving credit | 57,350 |
| Long term borrowings - Secured term loan | 1,000,000 |
| Total borrowings | 1,057,350 |
| Less: Unamortised loan upfront expenses | (11,689) |
| | <u>1,045,661</u> |

All the bank borrowings are denominated in Ringgit Malaysia.

B14. Derivative Financial Instruments - Swap

The outstanding swap agreements as at 30 September 2010 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 | (139) |

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

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010 (UNAUDITED)**

B14. Derivative Financial Instruments - Swap (Cont'd)

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.

B15. Material Litigation

There was no pending material litigation as at the latest practicable date from the date of this report.

B16. 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.

B17. Summary of EPU, DPU, NAV and Market Price

| | Period ended 30 September 2010 | As at 8 July 2010 | % change |
|-------------------------------------|---|------------------------------|-----------------|
| Number of units in issue (units) | 2,680,112,300 | 2,680,112,300 | 0.00% |
| Realised earnings (RM'000) | 38,411 | N/A | 100% |
| Earnings per unit (EPU) (sen) | 11.59 | N/A | 100% |
| Provision for Distribution (RM'000) | 40,564 | N/A | 100% |
| Distribution per unit (DPU)(sen) | 1.51 | N/A | 100% |
| Net Asset Value (NAV) (RM'000) | 2,613,827 | 2,615,047 | 0.0% |
| NAV per unit (RM) | 0.98 | 0.98 | 0.0% |
| Market price per unit (RM) | 0.97 | 0.90 | 7.8% |

¹ N/A : Not applicable

B18. Income Distribution

The Board of the Manager has declared an interim income distribution of 1.51 sen per unit for the financial period ended 30 September 2010. The book closure and payment dates in respect of the interim income distribution will be fixed on 26 November 2010 and 30 December 2010 respectively.

B19. 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 30 September 2010 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 10 November 2010.

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: 10 November 2010**